Thematic Study

The Contract Farming Promotion and Development Act (2017) of Thailand: Origins and impacts to date

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Thematic Study
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Cover image: A young migrant worker harvests corn in Mae Sot, Tak Province. (Photo: Somrerk Witthayanant/Shutterstock)
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<tr>
<td>BAAC</td>
<td>Bank of Agriculture and Agricultural Cooperatives</td>
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<td>BOI</td>
<td>Board of Investment</td>
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<td>CF</td>
<td>Contract farming</td>
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<td>CF Commission</td>
<td>Contract Farming Promotion and Development Commission</td>
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<td>CLMV</td>
<td>Cambodia, Laos, Myanmar and Vietnam</td>
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<td>CP</td>
<td>Charoen Pokphand Group</td>
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<td>DOAE</td>
<td>Department of Agricultural Extension</td>
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<td>MRLG</td>
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<td>NGO</td>
<td>Non-governmental organisation</td>
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<td>OPSMOAC</td>
<td>Office of the Permanent Secretary for the Ministry of Agriculture and Cooperatives</td>
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<td>TCFN</td>
<td>Thai Contract Farming Network</td>
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Executive Summary

Thailand is one of the pioneers of contract farming (CF) in the Mekong region of Southeast Asia. Given that smallholder farmers occupy most of the country’s agricultural land, the expanding role of the private sector in agriculture, and the government’s push towards a more export-oriented economy, the move to CF has been a logical development. Agribusiness corporations, such as the Charoen Pokphand Group (CP), have expanded their CF activities with the support of government programmes, particularly the increased credit made available through the Bank of Agriculture and Agricultural Co-operatives.

Many smallholder farmers have benefited from their engagement in commercial agriculture through CF, gaining better access to markets and capital while achieving higher and more stable incomes. Nevertheless, farmers have also faced serious problems in the commercialisation of farming and their contractual relationships with agribusiness companies. In the early 2010s, evidence emerged about prevalent unfair practices and unsustainable indebtedness among farmers. Public concerns also arose over the health impacts of contract farming compared with less intensive previous practices. In response, the government developed legislation aimed at regulating the sector: the Contract Farming Promotion and Development Act B.E. 2560 (2017).

This study aims to understand how the debates around CF unfolded over time in Thailand and the key issues discussed in the reform process before and after the CF Act was enacted. It seeks to examine the effectiveness of its implementation to date in improving the practices of companies, strengthening the position of farmers and helping them to seek redress in the event of grievances. This study does not provide a quantitative assessment of the scale of these issues throughout the country, nor is it able to draw on secondary data for this purpose since the recentness of the CF Act means that few other sources are currently available. Instead, the study draws on the qualitative perspectives of stakeholders involved in drafting and enacting the CF Act and insights from the experiences of a limited group of contract farmers since its enactment. Although the diversity of issues faced by farmers in CF is widely documented, some key challenges observed in Thailand leading up to the development and enactment of the CF Act were as follows:

- CF has resulted in numerous farmers taking on high levels of debt with low incomes, particularly in livestock raising
- Indebtedness often locks farmers into unfair contracts, while the limited number of large lead firms that control markets further reduces the options of farmers
- The companies unilaterally decide prices paid to farmers for their products, and the cost of the inputs delivered by the companies, with minimal negotiation on the part of farmers
- Farmers alone bear the risk of crop failures due to environmental disasters and other factors
- Farmers often lack legal awareness, do not understand the terms and conditions set by the company, and in many cases complain that they have not received a copy of their contract
- The conditions in the contract are commonly unequal and favour the companies. The lack of independent quality control means that farmers can be paid below the agreed price without the possibility to contest it. On the contrary, delayed payments and low-quality inputs delivered by the company have no consequences. Companies sometimes change the terms in the middle of a contract without the prior agreement of farmers
- In the case of disputes, which are frequent, farmers have in the past had no arbitration mechanism to turn to. They were afraid their contracts would be terminated if they complained to the government. In court, smallholders are in a weak position since they tend to lack financial and legal resources
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• Commercial agriculture, including CF, is linked to major health and environmental problems, including air pollution and exposure to toxic chemicals which can lead to long-term health impacts. Public concerns over these were among a number of factors behind the push for a new law.  

In the face of these issues and several failed legal challenges on behalf of farmers, a group of civil society and farmer organisations decided to form the Thailand Contract Farming Network (TCFN) to advocate for a legal response. The organisation pushed the government to enact a new law which would increase transparency in the sector and farmers’ bargaining power, and would create an alternative dispute mechanism between farmers and companies. Their efforts came to fruition in 2017 with the passage of the CF Act. However, lobbying efforts by corporations succeeded in weakening the law with several loopholes. Due to the definitions of ‘contract farming’ and ‘farmers’, the law applies only to contracts between business operators and more than ten ‘natural persons’ whose occupations are farming. In consequence, companies can avoid complying with the act by signing contracts with nine farmers or fewer. To reduce their tax burden, many farmers have registered as ‘juristic’ or ‘legal persons’, rather than ‘natural persons’, which paradoxically excludes them from the protections under the CF Act.

Key informants interviewed in this research had contrasting views about the changes brought by the CF Act. On the positive side, some reported that companies have improved their practices. Companies have registered contracts with the government and given copies to farmers. Importantly, a new alternative dispute mechanism has led to several successful negotiations between companies and farmers and enabled farmers to receive compensation or debt forgiveness in the event of malpractice.

However, many other respondents have been disappointed with the lack of change and pointed to several continuing problems in CF that the law had failed to address. The bargaining power of farmers remained limited, indebtedness was still prevalent and the lack of independent quality control remained a source of conflict. A major underlying problem is that farmers lack sufficient awareness of the law and the rights it affords them. Neither state agencies nor companies have properly informed farmers about their rights, limiting their exercise.

Of 30 interviewed poultry farmers in Khon Kaen province, only one was aware of the law while two-thirds were unsatisfied with their contract or relationships with companies. Reported problems included companies not honouring the terms or not giving farmers copies of the contract, both of which are illegal under the new law, yet still occur.

It is the intention of the CF Commission, a government body set up to oversee the CF Act, to revise it in 2022. This provides a critical opportunity to address key issues within the law and to expand its scope, notably by revising problematic definitions so that the law applies to all contract farmers. It is also an opportunity to make the conciliation process more accessible at the local level. Increased awareness about the rights of farmers under the law and a more proactive role by national- and local-level state agencies are also fundamental to increasing its impact.

There are many other issues that will not be addressed by the CF Act alone and which need a different kind of response. These include promoting the role of cooperatives, prohibiting monopolies and monopsonies more effectively, and developing insurance mechanisms that will allow the sharing of risks that are outside the control of farmers. A more in-depth quantitative assessment of the implementation of the Act could provide the necessary evidence for consultations and legal revisions that are still needed to ensure better practices are more widely adopted, thereby creating fairer and more equitable conditions for contract farmers.

1 Although this can be said of commercial agriculture in general, CF contributes to these problems as the short production cycles of CF crops, such as sugarcane, tend to incentivise burning.
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Harvesting tobacco leaves. (Photo: Attasit Saentep/Shutterstock)
Research background, questions and methods

Thailand has been a pioneer of contract farming (CF) in the Mekong region of Southeast Asia, having the most extensive and longest experience for the widest range of crops and CF models. CF initially emerged in Thailand more than four decades ago, after being proactively promoted by the state. Thailand’s experiences with CF have been far from flawless, however, resulting in a number of socio-economic, health, and environmental problems, including high levels of indebtedness among farmers, unfair corporate practices and exploitation, worsening air pollution, and long-term health issues due to increased exposure to pesticides (e.g., Delforge 2007; Pansin and Khamkaew 2012). In 2017, the Thai government sought to address these issues by enacting a new law: the Contract Farming Promotion and Development Act B.E. 2560 (2017) (henceforth abbreviated as the CF Act).

This research aims to understand how the debate around CF unfolded over time in Thailand and the key issues discussed in the legal reform process before and after the enactment of the new law. The study seeks to address the following questions:

1) What were the stages and processes by which the legal framework for CF in Thailand has developed and evolved, leading up to the 2017 CF Act?

2) What issues and challenges relating to CF did Thai lawmakers seek to address when formulating the CF Act?

3) How has the process been conducted, what kinds of consultation were involved, and what has been the extent and nature of private sector/corporate influence over the process?

4) Under the CF Act, how are roles and responsibilities divided among government agencies, companies, and farmers?

5) What is the extent of practice of the CF Act on the ground, and what are the experiences of farmers and investors of following its stipulations?

This study intends to contribute to the broader policy debate about how to design effective CF regulatory frameworks in the Mekong countries, by sharing evidence based on concrete experience with policymakers. Further, it provides an update of the current research on CF in Thailand as most articles and reports were published over a decade ago (Burch 1994; Singh 2005; Sriboonchitta and Wiboonpoongse 2008; Walker 2009). The research design comprised a literature review, 26 key informant interviews with NGO representatives, government officials, academics, corporate representatives, and farmers (see Appendix), and semi-structured interviews with 30 poultry farmers in four districts of Khon Kaen province. This province was chosen because it is a major poultry producing region of the country. Farmers were initially identified by local government officials, who then recommended other farmers to be interviewed.

The literature review included NGO and donor reports, policy documents, academic articles, newspaper articles, and online media. The interviews took place from June to September 2021. The COVID-19 pandemic limited the availability of the interviewees and the opportunity to travel to Khon Kaen. Consequently, researchers at Khon Kaen University conducted interviews with poultry farmers on our behalf. The poultry farmers were asked about their current and past farming practices, levels of income and debt, their contract farming arrangements, and their opinions of contract farming and the companies with whom they work. Corporations such as CP and Betagro, and private sector organisations that promote industry interests to the Thai government, such as the Thai Broiler Processing Exporters Association and Thai Feed Mill Association, did not respond to multiple requests for interviews. Consequently, companies’ opinions about the CF Act could not be ascertained.

