AAF POSITION ON THE EU - THAILAND FREE TRADE AGREEMENT NEGOTIATIONS

Thailand is the world’s biggest exporter of starch\(^1\), the world’s largest producer of native tapioca starch\(^2\) and the third world producer of manioc roots\(^3\), which produce tapioca. The European starch industry requests exclusion of Thai native tapioca starch and various strategic and high added value starch products in the EU-Thailand FTA negotiation and only limited TRQs for other starch products.

### AAF Markets and Products
- Food and feed sectors
- Non-food applications
- Bio-based chemistry
- Native starches, sweeteners, wheat gluten, fibers and proteins for feed, modified starches, fermentation products, hydrogenation products and polyols, others

### AAF Figures – 2012
- 23 million tonnes of agricultural raw materials (1/3 maize, 1/3 wheat, 1/3 potatoes and others) into 10 million tonnes of starch.
- € 7.7 billion turnover\(^4\)
- € 540 million investment (including €104 million in Research and Development)\(^5\)
- 14 300 employees
- Food (60%) and non-food (40%) applications

### 1. THAILAND IS THE WORLD’S BIGGEST EXPORTER OF STARCH

Thai tapioca is produced by large scale processors which export 65% of their starch production\(^6\). Thailand’s area is only slightly bigger than Spain but its starch production capacity already amounts to half of the EU’s total starch production\(^7,8\).

Thai native starch directly competes with EU wheat, maize and potato based native starches at a significantly lower price. This price advantage for native Thai tapioca starch also applies to modified starches and the other derived starch products which are based on Thai tapioca starch. The Thai starch industry already has the technology to produce strategic high added value starch products.

The EU starch industry also faces environmental and regulatory requirements which increase further its production costs, in comparison with Thailand.
2. **PUBLIC AUTHORITIES SUPPORT THE DEVELOPMENT OF THE THAI STARCH INDUSTRY.**

Public authorities are heavily involved in the development of the starch industry in South-East Asia, and particularly in Thailand in various ways including yield improvement\(^9\) and the development of the bioeconomy\(^{10,11}\).

3. **RULES OF ORIGIN AND REGIONAL CUMULATION**

In the context of intense negotiations between the EU and neighbouring countries, the EU starch industry also draws attention to the rules of origin which should prevent trade circumvention. The AAF requests that the tapioca roots used for the processing of tapioca starch must originate from the country where the processing activity occurs.

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1. Thai tapioca starch association (2010) Analysis of Thai tapioca market
2. Tapioca starch is also referred to as manioc or cassava starch.
3. Thai tapioca starch association (2010) Analysis of Thai tapioca market
5. Over 2008-2010 period
6. Prof. Dr. K. Sriroth (2013) Outlook of Thai tapioca industry, presentation held on 20 June 2013 at the World Tapioca conference
8. Normally, these tapioca plants operate 24 h a day for 8–9 months, from September to May.
11. USDA (2012) *Thailand Annual report on biofuel sector*