The sugar and sugar cane policy is a 70:30 revenue sharing system, in place over a 5 milling season program from the 1992/93 milling season. According to the policy, sugar cane farmers send sugar cane to be milled and share the net profit from the final sale with the millers in the proportion of 70% to 30%.

The new act provides new arrangements for the marketing and production of sugar and cane. The main points of the new policy are summarized as:

(a) the production of sugar is divided into three categories: quota A, quota B and quota C. The marketing of sugar is according to these three quotas. Quota A is the production of white and/or refined sugar for local consumption. Each season the government, in relation to anticipated need each season, determines the volume of production. The distribution of quota A is done solely by The Sugar Distribution Center (TSDC). Quota B is a production quota of 600,000 tons of raw sugar, with a 5% margin of fluctuation, exported by The Cane and Sugar Corporation (TCSC). This is a joint corporation of the sugar cane farmers, millers and the government. Quota C consists of white and/or pure refined and/or raw sugar that exceeds quota A and B. Sugar in this category is exported through two exporters: The Thai Sugar Trading Corporation Ltd. (TSTC) and The Thailand Sugar Corporation Ltd. (TSC). The volume of production is estimated in advance for each season by the Sugar and Sugar Cane Board. In addition, there is a stipulation that all sugar under quota C must be exported at a price not lower than the price of sugar exported by TCSC under quota B;

(b) the revenue of the sugar industry can be divided into two groups: R1 and R2. R1 represents net revenue from the sale of white sugar and pure refined sugar in the domestic market collected up to the 30th of September each year, after sales tax and other sale expenses are deducted. R2 represents revenue from exports of sugar after deduction of taxes, export expenses, compensation for transport and other fees.

The formula for the price of the sugar cane per ton paid by the millers is:

\[ P_c = \frac{0.7(R_1 + R_2)}{Q_c} \]
Qc is the quantity of sugar cane sent to all mills during each milling season. It is determined by the Sugar Cane Board.

Under this system, the payment for sugar cane purchased by the millers is divided into two. The first payment is an advance payment. The price of sugar cane is calculated from the price formula given above, but the revenue is about 80% of total approximate revenue. The government's initial post price for sugar cane in the first payment is:

\[ P_a = \left(0.7R_1 + R_2\right) Qc \times 0.8 \]

This price is announced around November-December before each milling season. The advance payment for sugar cane purchased by the mills has to be paid in two installments per month, starting from the first day of the milling season. For sugar cane delivered for milling between the 1st and 15th of any month, payment is to be made on the 22nd of the same month. For sugar cane delivered from the 16th through to the end of the month, payment is due by the 7th of the following month.

Payment is calculated from the government's initial post price, multiplied by the weight per ton of delivered sugar cane. The millers are required to pay the first installment, worth 50% of the total advance payment, by cash-cheques and the second installment, consisting of the rest, by post-dated cheque payable not later than 60 days after the first. For the first installment, the millers deduct some support money previously lent out during the planting period.

The second payment is the actual payment. The price of sugar cane is computed from the above price formula and calculated on the last day of September each year. If the actual price of sugar cane is higher than the government's initial post price, the mills pay the excess to farmers. The calculation of payment is the difference between the actual price and the government's initial post price per ton, multiplied by the number of tons delivered. In contrast, if the actual price is lower than the government's initial post price, the difference of price per ton multiplied by the number of tons delivered will be considered a farmers' loan, to be settled during the next milling season.