Although a quantitative assessment of the results of the application of the CF Act would have been beneficial to the study, this was beyond the scope of the research design and few, if any, secondary sources are presently...
available due to the recent enactment of the CF Act. The study was, therefore, limited to the qualitative perspectives of stakeholders actively involved in drafting the law and the experiences of a limited number of farmers and other actors involved in CF. This, nevertheless, provides a useful reflection of the diversity of issues at stake, although it does not measure the scale of these issues throughout the country. Building on this study with quantitative evidence would be a beneficial area for future research in support of legal amendments to improve outcomes for contract farmers.
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2 What is contract farming?

CF has attracted considerable academic and policy focus in the past few decades, including in Thailand and the Mekong countries of Cambodia, Laos, Myanmar and Vietnam, where related legal frameworks are an area of interest and/or in varying stages of drafting or revision. Prowse (2012: 2) defines CF as follows:

‘A contractual arrangement for a fixed term between a farmer and a firm, agreed verbally or in writing before production begins, which provides resources to the farmer and/or specifies one or more conditions of production, in addition to one or more marketing conditions, for agricultural production on land owned or controlled by the farmer, which is non-transferable and gives the firm, not the farmer, exclusive rights and legal title to the crop.’

For firms, the benefits of CF are widely evident and persuasive, including:

1) increased reliability of supplies in quantity and quality and often produced using a specified method
2) better control over the production process in order to meet quality standards
3) shifting economic and production risks, such as price crashes, crop failures and diseases, to farmers
4) reducing coordination costs via a more regular and stable supply
5) greater flexibility in terms of production since there are fewer fixed assets, especially compared with full vertical integration
6) economies of scale in terms of procurement
7) a reduction in the need to access land and the associated legal risks and costs (Glover 1987; Prowse 2012; MRLG 2019)
8) better control over the production process in order to meet quality standards
9) a reduction in the need to access and control land and the associated legal risks and costs (Glover 1987; Prowse 2012; MRLG 2019).

For farmers, key benefits and opportunities from CF include:

1) increasing income through long-term and stable access to more remote and lucrative markets
2) more stable and transparent pricing mechanisms
3) acceleration of technology and skills transfer
4) facilitation of products to meet sanitary and other quality standards as well as certification requirements
5) improved access to technical assistance and credit facilities
6) access to the benefits listed above without having to give up control or possession of the land (Prowse 2012; FAO & IISD 2018).

Thailand is a microcosm of challenges and debates around CF globally. The next sections analyse the debates that led to the new 2017 CF Act, what the Act seeks to address, and the impacts of the Act on the ground so far.
3.1 The expansion of export-oriented farming and emergence of large agri-business corporations

CF has become a commonly used business model in Thailand’s agricultural sector, beginning in the 1970s for sugarcane, tobacco, poultry, pineapple, tomato, and vegetables (Kelly et al. 2017). Given that smallholder farmers occupy most agricultural land, the expanding role of the private sector in agriculture, and the government’s push towards a more export-oriented economy, the move to CF was a logical development for Thailand (Panchamlong 2010). In 1977, the Charoen Pokphand Group (CP), a company which has since become one of Thailand’s largest conglomerates, started establishing contracts with swine and later poultry farmers. CP and other companies provided inputs, credit, and technical instructions in exchange for farmers selling their livestock directly to the company at (usually below market) fixed prices. This spurred demand for compound animal feed, with industrial feed mills and crops becoming another major area of CP’s investments. The company has since played a leading role in promoting CF throughout and beyond Thailand, with subsidiaries across the Mekong region and Asia overall. The expansion of agribusiness in Thailand was complementary to the government’s intensifying focus on agricultural commercialisation in the 1980s, aiming to address persistent poverty and economic stagnation in rural areas of the country. In the context of this drive for modernisation, production of poultry and other commercial products under CF became looked upon as ‘successful’, while large swathes of the rural economy were considered to ‘remain marginalised’ (Goss and Burch 2001, 980). From an industry perspective, CF has been instrumental in the establishment of vertically integrated value chains, particularly linked to poultry in which CP has been a market pioneer. The 1990s were a period of rapid expansion of CF schemes for a wider range of crops, including animal feed, shrimp, fish feed, soy beans, and maize (Sriboonchitta and Wiboonpoongse 2008), providing the raw materials needed for Thailand’s export-oriented food processing industries. In the 2000s, more than half-a-million Thai households were involved in CF production (Singh 2005b). Similar to elsewhere in the world, industrialisation of agriculture with factory processing and the increasing use of technology, together with agri-business management, spurred the development of CF in the country.

In sum, CF has expanded throughout Thailand in recent decades in terms of the number of farmers and companies engaged as well as the number and types of products produced under contract. While each crop differs according to its specifications (e.g., growth duration, land requirements, number of production cycles per year, labour and required investments), market structure, and regulations and standards, a number of similarities emerged from the research in terms of the broader political economy and regulatory structure of CF prior to the new law. Overall, corporations have benefited more than farmers from CF, as has been the case globally (Vicol 2017). CF was initially the main contributor to CP’s earnings before the company diversified its activities. CP has since become the largest global producer of animal feed and world’s sixth-largest broiler producer, a business which, along with the firms’ other investments, has made its owners one of Thailand’s richest families. As highlighted by a CF Commission member, the economic asymmetry between the companies and indebted smallholder farmers is stark.

3.2 The role of state institutions in promoting contract farming

Although the private sector initiated CF, the state has played a major and proactive role in developing and promoting it in terms of both setting policy directions and supporting private sector activity. A number of agencies have been at the forefront of these efforts, such as the Board of Investment, National Economic and
Social Development Board (NESDB, the state planning unit), and two organisations within the Ministry of Agricultural and Cooperatives (MOAC): the Department of Agricultural Extension (DOAE) and Bank of Agriculture and Agricultural Co-operatives (BAAC) (Singh 2005b). Although the Board of Investment (BOI) had no particular mandate to encourage CF, its involvement in agribusiness promotion meant that this became an inevitable by-product of its activities (Burch 1994).

The Fifth National Economic and Social Development Plan of the NESDB (1982-1986) had already begun to emphasise agribusiness, but it was in the Sixth Plan (1987-1991) that a leading role was given to private investors and when the state proposed a new economic model: public-private partnerships through CF (Rossi and Nan 2017). The Sixth Plan (p. 218) states that: ‘Contract farming has proved viable and should be further promoted, on condition that the provisions of such agreements are amended to be more effective and beneficial to all parties concerned.’ The plan called for cooperation from four parties (See Pra-saan in the Thai language) – agribusiness, farmers, state agencies (primarily MOAC), and financial institutions, namely BAAC – to promote CF (Singh 2005b). The plan sought to utilise agribusiness firms’ resources and put forth CF as a way for them to connect with smallholders and profitably link the latter to markets (Christensen 1992). As a result of this plan, the state widely encouraged CF and it was successfully implemented for a number of agricultural products. The plan initially targeted agricultural commodities both for export and for import substitution (Pansin and Khamkaew 2012).

MOAC’s extension department – DOAE – supported CF expansion in a number of ways:

- To encourage farmers to join CF schemes, DOAE bought inputs from companies and sold them at subsidised prices to farmers who engaged in CF with these companies
- It organised training sessions on CF for farmers and local officials, including guidelines on how to best implement CF

- At the onset of CF, companies could request special extension and credit assistance from the government for their initial operations
- DOAE recommended the most suitable CF arrangements to farmers for different types of products, such as seeds, sugar cane, and tomatoes
- DOAE provided advice for farmers to have multiple outlets for different grades of produce, including both contract and non-contract production (Singh 2005b).

3.3 Increased credit availability from the Bank of Agriculture and Agricultural Co-operatives (BAAC)

In the early 1980s, BAAC started supporting CF by cooperating directly with CP and making credit available for farmers contracted by the company. Under the Sixth Plan of the NESDB, the government invested 250 billion baht (US$10 billion at that time) in the BAAC (Sriboonchitta and Wiboonpoongse 2008) which allowed the expansion of credit, both in cash and in kind, available to farmers who participated in contractual agreements as well as providing them special financial privileges. By the 1990s, farmers who joined CF were able to access more than double the amount of credit normally available and in some instances without collateral. A key motivation for BAAC to promote CF through the extension of credit was to reduce the bank’s financial risk, since corporations would directly recoup the loan and interest from farmers’ sales receipts (Singh 2005b).

As most farmers lack capital to invest in the typically high fixed-start-up costs for commercial production, especially in industries such as poultry and swine, the vast increase in access to credit was a catalyst to the expansion of CF across the country (Chantanusornsiri 2018). Having a contract with a company made it significantly easier for the farmer to obtain a loan from BAAC (Delforge 2007). Moreover, contract farmers receive a lower annual interest rate, which, in 2018, stood at 7 percent, three percentage points lower than non-contract farmers. However, if farmers are late in repaying their loan, this rate can rise to 10-13 percent. Most
loans are guaranteed by land, houses, and other built structures as collateral. The BAAC lends contract farmers up to 100 percent of the value of this collateral, above the more common rate of 70-80 percent, because the bank deems CF to carry lower default risks. An undeniable reality, however, is that the lack of strict criteria on borrowers’ ability to repay loans means that BAAC’s credit practices have contributed to cycles of indebtedness among the many farmers who enter contracts with little guidance or experience of managing repayments (Bisonyabut et al. 2018, explored in greater detail below).

