



Rubber trees are among the 58 varieties of high-value trees that can be used as collateral for loans.METHEE MUANGKAEW

AGRICULTURE

Guideline prices for high-value lumber prioritised

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The Commerce Ministry is prioritising setting guideline prices for high-value or economic trees to be used as collateral under the Secured Transactions Act.

Vuttikrai Leewiraphan, director-general of the Business Development Department, said the guideline prices are likely to be announced and implemented by February 2019.

"The department is working with the biodiversity-based Economy Development Office [public organisation], Royal Forest Department, Forest Industry Organization, Kasetsart University and the Bank for Agriculture and Agricultural Cooperatives [BAAC] to set up the guideline prices for each economic tree," he said.

The guideline prices will be used to appraise each tree type, which can be used by owners and borrowers as loan collateral.

Related agencies are also expected to announce varieties of high-value trees that are appropriate for each region to support and promote local communities and farmers to optimise their land use, said Mr Vuttikrai.

"Farmers are allowed legally to cut

and process trees after the Royal Forest Department completes changes to the law to comply with the new Secured Transactions Act," he said.

The Act, which came into force on July 2016, gives small and medium-sized enterprises (SMEs) and startups easier access to credit by letting them use inventory, raw materials and intellectual property as collateral.

The law helps unlock the financial limitations on entrepreneurs in securing loans to finance businesses, which should boost economic growth.

Previously, borrowers could not retain possession of movable assets pledged as collateral for the duration of the security period.

Out-of-court enforcement options were also limited.

Mr Vuttikrai said the department will also promote methods for how to improve incomes from high-value trees.

Thailand has the potential to export high-value trees to cater to global demand, he said. Related government units will conduct a survey about what kind of trees could grow well in Thailand and see high demand, said Mr Vuttikrai.

The cabinet in July this year endorsed the

Commerce Ministry's ministerial regulation to allow the use of 58 varieties of high-value trees such as teak and Siamese and Burmese rosewood as collateral under the Secured Transactions Act.

The new regulation aims to encourage people to grow more high-value trees on their land for income and allow SMEs to gain greater access to funding sources.

As part of efforts to promote reforestation and encourage people to grow high-value trees on their own land, the cabinet in June approved a steering committee proposal to amend the Forest Act of 1941, allowing people who grow high-value trees on their land to harvest or cut them for income. The state-owned BAAC recently raised the maximum loan amount under its tree bank scheme to 80% of collateral value from 50% to attract more people to grow high-value trees.

Members of BAAC's tree bank programme can apply for loans of up to 80% of collateral value for both land and high-value trees.

Those who use only land are entitled to loans of 50% of collateral value.

Some 6,000 communities with 150,000 farmers growing over 11 million trees are members of the tree bank scheme.