



8 March 2024

(24-2141)

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Original: English

THAILAND – SUBSIDIES ON SUGAR

NOTIFICATION OF A MUTUALLY AGREED SOLUTION

The following communication, received on 6 March 2024, from the delegation of Brazil and the delegation of Thailand to the Chairperson of the Dispute Settlement Body, is circulated pursuant to Article 3.6 of the DSU.

The Governments of Thailand and Brazil wish to notify the Dispute Settlement Body ("DSB") that, in accordance with Article 3.6 of *the Understanding on Rules and Procedures Governing the Settlement of Disputes* ("DSU"), we have reached a mutually agreed solution to the matter raised by Brazil in *Thailand – Subsidies Concerning Sugar* (DS507).

The content of the mutually agreed solution is attached to this communication. We request the Chairperson of the DSB to circulate this notification to the relevant Councils and Committees, as well as to the DSB.

**MUTUALLY AGREED SOLUTION BETWEEN THE GOVERNMENTS OF THAILAND AND BRAZIL
IN THAILAND – SUBSIDIES CONCERNING SUGAR (DS507)**

The Government of the Federative Republic of Brazil ("Brazil") and the Government of the Kingdom of Thailand ("Thailand") (individually, "Party" and, collectively, "the Parties");

Having regard to Brazil's Request for Consultations, dated 4 April 2016, under Article 4 of the Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU") of the World Trade Organization ("WTO");

Considering the constructive consultations held by the Parties on various occasions in the period 2016 - 2023, as well as Thailand's efforts to address Brazil's concerns pursuant to the Memorandum of Understanding concluded by the Parties on 11 August 2021;

Mindful of the Parties' rights and obligations under the Marrakesh Agreement; and

Desiring an amicable and permanent resolution of the current dispute;

1. The Parties have concluded the present mutually agreed solution ("MAS") to the matter raised by Brazil in *Thailand – Subsidies Concerning Sugar* (DS507) by which they settle this dispute.
2. In 2016, Thailand started a reform process of its domestic sugar regime motivated in part by Brazil's concerns raised in the course of the WTO consultations in DS507. As a result of this reform process, Thailand adopted certain regulatory modifications and amended the Sugarcane and Granulated Sugar Act B.E. 2527, as stipulated in the Sugarcane and Granulated Act (No 2) B.E. 2565 (2022) which was published in the Royal Gazette on 23 December 2022 and which entered into force on 4 December 2022.
3. Thailand's reform process of its domestic sugar regime produced the following results:
 - (a) The termination of the quota system since 15 January 2018;
 - (b) The termination of the fixed domestic sugar price pursuant to the amendment of Section 17(18) of the Sugarcane and Granulated Sugar Act B.E. 2527, as provided in the Sugarcane and Granulated Sugar Act (No. 2) B.E. 2565 which entered into force on 24 December 2022;
 - (c) The termination of the assistance payments of THB 160/tonne to sugarcane farmers since 11 October 2016; and
 - (d) The modification of the compensation to sugar mills in the years when the final price of sugarcane is lower than the preliminary sugarcane price pursuant to the amendment of Section 56 of the Sugarcane and Granulated Sugar Act B.E. 2527, as provided in the Sugarcane and Granulated Sugar Act (No. 2) B.E. 2565 which entered into force on 24 December 2022.

The Parties shall notify this mutually agreed solution to the Dispute Settlement Body and relevant Councils and Committees of the WTO in accordance with Article 3.6 of the DSU.

Done at Abu Dhabi on 24 February 2024, in two originals, each in the Portuguese, Thai, and English languages, all texts being equally authentic. In case of any divergence of interpretation, the English text will prevail.