3.4 The benefits and downsides to contract farming among farmers

The major reasons why so many Thai farmers have signed up to CF, as identified in this research, are that:

- CF provides farmers with capital they would not be able to access independently. Farmers receive inputs directly from the company and can access a loan from the BAAC for the initial investment in fixed costs (Singh 2005a)
- CF is an opportunity to modernise farming practices. As a local NGO official emphasised, CF ‘will improve the new technology for farming and growing crops’ (6) 2
- CF offers stable access to markets. According to a CF Commissioner, ‘under CF, farmers can feel secure. There is a fixed price and companies will find the market for them’. (14) A seed manager agreed, adding that: ‘farmers have more confidence that they can have a market to sell their products to’ (13)
- There is a clear delineation of duties between farmers and the company; farmers know that they are responsible only for production (14)
- According to a provincial livestock official, CF ‘can guarantee an income’. (11) While CF can certainly help farmers, many interviewees were sceptical about the extent to which CF can provide stable and sufficient incomes. They highlighted several issues faced by a significant number of contract farmers, as follows:

(1) Indebtedness and low-incomes

CF has resulted in numerous farmers experiencing high levels of debt and low levels of income, particularly in livestock raising. A 2013 survey, which is discussed in further detail below, found that 1,657 farmers had accumulated an average debt of 6.2 million baht each (US$190,000).

Debt initially occurs because intensive commercial agriculture requires much higher upfront investment costs than traditional farming does, and farmers were often pressured into entering agreements with limited understanding of the financial implications: ‘Staff from the companies would convince the farmers to invest first and asked them to sign a contract later.’ (21)

In livestock raising, for example, farmers borrowed to invest in new technologies and necessary technical infrastructure, such as evaporative cooling systems, backup electricity generators, and livestock houses, typically on a long-term basis, such as five to ten years. The typical startup costs for livestock farmers are far higher than those for crops, while the perceived high returns to livestock do not always materialise. As a local NGO official explained:

‘At first, farmers don’t know that they will be in debt because of the past limitations of the law. When the company officers introduce CF, they will bring the farmers to the bank and they will start with CF by being in debt. For those who are engaged in animal farming, they start with at least a million baht (US$30,000) in debt. This process is like becoming chained and you have less power to negotiate when you are chained.’(8)

2 Numbers refer to interviews according to the assigned number in the Appendix.
3 Traditional farming refers to farming practices which have not changed for a long period of time, and which are generally less intensive and have lower rates of productivity.
A high level of debt is not necessarily unsustainable if incomes are high and stable, so that the repayments do not heavily impact the farmers’ incomes. As mentioned above, the attraction of CF is based on the expectations of improved access to higher value markets that will generate higher and more stable incomes. However, often these expectations do not materialise for two major reasons: first, the low margins as a result of low prices paid by the company and high input costs; and second, production failures due to environmental hazards such as drought, flooding, animal and crop diseases. Unexpected shocks or the inability to negotiate a sufficient price from the company make it extremely difficult for farmers to repay much, if any, of their debt.

Box 1: Indebtedness in maize growing communities

The Thailand Development Research Institute, a local think tank, found in 2018 that the households they interviewed that are engaged in CF for hybrid maize in Nan province had high levels of debt. As is often the case, the company deducted the cost of the inputs from their income. However, because farmers were forced into exploitative terms of payment by their lack of power to negotiate or set prices (Bisonyabut et al. 2018), their income was insufficient to cover the costs of the maize production itself. To remain in business, they had to repay their original credit by obtaining ‘switching loans’, either borrowing additional money from the BAAC (if they still had a good credit score) or from informal money lenders who charge between 3-5 percent per month in interest. One household’s initial loan in 1998 was 20,000 baht, but 20 years later in 2018 it had swelled to 600,000 baht. These farmers had become trapped in debt and risked defaulting on their loans (ibid.).

A local NGO official elaborated: ‘A farmer’s income level is like people swimming in the water. They don’t drown at first but float on the surface. They die after seven years. The first three years it is still new. After five, the conditions worsen, such as animals getting diseases…After seven years, they will need to make a decision: they are already in debt and will have to get a loan again or they will quit…Some have lost everything, including their land…Sometimes their debt is passed to their children.’(8)

High levels of indebtedness among farmers are not always the fault of companies, and global evidence shows that farmers’ poor management of CF and low financial literacy also play an important role (e.g., Gaurav and Singh 2012). Companies rarely contribute to improving farmers’ financial literacy, however, and more often conceal key information necessary for farmers to make better decisions, especially in relation to price fluctuations and risks.

(2) Opaque pricing of products and inputs

The prices the farmers receive for CF products are often calculated by companies in a complex and opaque manner, varying according to the product quality, size, and the prevailing market rates. The opacity of the calculation makes it hard for farmers to anticipate how much income they would receive and to check if the company is honouring the contract. In the absence of an independent mechanism, the lack of transparency in price calculation and quality verification means that farmers face a unilateral decision from the company. Lacking sufficient market information, farmers often struggle to negotiate a more competitive price, and there has commonly been no platform to contest an unfair decision (Pansin and Khamkaew 2012).

Contract farmers are also dependent on the companies for their inputs and are sometimes obliged to procure them from the company exclusively. On some occasions, companies have sold inputs such as fish feed to farmers at higher
rates than those found in the market (ibid.). A study found that over 70 percent of farmers’ production costs were linked to various forms of payment to agribusiness, with this amount rising to as high as 85-90 percent in fish and poultry CF schemes (Chiengkul 2017).

(3) Production risks are borne by farmers alone
Farmers must bear production risks, such as crop failure due to environmental disasters, floods and droughts, or their livestock dying due to diseases and other factors. For many companies, CF is a way of externalising these risks towards producers as well as to taxpayers who pay for price guarantees and disaster relief schemes. Most contracts do not include any provision for compensation in case of production failure.

As an example, a study by Frye (2019) examined the case of a fish farmer in Maha Sarakham province under contract with CP to buy fish feed and fish to maintain their stocks. But when her fish died, CP did not compensate her for her losses and she was unable to sell enough to meet her costs, leaving her with debts of more than one million baht after ending her contract. The farmer and other locals alleged that the fish died due to poor-quality feed sold to them under the contract, but CP refused to recognise its responsibility in this case (ibid.). Some farmers in the same province withdrew from CF schemes because the company refused to provide financial support if fish died due to environmental issues independent from the farmer, such as pollution by wastewater (Pansin and Khamkaew 2012).

(4) Low bargaining power of farmers

Long-term debts versus short-term contracts
Farmers’ high levels of debt weaken their bargaining power with the companies. They borrow on a long-term basis, such as five to ten years, but most contracts are much shorter, between one to three years. For example, broiler and swine contracts are often for 12 months while for egg layers they are typically for 18 months. Annual contracts give the farmers and company the option to quit. However, while companies maintain that farmers can discontinue the contract, debt often prevents them from exercising this option (Delforge 2007). A chicken farmer in Singburi province, for example, considered it unfair that her loan from BAAC would take seven years to repay but her contract was renewed only once a year. This short-term commitment from the company compared with farmers’ long-term debt is a source of stress to them but also increases companies’ bargaining power. Some companies use the farmers’ perilous financial situation to exploit them. A Chiang Mai University professor commented that: The companies will threaten the farmers by not giving them inputs [on credit]. In the end, farmers have had to continue their contracts or they would not be able to pay back their debt to the bank.’

Monopsonies
Farmers are also overly reliant on the companies for marketing their products. The livestock and poultry industries are particularly dominated by monopsonies: a few major companies, such as CP, Betagro, Laemthong and Saha Farms, control the majority of trade channels, and independent farmers can access only a limited market (Delforge 2007). Farmers who stop their contracts with a company will not easily find another to buy their products. This limitation acts as an additional deterrent for farmers to leave CF schemes.

Agribusinesses have established monopolies or monopsonies for many products, such as poultry, seeds, fish feed, and maize, and the Thai state has done little to break them up (Chiengkul 2017). This is partly due to weak enforcement of its competition and anti-trust laws. Consequently, one respondent stated that the country’s ‘competition law does not affect CF’. The companies also have significant lobbying power and are directly involved in Thai economic policies, such as the recent bio-economy policy.

(5) The lack of clear contracts for farmers
The lack of clear and legally valid contracts is obviously a major issue reducing farmers’ bargaining power towards companies. A Chiang Mai University professor pointed out the following shortcomings in this regard:
Low legal awareness

Due to their limited knowledge about the law, farmers do not pay sufficient attention to the content of their contracts. A former provincial MOAC representative concurred: ‘Farmers don’t clearly understand the contract – they want to work so they just sign without studying the details. Thai farmers don’t read documents much and just sign and trust the terms.’ (1) Companies are also able to exploit the farmers’ limited legal awareness by writing contracts with unfair or unclear terms - if farmers are actually provided with a contract at all.

Farmers often do not receive a written contract

Some farmers did not possess copies of their contract and, when they requested a copy of it, companies refused, claiming that all details had been acknowledged by farmers before they had signed the contract (20, Pansin and Khamkaew 2012). ‘While Thai agribusiness companies had a legal team to draft the contract to evade penalties under the Unfair Contract Terms Act, farmers had to enter CF schemes without reading the contract.’ (21) Companies did this because, as a CF Commission member stated, ‘they will get more benefits if CF is not monitored’ (14). Others made only an oral agreement with the companies. A provincial Livestock Development official declared: ‘Some farmers did CF for 20 years and never had a chance to read their contracts.’ (11)

In one case, farmers agreed to sell their produce exclusively to the company Frito Lay Thailand, but the company was not committed under the contract to buy the product from the farmers. The farmers did not receive a copy of this contract when it was signed (Singh 2005b). A senior official from the office of the CF Commission admitted: ‘Yes, there were companies who took advantage of farmers previously [prior to the new Act]. More than now. Because at that time, it was just oral contracts. Farmers did not know or care much about the contract. At the end, it is a disadvantage to farmers – they have no evidence in court. So that’s why we needed to have a new law.’ (16)
(6) Unfair contractual terms

The terms and conditions in the contract often favour companies and pressure farmers to continue with it (Pansin and Khamkaew 2012). From a legal perspective, an interviewee stated that ‘the basic civil and commercial law is not based on equality because both sides [of CF] have different levels of knowledge about the law and different financial conditions’. (20) The Thai Senate Committee on Agriculture and Cooperatives reached a similar conclusion. Although its report acknowledges that CF has the potential to modernise Thailand’s agricultural sector, it conceded that ‘most of the contracts exploit farmers and producers. Farmers have to follow the conditions set by the factories which are not equitable’. (quoted in Delforge 2007, 5)

Quality standards used by the company

Companies further take advantage of farmers through their use of standards. Either they hold farmers to different ones or keep changing the criteria. As a Rajamangala University of Technology Lanna Nan professor stated, ‘in the contract, companies use words like “standard” – farmers have to follow the standardisation process of the company. If not, they will face problems...Companies have market mechanisms, like standardisation and pricing, and also scientific knowledge to take control’. The issue of standards is a source of conflict. A former provincial MOAC official added: ‘CF doesn’t mean that farmers get the same price for the same commodity. It depends on quality, too. This is a sensitive issue in CF.’ A CF Commission member added: ‘When some companies come to collect agricultural products, they will categorise the products at a lower rate or standard than the actual rate of the products to save money.’ (14)

Unilateral change of contractual terms

Another issue related to companies changing the contractual terms in the middle of the contract without prior notice. For example, ‘some companies will increase the prices of inputs, such as medicine, seeds, and vaccine, without telling the farmers’, thereby increasing the farmers’ production costs. (16) In Chaiyaphum province, poultry companies increased the price of the chicken feed and doubled the transportation fee (from 2,000 to 4,000 baht). Recently, because of COVID-19, companies have told farmers that they cannot export many chickens so they have increased the break period (the time between breeding cycles), for farms from 40 to 60 days. However, ‘farmers have to follow everything because they got a loan’. (11)

A Singburi province farmer who had invested 50 million baht in industrial chicken farming discovered that, in the middle of her contract, CP had increased the amount of feed she needed to raise chickens while also giving her younger chickens than was previously the case (16-weeks old compared with 18-weeks old), both of which had increased her production costs. Concurrently, the company reduced the amount they would give her per egg by 12 percent without telling her. (20) As an official from Chaiyaphum Provincial Livestock Development explained: ‘The negotiation power is unfair. The private sector is the only side that can control the inputs and the factors of production so they have more power.’ (11) Another frequent source of discontent among farmers is that sometimes companies make late payments for the products. These payments are necessary for many farmers to pay for their day-to-day expenses (Walker 2012).

(7) Lack of a dispute settlement mechanism, weak legal procedures and representation

When conflict arises, the issue is that ‘the legal system was not fair to farmers’. Only a few can fight legal cases related to CF because the Thai court system has a limited understanding of ‘issues related to agricultural production’. (21) The weak judiciary knowledge of the causes behind farmers’ inability to meet contractual conditions enables companies to penalise them without fear of incurring legal punishment themselves. For example, if farmers cannot deliver eggs due to noise from overflying planes (an external factor) or poor-quality chicken breeds given by the companies (the company’s responsibility), the company will simply maintain that the farmers did not follow the conditions needed for production as laid out in the contract (21) and will penalise them.
In 2003, the Senate Committee on Agriculture and Cooperatives agreed that the lack of a dispute settlement mechanism was a major problem, stating: ‘There is no agency acting as a mediator to look into the fairness of the contracts and to consider how both sides can gain more benefits. Farmers are at a disadvantage, so the contracts are unfair.’ (quoted in Delforge 2007, 21)

(8) Health and environmental problems

A major problem stemming from the wider industrialisation of the agricultural sector, of which CF is a significant component, are the increased health and environmental issues linked to harmful intensive production practices, such as the increased use of agrochemicals, air pollution and deforestation. These issues not only affected the farmers themselves, but also wider communities and beyond.

Researchers found from blood tests that 6 percent of farmers producing seeds in Sakhon Nakhon province had agrochemical levels exceeding safe levels, while 24 percent faced borderline risks in terms of the chemical residues in their blood. Such high chemical levels can lead to long-term health issues. The cause was the intensive use of, and direct contact with, dangerous pesticides and herbicides that were known to be bad for human health (Pansin and Khamkaew 2012). Additional research conducted from 2009-2010 linked some premature deaths of farmers to agrochemicals. (4)

In Roi Et province, heavy fertiliser and chemical use in the production of sugar cane produced under CF caused the soil quality to deteriorate as well as leading to chemical run-off into nearby streams. Subsequently, a number of cows that drank from this stream suffered miscarriages (Pansin and Khamkaew 2012).

Another common problem linked to sugarcane CF schemes is that farmers burn sugarcane crops to reduce the amount of leafy extraneous material, such as stalk tops, thereby contributing to air pollution. This has been a major topic of public concern in recent years. Farmers consider that burning is faster and requires less labour, as well as being cheaper than mechanised clearing, which few farmers can afford. Since many farmers consider themselves to be locked into CF schemes, they feel pressured to deliver sugarcane on time to the factories, and the short production cycles incentivise them to burn the crop residues. Originating not only from the agricultural sector but also from the transport and industrial sectors, air pollution is a major health issue in Thailand, which, in 2019, caused 32,000 premature deaths in the country. Farmers also suffer the health impacts of particulate matter (Marks and Miller 2022). Contract farmers do not receive any welfare benefits, such as health insurance, from the contracting firms, and, consequently, must bear these additional health costs themselves. (10, Pansin and Khamkaew 2012)
(9) MOAC policy priorities

According to one interviewee, the officials of MOAC have very close relationships with the companies due to Thailand’s patronage system. (11. Chiengkul 2017) As a domestic company, CP, for example, has built close relations with a number of government agencies and political leaders through entrenched patron-client structures, gaining significant advantages over multinational corporations, which are unable to achieve such influence (Hayward 2021). Singh (2005) argues that the state has favoured agribusinesses because of their domination in Thailand’s policy-making arena as well as the country’s position as a major agro-exporter. On this basis, MOAC itself often promotes policies that favour agribusiness companies over the interests of smallholder farmers.

3.5 Failed legal challenges

In addition to the many challenges detailed above, a key motivation for rising public debate on the negative social outcomes of CF has been the extremely weak legal footing on which farmers have found themselves in the event of contract disputes. NGOs and academics realised that when CF cases have been brought to court, or when they have asked the authorities to help in the resolution of contractual conflicts, they faced some fundamental barriers that have required a legal response.

Farmers are afraid of reporting issues

Some farmers have refused to complain and to report companies’ unfair practices that affect them because they are afraid that their contracts would be terminated. When NGOs and other organisations have tried to help them in filing cases in court, the NGOs were unable do so on behalf of the farmers because they were not the party that has been directly affected. This legal barrier represented the first challenge for NGOs to proceed with these legal challenges in court.

Lack of evidence in court

In court, some farmers have had no valid evidence to prove that they had been exploited by the companies. Without a copy of their contract - or in cases when the contract was only verbal - it has been extremely difficult for them to prove that companies had violated the terms. Companies have also been able to exploit legal gaps and have hired legal teams to successfully represent them in these lawsuits. (21, 22) Issues such as these have been the catalysts for civil society and farmer groups to advocate for legal reform.

MOAC had no oversight mandate

Despite all the reported problems, MOAC had no monitoring system to ensure that contractual arrangements were fair and that companies have abided by the stipulations in the contract (Singh 2005b). A CF Commission member stated that: ‘The MOAC thinks this issue [of monitoring] is not their mandate. Their mandate is to approve or certify standards. Many times they said it is the mandate of the Ministry of Justice or it is a private-to-private contract.’ (14) MOAC considers itself to be an organisation that takes care of technical issues in agriculture; they cannot help the farmers because, under basic law, a contract is between two parties and farmers are obliged to follow the contractual conditions. In many cases, government officials have tried to negotiate with companies to postpone filing a lawsuit against farmers who had overdue debts, (20) but were unable to do more to help.
The Contract Farming Promotion and Development Act (2017) of Thailand: Origins and impacts to date

The previous section discussed the political economy of CF prior to the new law and showed that farmers face a wide range of problems. While not all of these problems stem from legal gaps, a number did. A group of civil society organisations, farmers, and academics therefore sought to address the challenges faced by farmers in the regulatory framework by pushing for a new law. This section describes the lead-up to the new regulation, an overview of the final version of the Act, and the roles and responsibilities of the state, farmers, and companies under that law.

4.1 Lead-up to the new law: consultation process, actors involved and their interests

The lead-up to the CF Act comprised two stages: an initial period that brought the above-discussed issues to public attention, and the following response by the government to develop the Act.

Advocacy for policy change from 2011 to 2013

In the second half of the 2000s, seeking to address health and environmental issues in agriculture, the Thai Health Promotion Foundation granted funding to academia and NGOs to conduct research and to identify solutions to these challenges. This research highlighted many of the problems mentioned above, particularly the issue of unsustainable farmer debt, and the unfairness of the system. In August 2011, these research organisations, together with farmers in CF schemes for seeds, fisheries, poultry, and swine, decided to form the Thailand Contract Farming Network (TCFN) with the aim of advocating for a fairer CF system for farmers.

In 2012, additional studies uncovered many more cases of indebtedness and unfair corporate practices. Seven farmers who had been sued by companies contacted the TCFN, which then presented these cases to officials from MOAC and the Ministry of Justice (MOJ) as evidence of unfair contracts, but these agencies responded by arguing that they were unrepresentative of CF as a whole and could not be used as evidence for policy change. Nevertheless, these ministries admitted that they lacked sufficient data on the number of indebted farmers and their debt levels. (22)

In response, in 2013, the TCFN conducted a survey to ascertain the level of farmers’ indebtedness from CF. The study identified 1,657 farmers who had incurred a total debt of 1.03 billion baht (US$310 million) under CF, with an average of 6.2 million baht (US$190,000) per farmer (Thailand Contract Farming Network 2014). The TCFN submitted a policy paper with these stark findings to the MOJ, and, this time, the ministry responded positively and started to take a leading role in addressing the problem of farmers’ indebtedness. The Saha Farm case (see Box 2) that took place in the same year acted as an important motivation for civil society and farmer groups to push to amend the existing legal framework. The TCFN took the opportunity of media interest in the case to bring to light the unfair practices behind CF, and to raise the awareness of the public about these issues. The network disseminated video clips and organised seminars and press conferences to expose the problems of inequitable contracts. (8, 14, 20, 22)

4 These organisations include Chiang Mai University, Mahasarakham University, the Alternative Agriculture Network in the Northeast, the Institute for Sustainable Agriculture Communities (ISAC), and the Sustainable Alternative Development Association (SADA).

5 The survey was conducted in ten northeast, north and central provinces and interviewed farmers working in the swine, egg production, poultry, fisheries, sugarcane and seed sectors. Almost half of the respondents worked in Khon Kaen province.
On its own initiative, the TCFN also drafted an initial version of a Bill of Fair Contract Farming based on the findings and recommendations from the research projects and workshops conducted with farmers and civil society groups. They also looked at the CF laws of other countries, such as those in the US and India. (14)

**Box 2: The Saha Farms case**

In 2013, one case of a failed CF scheme received significant public scrutiny: Saha Farms, Thailand’s second largest broiler processor, filed for bankruptcy. Hundreds of contract farmers who were expecting payments from the company came out in public to demand just compensation. In total, more than 500 chicken farmers in 18 provinces were awaiting overdue payments of 360 million baht (Siripunyawit and Arunmas 2014). Unfair CF practices were now brought sharply into the spotlight.

An investigative news article (TCIJ 2014) highlighted a remarkable example of these unfair practices by Saha Farms in a contract between the company and a farmer to whom the company owed 4 million baht. The company had verbally assured this farmer that he would be able to fully repay his loan in three years. He was given the contract only after having taken out a large loan from a bank to cover the costs of a new broiler house. The contract stipulated that the company had the right to mandate all production conditions, including the inputs and technologies used. At the beginning, the farmer received good quality feed and chicks but soon the company delivered lower-quality ones and the chicks grew more slowly as a result. Sometimes the company came later than agreed to pick up the chickens, meaning that feed costs were higher. If the farmer had terminated the contract, he would have had to pay back the entire debt he owed to the bank. Furthermore, if the farmer violated any terms, the company had the right to terminate the contract immediately. The contract also stated that he would have to pay for all other ‘damages’ as determined by the company.

In 2015, a court approved the company’s rehabilitation plan and demanded that Saha Farms repay the farmers. In 2018, all of the farmers were reimbursed, but did not receive interest because the repayment was delayed. Civil society organisations and academics stated that this case was key in building a movement to initiate a new CF law.

On its own initiative, the TCFN also drafted an initial version of a Bill of Fair Contract Farming based on the findings and recommendations from the research projects and workshops conducted with farmers and civil society groups. They also looked at the CF laws of other countries, such as those in the US and India. (14)

*The drafting and enactment of the law from 2014 to 2017*

In July 2014, the TCFN submitted a policy paper to numerous government institutions suggesting ways to make CF fairer. In December of that year, in response to a government request, the TCFN revised its version of the Bill and submitted it to parliament (via General Singha-suk Singha-prai, Chair of Commerce, Economy and Labour Commission and a classmate of the Prime Minister, Prayut Chan-O-Cha) and to the Prime Minister’s Office (via Dr. Kobsak Pootrakool, a minister attached to this office). (21) A parliamentary commission, set up to review this proposal, invited academics and farmers to report to them. The Council of State then drafted another version of the Act, abridging TCFN’s version but keeping key content.

A government source told a Chiang Mai University professor that CP had lobbied the government to reject or at least amend the Act (21). However, these efforts were partly unsuccessful because the Prime Minister had expressed concern about the farmers’ problems and supported the new law. (22) He even stated that he wanted to give this new law as a ‘gift to farmers’. (21) Moreover, some members of the parliamentary commission also supported the passage of the new law. (8)
In August 2015, the National Reform Council proposed reforming CF to the cabinet, and MOAC was appointed to review the draft Act. Following the agreement of MOAC, the Prime Minister appointed the Council of State to urgently enact the law.

In November 2016, the National Legislative Assembly (NLA) nominated a Special Parliamentary Commission on Drafting the Act, composed of 22 commissioners including two who represented farmers: the Chairperson of the National Peasant Council, and the TCFN coordinator. In May 2017, the final version of the Act was approved by the NLA and came into force in September 2017 under the administration of the Office of the Permanent Secretary for MOAC (OPSMOAC).

Thus, a six-year effort by the TCFN and farmers finally came to fruition. For Thailand, six years is a relatively short time-span for a new law to come into force. Interviewees admitted that the processes were conducted more quickly because they took place while the Thai government was led by a military junta that had suspended previous law-making processes. The National Council for Peace and Order had appointed all of the 250 members of the National Legislative Assembly (NLA), which replaced the previous parliament. These changes enabled the passage of the bill to be expedited. (21, 22)

The lobby and influence of the corporations on the CF Act

The agribusiness sector unsuccessfully fought against the passage of the law. However, they were able to influence the revision of key items within it to favour their own interests. According to one interviewee, the corporations spent an estimated 400 million baht (US$13 million) on a lobbying campaign against the Act, including hiring academics to refute the TCFN’s findings. (4) Once the corporations realised that they would be unable to stop the passage of the law, they sought instead to influence members of the parliamentary commission who could propose revisions to it.

According to an NGO leader involved in advocating for the law, the commission comprised pro-farmer members and pro-corporate members. Consequently, ‘If the conditions in the CF Act were too strict, the Act might not have been passed. Therefore, the pro-farmer group had to negotiate with the other group and could not realise every demand.’ (14)
According to a senior official from the Office of the Secretary of the CF Commission, this law was not written only to protect farmers’ rights but also to create a legal mechanism which would lead to a fair contract for both sides. (16) Pro-corporate representatives sought to completely delete the alternative dispute resolution mechanism from the law. Instead, they wanted all disputes to be sent to court. Farmers would then have to bear heavy expenses and spend significant time pursuing legal complaints in the courts. In contrast, corporations could easily hire lawyers and bear legal fees. (22) In the end, they compromised by keeping the dispute resolution mechanism but placing it under the jurisdiction of provincial officials rather than, as advocated by the TCFN, under local-level officials.

According to a TCFN member, ‘In the end, CP agreed to pass a new law on CF but gradually changed the words in the law, reducing its power, and changing it from being focused on justice for farmers to support for contract farming.’ (4)

4.2 Key elements in the Contract Farming Act

This section describes the rights, responsibilities, obligations, and definitions in the Act. It will also evaluate the Act and explain the final outcomes of the compromises between the pro-farmer group and the corporate lobby.

(1) The Contract Farming Promotion and Development Commission

The law created a governmental body entitled the Contract Farming Promotion and Development Commission (CF Commission). It comprises of 25 commissioners with the MOAC minister acting as the chair and the MOJ minister given the role of sub-chair. This committee is responsible for making policies related to CF and announcing new measures and regulations, including making suggestions about how to revise the law (Contract farming Promotion and Development Act, B.E.2560 2017).

Under this commission and MOAC’s Office of the Permanent Secretary, the Office of the Secretary of the Contract Farming Promotion and Development Commission is responsible for: promulgating the law; raising awareness of the new law to government officials, companies, and farmers; collecting all documents relating to CF, including business prospectuses and final signed copies of the contracts; and publicising this information on its website.

(2) The conciliation procedure

The law created an independent alternative dispute mechanism under the responsibility of provincial conciliation committees. If a dispute arises, a party can request a conciliation process to be initiated before the case will be forwarded to the court. The provincial governor is the chair of the committee, the membership of which comprises:

1. A representative from the provincial attorney’s office
2. A representative from the provincial commerce office
3. A representative from the provincial office of the MOJ
4. The district chief from the location where the dispute has taken place
5. Experts (a maximum of three persons)
6. A representative from the provincial office of MOAC (committee secretary).

The conciliation process begins when a farmer or a company lodges a complaint to the committee, either verbally at the provincial office or via a letter to the office delivered by post or in person. MOAC’s provincial office then collects documents and facts about the case. The office subsequently forwards the request and sends the fact-finding report to the Chair within ten days of the submission. The Chair initiates the conciliation by making an appointment with both parties within 15 days of receiving the report. For cases in which there are additional appointments, these should be conducted within 20 days. If an agreement is settled, the process ends. If, however, an agreement is not reached, the committee then sends the case to court.
(3) **Company registration and public information**

Most of the obligations under the CF Act are allotted to companies. In order to engage in CF, they need first to register with OPSMOAC. This office maintains a list of business operators engaged in CF and publicises this information on its website. Companies also have to send their prospectus, a document which has information about their business, including commercial information (such as capitalisation, number of employees and the date they were founded), and their agricultural production plan.

Before seeking the signature of contracts, companies need to compile their prospectus and share it with the farmers. The prospectus is part of the contract.

(4) **Contract specifications**

The company has to send the farmers a contract written in clear and straightforward Thai language. Although there is no mandatory template for contracts, the law states that any technical terms must be accompanied by explanatory notes. Contracts must consist of:

1. The names of both parties
2. Date of signing
3. Duration of the contract
4. Location(s) of production
5. Duties of both parties
6. Product and input prices and how these are calculated. If the prices are calculated using market prices, the contract must clearly indicate how these are determined and the date the market prices refer to.
7. Date and location for product delivery
8. Exceptions to contractual performance in the event of force majeure or an unexpected or unavoidable situation beyond control of the parties
9. Indication of property ownership
10. Parties bearing risks in agricultural production and trade
11. Compensation for breach of agreement
12. Conditions in which the contract can be terminated

(5) **Contract registration**

The company must give farmers a copy of the contract on the day of its signature. After signing, companies must send the prospectus and contract to MOAC’s Office of the Permanent Secretary.

(6) **Penalties**

There are penalties for a number of specific instances in which a party does not comply with the CF Act. Most of the penalties apply to companies, as follows:

<table>
<thead>
<tr>
<th>Issue</th>
<th>Content</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Business registration</td>
<td>Business operator fails to register with MOAC</td>
<td>- not over 300,000 baht</td>
</tr>
<tr>
<td>2. Prospectus</td>
<td>Business operator fails to send documents to farmers in advance or to send them to MOAC</td>
<td>- not over 300,000 baht</td>
</tr>
<tr>
<td>3. Contract</td>
<td>Business operator fails to give a copy of the contract to farmers</td>
<td>- not over 300,000 baht</td>
</tr>
<tr>
<td>4. Contract separation</td>
<td>Business operator terminates the contract without following the stated conditions</td>
<td>- not over 300,000 baht</td>
</tr>
<tr>
<td>5. Rights protection during conciliation</td>
<td>One of the parties postpones or terminates the contract during the conciliation process</td>
<td>- not over 300,000 baht and 5,000 baht per day</td>
</tr>
</tbody>
</table>

Provisions on pricing are among the most important in any contract and often the most contentious. Formulae for calculating prices should be transparent and clear enough for producers to estimate expected payments (FAO and IISD 2018).
The actual penalty depends on the Settlement Committee, which is responsible for calculating them. The committee consists of representatives from the Office of the Attorney-General (the chairperson), the police, and MOAC, and calculations are based on the behaviour and intention of the actor. (16) The penalties are enforceable under the Criminal Procedure Code.

4.3 Key limitations of the Contract Farming Act

NGO and former TCFN interviewees identified the following major gaps in the law in order of importance:

(1) The definition of CF excludes individual farmers and small groups

CF is defined in the law as the production process or agricultural service between business operators and more than ten ‘natural persons’ whose occupation is farming. This definition creates a legal gap as companies can avoid the obligations set by the Act by signing contracts or making verbal agreements with nine farmers or fewer.

Individual farmers in such CF schemes who are not part of a cooperative or group are, therefore, not protected by the new law if they face problems with a company. (22) As one NGO official stated, ‘I thought that the Act would protect all kinds of farmer, but it will protect only groups of at least 10 farmers.’ (8) A professor involved in drafting the law expressed his disappointment and stated that this definition differed from the one proposed in the bill drafted by the TCFN. (21)

A senior official from the office of the secretary of the CF Commission defended this definition of CF: ‘When there are only four or five farmers, it’s like a family business (...). They will have fewer difficulties. The government wants to make sure under the CF Act that agriculture is for commercial purposes, not for local farming or a family business.’ (16)

(2) The definition of farmer excludes ‘juristic persons’

According to the Act, a farmer is defined as a ‘natural person’ who is engaged in agriculture as his/her occupation, including agricultural cooperatives. However, in order to reduce their tax burden, some farmers have registered themselves as ‘juristic’ or ‘legal persons’, not ‘natural persons’. Doing so enables them to access a tax reduction scheme from the government. The policy rationale is to promote small businesses, which a farmer becomes by registering as a legal entity. However, by doing so, they are not protected by the CF Act. (8, 11, 14) In the TCFN’s original draft of the Act, the law would also protect farmers who were ‘juristic persons’. (21, 22)
(3) The conciliation process is managed at provincial level by unelected officials

Pro-farmer groups sought to have local-level officials responsible for the conciliation process as these officials are locally elected and thus inclined to respond to constituents. However, the corporations were able to move the alternative dispute mechanism to the provincial level where officials are unelected. Provincial governors also have a limited term in office and move every few years. (4) A TCFN member stated that corporations pushed for this change: ‘CP especially did not want locally elected politicians to be involved.’ (4) Further, according to international best practices, an alternative dispute resolution should generally be administered by an independent party, not a regulator or government, in order to be more neutral (Plevri 2020).

(4) Limited farmer representation in the CF Commission

Another TCFN member believed that it was problematic that only three farmers were commissioners out of a total of 25 members, while 16 were government officials and six were corporate representatives. He argued that non-farmer representatives have insufficient power to ensure that the law is being fully implemented to protect farmers. (21)

(5) Lack of preventative measures

An official from the Provincial Livestock Department criticised the CF Act for being relevant only when there was a problem or dispute and not for preventing conflicts in advance by enforcing clearer quality standards. He said, ‘I want this act to be more proactive. When a company gives agricultural inputs or feed to farmers, my Department should check the standard of livestock, not when there is a problem and farmers have to send complaints to us.’ He wished that the Act did more to encourage responsible corporate governance, such as by rewarding model companies. (11)
5 Feedback about the implementation of the CF Act to date

5.1 Overview of impacts to date according to key informants

Overall, interviewees had divided opinions about the impact of the new law on the ground since its implementation. Government and private sector views were positive while NGO and farmer assessments tended to be more negative.

(1) Positive changes: improved compliance and dispute resolution

Perhaps unsurprisingly, government officials, middlemen and traders were keen to highlight the successes they had observed in the implementation of the law. According to them, companies understand the law and many are following its requirements, such as registering and providing the government with copies of contracts, (13, 17) as well as providing farmers with a copy of the contract. (7) Contracts were also more precise since the companies had to specify when farmers receive their money and reach the break-even point (the estimated period when a farmer fully repays his/her loan). (11)

The office of the secretary of the CF Commission claims to have conducted training sessions for farmers throughout the country which significantly raised awareness about the CF Act. The head of the office admitted, however, that due to the travel restrictions that arose after the COVID-19 outbreak, his staff had so far been unable to visit many provinces. (16) According to them, the main effect of the Act relates to the dispute resolution mechanism. They agreed that the law supports the farmers’ right to complain to provincial offices and initiate the alternative dispute mechanism. (7, 11)

A provincial officer from the Livestock Department said that company executives will generally ‘try to talk to his provincial office to prevent his office from reporting disputes to a higher level’. The companies are, therefore, more amenable to solving disputes locally and to follow the opinions of government officials since the creation of the new law. (11)

The head of the office of the secretary of the CF Commission cited what, in his opinion, was the key achievement of the law: ‘Overall, the Act has improved contract farming a lot because we look at statistics and can analyse the causes of the problems. We know that it [the cause] is about misunderstandings between the two parties. In the past four years, we had 100 cases which went to the reconciliation process, and the provincial offices were able to solve 86 cases in 24 provinces.’ (16)

A MOAC provincial official mitigated this view, saying that a remaining problem is that the judiciary is unfamiliar with the process of the settlements agreed through conciliation. Therefore, its members are uncertain about whether or not cases can be enforced if the parties do not abide by the terms of the agreement. (23)

(2) Weaknesses in implementation: lack of awareness, fear of backlash and the limited scope of the law

NGO staff members and a farmer representative on the CF Commission were mostly disappointed with the lack of change despite the new law. One of them commented, ‘Overall, the law hasn’t had any success yet.’ (8) They pointed to several continuing problems in CF which the implementation of the law had failed to address, the main one being a lack of awareness about its provisions. Farmers do not yet understand their rights under the law because officials have not provided them with enough information. (13, 17)

Worse, according to NGO interviewees, was that farmers are still afraid to report issues to the provincial conciliation committee because they fear that they will be threatened by the companies. (6, 8, 10) As an example, one farmer commented that ‘if pig farmers will go against a company, the pigs won’t be bought by the company’. (10) The respondents also pointed to
the lack of support and initiative by provincial officials: ‘The problem is that there is no government agency who will push the law forward. If this is going to work, we need provincial authorities to work together with the farmers.’ They added, however, that provincial officials had thus far been passive and had not yet appointed staff to work directly on issues that had resulted in conflict. (10)

Other issues raised by NGO activists concerned the limited effectiveness of the law because of its reduced scope. The law does not provide an independent mechanism to inspect inputs provided by companies, and, therefore, companies, for example, find ways to exploit farmers in terms of the quality of inputs. There ‘should be an agency in the middle like a university or lab that helps the farmers by monitoring the quality of inputs’. (8) A farmer commissioner also contended that the law failed to adequately protect farmers’ livelihoods due to minimal control of monopolies and lack of insurance mechanisms: ‘The law does not even eliminate the monopoly system of big companies. According to American contract farming law, there is a compensation fund for farmers who are affected by unexpected accidents or disasters, but there is no such thing in the new Act.’ (8)

5.2 Three examples of alternative dispute resolution

As dispute resolution was claimed as one of the main successes of the CF Act, we explored some of the disputes that were dealt with through the associated mechanism. There are clearly multiple sides to each of these cases, which would warrant more in-depth studies to gain a complete understanding incorporating all perspectives. However, the purpose of these brief cases is to emphasise the benefits of having an alternative dispute mechanism in place, where previously there was no such platform for farmers to turn to when grievances arose. Although we were unable to obtain data regarding the 100 conciliation cases, we conducted interviews with officers and farmers involved in cases in three provinces: Chaiyaphum; Kanchanaburi; and Tak.

(1) A claim by a poultry contract farmer in Chaiyaphum province

In 2019, a farmer who had signed a contract with Sunfood Company to raise chickens sought the assistance of the MOAC provincial office. He was advised to do so by a farmer representative of the CF Commission who resides in Chaiyaphum. The farmer had two major grievances that he presented in person to the office. First, even though he had followed ‘all the instructions from the company’, many of his chickens had stomach problems. The company reneged on its earlier promise to not fine him for this problem after he had agreed not to feed the chickens three hours before they were collected. However, he was still fined 155,000 baht (US$4,660). Second, the company miscalculated the costs of the chicken feed which they sold him, deducting 306,000 baht from him (US$9,200).

The office then initiated the conciliation process which was completed within 15 days as stipulated by the CF Act. In the end, the company agreed to compensate the farmer for the chicken feed with future baby chickens for which there would be no charge. However, even though a veterinarian believed that the chicks’ stomach problems were caused by the low quality of the company’s feed, there was no irrefutable evidence to prove the veterinarian’s claim so the farmer did not get his money back. After he received the last batch of the free ‘compensation’ chickens from the company, he quit the CF scheme. He believes that the new law ‘helps a lot. At least, we know the channel to use for contacting the government officers. If there was no such Act, the officers would not care and would just ask farmers to take a company to court. This Act forces the officers to take care of such issues’. (25)

A provincial MOAC officer mentioned two other disputes in Chaiyaphum: one was settled directly between the farmer and the company and another went through the alternative dispute mechanism. In both cases, ‘The farmers were exploited, but after the companies saw the appeal from the farmers and the letter from our office, they didn’t want to have a bad history. So they tried to reach a compromise with the farmer... The companies will try to find a win-win solution.’ The law enables farmers to
find a solution in cases of dispute, which gives them more confidence in entering into contracts with companies. However, the provincial office lacks sufficient human resources to help farmers with their disputes and many remain unaware of the new law. The respondent explained, ‘we cannot inform them because we do not have data about the location of farmers. We cannot find farmers’. (26)

(2) A claim by poultry contract farmers in Kanchanaburi province

A provincial MOAC officer explained that 57 poultry farmers in her province were owed 50 million baht (US$1.53 million) by a company that had liquidity problems. The company tried to increase its sales but over-borrowed from banks and became heavily indebted. These farmers came to her office to initiate the reconciliation process. Although the company could not fully pay its debts to all of the farmers, it agreed to pay ten of them.

The officer believed that the law helped farmers because they ‘can have better access to government officials. They don’t have to go to court and pay the costs’. He added that, without this law, none of the farmers would have received any payments. The reconciliation process is also much quicker than normal court procedures for cases such as this one. (23) However, ‘very few farmers have legal knowledge – most don’t know details of the new Act’. (23)

(3) A claim by a banana contract farmer in Tak Province

In Tak province, two farmers had entered into a contract farming scheme to grow bananas with a company. The company convinced the farmers to start banana farming and to sign a contract saying that they (the company) would provide agricultural inputs - such as the banana saplings - and technical advice through a specialist. A dispute arose at the time of collection when the company claimed the bananas did not meet the quality standards due to disease and pests, and not only reduced its payments but also delayed them. The farmers reported that the company had never provided them with sufficient technical knowledge about how to grow bananas. The company’s staff who came to support the farmers in growing the bananas were migrant workers who had no expertise and could not provide sufficient assistance.

One of these farmers entered a conciliation process and made two requests: debt forgiveness for agricultural inputs; and compensation for the loss of bananas. The committee found that ‘both sides made mistakes’ but that ‘there was not enough evidence to prove which side made more’. (24) The committee asked them to negotiate, and, in the end, the company agreed to forgive the farmers’ debts but refused to pay any compensation.

The MOAC provincial officer viewed the new law as useful because it forces companies to register with MOAC, but also commented that not enough farmers knew about the new law. He said: ‘If farmers are treated unfairly, some do not know that they can send an appeal to the office. They do not know how the Act could help them.’ (24)

5.3 Findings from interviews with poultry contract farmers in Khon Kaen Province

Interviews with 30 poultry farmers conducted for this study revealed that the CF Act had had a minimal impact from their perspective, and many of the issues that the Act was drafted to resolve were continuing.

(1) Most farmers do not know about the CF Act

A major finding was that only one of the 30 farmers interviewed knew about the new law. Common replies included: ‘I don’t know what the Act is about’, (A2) and ‘I heard about this Act for the first time [from you]’. (D3) Some respondents even said that developing such a law would be useful to help protect them: ‘I would like the government to create the Act to protect the farmers. For example, if the company takes our chickens without paying us money, I want to know who we can inform about this issue. I would like to see a clear Act.’ (B11)

8 Interviews A, B, C, and D refer to the specific district (tambon) the interviewee resides in.
The Government and companies have undertaken minimal efforts to educate farmers about the new law not only in Khon Kaen, but also throughout the country. One farmer stated during the training session that, ‘I joined the contract farming training [provided by MOAC] before but never heard about the new Act’. (C5) Another said, ‘The company never provides any training for us.’ (B7) Farmers would also like to learn more about the CF Act and the rights they are afforded under it: ‘I think it is good to learn about the Act because the company might be the only one who keeps the contract. I would like to have a law to protect us.’ (C4)

**2) Most farmers are unhappy about their contract and their dealings with the companies**

Only one-third of the farmers expressed their satisfaction with the CF schemes in which they were participating, for example, one commented that, ‘I am satisfied because the company always gives us suggestions and the [company’s] veterinarian gives us good service.’ (C1) Two-thirds of the respondents had complaints and were dissatisfied with the companies, and many felt that the contracts were unfair. For example, one farmer stated, ‘I would like the company to cancel the unfair contract and pay us on time because we have to deal with many expenses every month.’ (D1) Another complained that: ‘The company does not follow the terms and conditions of the contract.’ (B11)

**3) Farmers reported issues similar to the situation prior to the implementation of the law**

Many of the complaints of farmers related to problems similar to those that had arisen prior to the new law, and which are still occurring after the law’s enactment.

**No contracts provided to farmers**

Although the CF law clearly stipulates that farmers should receive a copy of the contract, five interviewees (17 percent) claimed that this did not happen. Either companies did not give the contract to the farmers, or the contracts were made orally, or the farmers did not know
the terms of the contract before signing it. Farmers said, ‘The contract was signed but I haven’t got it yet. The company hasn’t given us the document.’ (D3) And ‘The company hasn’t returned the contract to me for a long time. If the company defrauds me, what should I do?’ (D2)

Weak bargaining power, low prices
Because of the long-term nature of farmers’ borrowing, they are reluctant to raise complaints. One farmer who has a loan from a bank that will take 12-13 years to reimburse, complained that the price for chickens given by the company had decreased after he had signed the contract, but he felt obligated to continue because of his high level of debt. (A4)

Another said: ‘I am not satisfied if the company gives us too much chicken feed because it costs more money. But I don’t dare to complain about it to the company.’ (A6)

Another farmer stated that the company had not raised the price it pays farmers for the chicks despite inflation: ‘Even though the price in the market increases, we still earn just the same.’ (B11) Consequently, their purchasing power had declined.

Companies’ contract violations
Sometimes companies were not honouring the contract terms. For example, they were late in delivering baby chickens or they came late to pick up the chickens, which increases the feed costs and means that farmers have no income during this hiatus. One farmer explained: ‘The company informed us that the customer postponed, so this affected us as well. The disadvantage of receiving late payment, is that it is like carrying a burden. We always have to order more chicken feed until the date the company comes to pick up the chickens.’ (B3) Another added: ‘It always happens. We lose money a lot from this problem. We have to pay more for chicken feed, electricity and labour.’ (B4)

Companies also delay their payments to farmers which can place farmers in a difficult financial situation. As one farmer declared: ‘The bad thing is that the company pays us late which is not what we agreed in the contract.’ (C4) Late payments became frequent after the COVID-19 pandemic struck the country, with payments being delayed by one to two months. (B1)

Lack of independent quality control, poor quality inputs
As discussed above, the law does not provide a mechanism for the quality control of inputs, nor a clear methodology to assess the quality of production that has been agreed between the company and the farmers. Companies deduct money from farmers based on what they believe to be products of inferior quality without negotiation. A farmer asked: ‘I sometimes think the eggs from our farm are not that dirty so why does the company deduct a lot of money from us?’ (A6)

But when companies deliver inputs of inferior quality, farmers must still pay the same price and cannot reject poor-quality batches. One farmer commented: ‘The disadvantage of the company is that I want them to deliver the same size of baby chicks to us. If we don’t get the same size, I would like to reject that batch. I do not think it is fair.’ (A8)

Overall, these interviews indicated that the CF Act has had a limited impact on the ground due to the low awareness of farmers, limited implementation by state institutions, and the narrow scope of the law which means that it has failed to address a number of key issues. Consequently, farmers are still suffering from exploitative conditions and inequalities under contract farming.
The CF Act is an important piece of legislation in terms of protecting farmers from unfair practices and developing trust between them and the companies. The perspectives collected through this study have indicated that the law has had some initial positive effects as companies are now obliged to clarify their contractual terms with farmers. But challenges remain and, critically, many of the same challenges were present before the process leading to the development of the CF Act. A key benefit of the Act has been the creation of a dispute resolution mechanism that has provided a successful avenue for a limited number of farmers to address some of their grievances. However, it is unclear what proportion of grievances have been adequately and fairly dealt with. The responses from Khon Kaen poultry farmers suggest that this has been marginal so far and most complaints remain unaddressed. There are issues in both the way the law is formulated and in its implementation which prevent more significant impacts on the ground. A lack of legal awareness remains perhaps the most significant barrier to the greater exercise of rights and fairer outcomes for farmers.

**Revising the law**

The law can be revised after five years and the head of the Office of the Secretary of the CF Commission has stated that they intend to do so in 2022. The Commission is considering a revision of the definition of CF (removing the need for a minimum of ten farmers) and the definition of farmer (expanding it to cover a ‘natural person’). He said: ‘We are collecting more information. It depends on how many cases and requests there are to act upon.’ (16) Addressing these two limitations could considerably strengthen the application of the law for the benefit of all farmers.

**Positive results from the CF Act**

The Act has achieved some successes thanks to the legal obligations for companies to adhere to better practices, such as:

- Increased transparency by the creation of a government database of companies engaged in CF and ensuring that contracts are signed, registered and copies kept by the government and by the farmers
- The existence of a conciliation process, which is an out-of-court, alternative dispute mechanism. This helps smallholder farmers to achieve a quicker and fairer resolution of their grievances with the companies than could be expected from the courts. This process needs to be better known and used. Organising it at the local level with local officials closer to the farmers and public they serve may increase its effectiveness. In this regard, a more complete review of the 100+ cases which have gone through this process could provide further evidence in how to improve it
- Penalties to discourage companies from unfair practices. These are useful although they could be increased so that they would act as a greater deterrent to unfair practices.

**Strengthening the impact of the Act on CF practices**

Addressing the key barriers to broader implementation of the Act and more effective reduction of unfair practices would require:

- Expanding the definitions of ‘contract farming’ and ‘farmers’ so that the Act can apply to all smallholder farmers involved in commercial agriculture and so that they can benefit from tax breaks and other financial and legal privileges. To avoid applying the Act to non-commercial family production and local trade, it could also include a definition of commercial agriculture with specifications about the minimum amount and duration of the contracts to which the law would apply. However, this needs to be assessed so that it does not create another legal loophole that companies can use to avoid complying with the law
- Although beyond the scope of the present study, attention needs to be paid to the gender dimensions of contracts. In particular, the person performing most of the work under the contract, often a woman,
should be included as a party to ensure her legal standing to enforce the terms in her own right, and to enable her to gain more control over management and the proceeds of the contract.

- Increasing farmers’ awareness about the law: national- and local-level state agencies must make greater efforts to raise awareness about the law so that all farmers understand the rights to which they are entitled under the new legislation, and how to access them. Provincial MOAC offices may need greater resources and dedicated staff to support the implementation of the law.

**Protecting farmers beyond the CF Act**

The legal approach embodied by the CF Act can address only some of the issues that have been identified. It will not solve the problems linked to the broader political economy of the agricultural sector overall, and the influence of large corporations that have established tight control over entire value chains. There is a need for other mechanisms to increase the bargaining power of farmers, such as:

- Help farmers to better understand the terms of the contract

The law could be revised with conditions that need to be met before a contract can be signed. These could include requirements to hold a meeting of local farmers’ groups at which the terms of the contract are read, discussed, and collectively agreed, and to include the minutes of that meeting in the annex of the contract.

- Promoting the role of cooperatives

Cooperatives can help farmers to improve their bargaining power and reduce their input costs. They may also have a significant role in preventing disputes, as representative platforms for farmers that can potentially resolve smaller disagreements over the timing of the delivery of inputs, product quality and so on, as detailed above. Moreover, the commissioner in Chaiyaphum province explained that the creation of a cooperative with other poultry farmers enabled them to reduce production costs by jointly buying agricultural inputs from the company. They have also found natural substitutes for chemicals to reduce inputs. By working together, these farmers increased their bargaining power as well as raising awareness of their rights under the CF Act and the use of the alternative dispute mechanism. Thus, they are using what the commissioner called a ‘self-reliance approach’.

- More effective prevention of monopolies and monopsonies

Farmers and consumers alike need to have a choice. The farmers’ bargaining power would increase significantly if they could compare contractual offers from several companies and discuss the conditions they propose. If unsatisfied they should be able to stop their contract and move to another company. This would increase competition, add pressure on companies to adhere to good practices and help farmers to obtain a reasonable price for their products. The competition law should also be more strictly enforced, including provisions that relate to the breaking up of monopolies and monopsonies in the agriculture sector.

- Create insurance schemes to protect farmers while increasing the responsibility of companies

This is a topic beyond the scope of this study, but there are opportunities to design and propose more expansive crop and livestock insurance to farmers that could be partly contributed by the companies and subsidised by the state. This might be feasible through cooperatives to start with. The point would be to better share the risks between several stakeholders and ensure the continuation of business in case of unexpected events that are beyond the farmers’ control. A potential example is Kenya’s National Disaster Risk Financing Strategy, an insurance program implemented in partnership with the private sector that targets vulnerable farmers. The insurance is sold together with high-quality inputs as a package. In exchange for the premium, if disaster strikes, the insurance compensates farmers for their losses. Payments are delivered via mobile phones (Baskaran and Maher 2021). More research, including quantitative studies, is needed to understand the effectiveness of the CF Act on contract farming practices in Thailand at a deeper level. Gathering such evidence may be crucial in developing a relevant
advocacy strategy to influence the coming revision of the Act being considered for 2022. The process of reassessing and revising the law is a critical opportunity to improve fairness and address lingering exploitative practices and inequalities in CF in Thailand. Civil society and farmer organisations should mobilise to contribute to future public consultations to evaluate the implementation of the CF Act, and ensure the voices of farmers are heard and taken into account. As a leader of CF in the region, Thailand also has an opportunity to share its experiences in developing legal frameworks among the other Mekong countries. This would enable them to benefit and learn from the challenges that have emerged in the implementation of the Thai CF Act to date, and observe the steps needed to address them.
References


# Appendix: List of Interviewees

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<th>#</th>
<th>Position</th>
<th>Institution</th>
<th>Date (in 2021)</th>
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<tbody>
<tr>
<td>1</td>
<td>Previous provincial head</td>
<td>Sakhon Nakhon Province MOAC</td>
<td>9 June</td>
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<td>2</td>
<td>Assistant professor</td>
<td>Rajamangala University of Technology Lanna Nan</td>
<td>11 June</td>
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<td>3</td>
<td>Executive</td>
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<td>15 June</td>
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<td>4</td>
<td>Professor</td>
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<td>24 June</td>
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<td>5</td>
<td>Senior official</td>
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<td>6</td>
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<td>28 June</td>
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<td>7</td>
<td>Seed farmer broker in Chaiyaphum Province</td>
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<td>8</td>
<td>Senior official</td>
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<td>30 June</td>
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<td>9</td>
<td>Professor</td>
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<td>Sustainable Alternative Development Association</td>
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<td>11</td>
<td>Midlevel official</td>
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<td>13</td>
<td>Manager</td>
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<td>14</td>
<td>Representative and commissioner</td>
<td>Chaiyaphum Chicken Meat Cooperative and National Contract Farming Development and Promotion Law</td>
<td>7 July</td>
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<td>15</td>
<td>Senior official</td>
<td>Department of Internal Trade, Ministry of Commerce</td>
<td>7 July</td>
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<td>16</td>
<td>Senior official</td>
<td>The Office of the Secretary of Contract Farming Promotion and Development Commission</td>
<td>8 July</td>
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<td>17</td>
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<td>Seed company in Khon Kaen Province</td>
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<tr>
<td>18</td>
<td>Senior official</td>
<td>Institute for Sustainable Agriculture Communities (ISAC)</td>
<td>9 July</td>
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The Contract Farming Promotion and Development Act (2017) of Thailand: Origins and impacts to date

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<th>Senior official</th>
<th>Department of Internal Trade, Ministry of Commerce</th>
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<td>20</td>
<td>Poultry contract farmer in Singburi Province</td>
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<td>Professor Chiang Mai University</td>
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<td>Previous senior official Thai Contract Farming Network</td>
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<td>Senior official Kanchanaburi Province MOAC</td>
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<td>Senior official Tak Province MOAC</td>
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<tr>
<td>25</td>
<td>Chaiyaphum chicken farmer involved in CF alternative dispute mechanism</td>
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<td>11 September</td>
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<tr>
<td>26</td>
<td>Senior official Chaiyaphum Province MOAC</td>
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The impacts of intensive cultivation in Northern Thai uplands, often referred to by the Thai media as ‘bald hills’ (Photo: Jack_Sooksan/Shutterstock)
Thailand has been a pioneer of contract farming (CF) in the Mekong region for domestic and export-oriented commodities and food products. As such, the country’s experiences in developing a legal framework to address common issues in CF schemes can benefit policy processes underway in Cambodia, Laos and Vietnam, where CF has also been rapidly expanding. Through interviews with government officials, researchers, and private sector actors, this thematic study explores key debates and challenges surrounding the evolution of the legal framework for CF in Thailand, leading to the Contract Farming Promotion and Development Act (2017). In addition to these perspectives, fieldwork with poultry farmers offers insights to the extent that the law has been put into practice, its limitations on the ground, and the continuation of problems that are yet to be addressed through the implementation of the law.