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Approved by:

Maurice W. House

U.S. Embassy

Prepared by:

Panida/Sakchai

Report Highlights:

Thailand is likely to produce 24.0 million tons of rice and 4.0 million tons of corn in MY 2000/2001. Rice exports may decline in 2000. In line with anticipated growing consumption, wheat grains/flour may reach 800,000 tons in MY 2000/2001.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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EXECUTIVE SUMMARY

Thailand's 2000/2001 rice production is forecast at 24.0 mmt in anticipation of good weather conditions, and timely arrival of widespread seasonal rains. The 1999/2000 rice production is estimated at 24.0 mmt due to a low incidence of pests and diseases problems and excellent weather conditions. Harvested area is estimated to be up slightly from the previous year. Thai rice exports recorded at 6.68 mmt in 1999 and are forecast to decline to 6.0 mmt in 2000 in response to weaker demand. Export prices are expected to decrease along with weakened demand in 2000. Prices of parboiled rice are expected to be lower than in the past two years as many millers have recently expanded their milling capacities in the face of slower than anticipated demand for parboiled rice.

Despite wide use of high yielding hybrid seed, Thailand's corn production has been stagnant (close to 4.0 million tons). This is due mainly to climate related conditions and insufficient use of fertilizer in some growing areas. This factor, coupled with the Government's farmer protection policy through its TRQ allocation, has kept local prices too high. Relatively high local corn prices limited growth in domestic corn consumption in MY 1999/2000, and may occur again in MY 2000/2001, as most feedmills and livestock producers have begun substituting other feed ingredients for corn in their feed rations. Although some integrated feedmills are able to purchase cheaper imported corn using the import tax refund, the Government's farmer protection policy through its TRQ allocation has restricted corn imports to 350,000 tons in MY 1999/2000, and is forecast at 300,000 tons in MY 2000/2001. In addition, the market for U.S. corn exports in Thailand remains restrained due to relatively high import tariff, poorly scheduled TRQ allocations, and availability of cheap Chinese corn exports which are now given equal access.

Wheat/flour consumption in Thailand is increasing again in line with a recovery in Thai economy and increased exports of wheat flour products (especially instant noodles). Reflecting the consumption performance, wheat grain imports increased sharply in MY 1998/99 and is estimated to further grow in MY 1999/2000. It should be noted that imports of wheat flour doubled in MY 1998/99, and is estimated to rise further in MY 1999/2000, due to fierce competition from Australian and Malaysian flour against relatively high prices for domestic flour. It is also estimated that an additional 15,000 tons of flour are smuggled along the Thai border. This apparently reflects the current disadvantage Thai flour faces against its neighboring countries and Australia, caused by prevailing high tariff rates on wheat grains and inefficient utilization of milling capacity among Thai flour mills. The implementation of the AFTA agreement, through which import duties on wheat flour/flour products from ASEAN countries would be reduced to 5% over the next few years, will also likely increase flour and flour product imports if current Thai tariffs on wheat import remain unchanged.

PSD Table						
Country Thailand						
Commodity	Rice, Milled			(1000 HA)(1000 MT)		
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Harvested	9833	9937	9840	9833	0	9840
Beginning Stocks	1051	708	652	1162	2002	867
Milled Production	15180	15510	15850	15180	0	15840
Rough Production	23000	23500	24015	23000	ERR	24000
MILLING RATE (.9999)	6600	6600	6600	6600	0	6600
TOTAL Imports	0	0	0	0	0	0
Jan-Dec Imports	0	0	0	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	16231	16218	16502	16342	2002	16707
TOTAL Exports	6679	6356	5500	6675	0	6000
Jan-Dec Exports	6679	6356	5500	6675	0	6000
TOTAL Dom. Consumption	8900	8700	9000	8800	0	8900
Ending Stocks	652	1162	2002	867	2002	1807
TOTAL DISTRIBUTION	16231	16218	16502	16342	2002	16707

PSD Table						
Country Thailand						
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised1998		Preliminary1999		Forecast2000	
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Harvested	9833	9833	9840	9840	0	9840
Beginning Stocks	1051	1162	652	867	2002	1807
Milled Production	15180	15180	15850	15840	0	15840
Rough Production	23000	23000	24015	24000	ERR	24000
MILLING RATE (.9999)	6600	6600	6600	6600	0	6600
TOTAL Imports	0	0	0	0	0	0
Jan-Dec Imports	0	0	0	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	16231	16342	16502	16707	2002	17647
TOTAL Exports	6679	6675	5500	6000	0	6000
Jan-Dec Exports	6679	6675	5500	6000	0	6000
TOTAL Dom. Consumption	8900	8800	9000	8900	0	8900
Ending Stocks	652	867	2002	1807	2002	2747
TOTAL DISTRIBUTION	16231	16342	16502	16707	2002	17647

RICE**Production/Crop Assessment**

Based on normal weather conditions, Thailand's 2000/2001 rice production is forecast at 24.0 mmt. The 1999/2000 rice production is estimated at 24.0 mmt --19.0 mmt main season crop and a 5.0 mmt second crop as paddy prices are good when compared with other agricultural products and rice remains the primary staple food. The 1998/99 rice production is estimated at 23.0 mmt (paddy basis)-18.0 mmt of the main crop and 5.0 mmt of the second crop. Excellent rainfall along with minor pest problems (as reported in TH9145, dated 12/30/99) supported a significant increase in the main crop primarily from the northeast. We also are expecting another good second crop rice in connection with good water supply in the major dams. General quality of the 1999/00 main crop, especially premium grade fragrant rice seems to be poorer than normal crop with low milling head yield due to high moisture during peak harvesting season. Higher yielding "modern varieties are primarily grown during the dry season, but are also increasingly being planted as part of the main season crop.

The 2000/01 main crop harvested area is expected to be about the same as in 1999/00, up slightly from last year, to an estimated 9.84 million hectares as a result of some area of upland rice which received adequate moisture for planting. As a result, yield is also expected to increase slightly.

Yield (Metric Ton/Ha.)

Yield	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
										1/
Main	1.82	2.01	2.03	2.07	2.19	2.17	2.16	2.18	2.16	2.25
Second	3.93	4.11	4.04	4.07	4.34	4.54	4.48	4.23	4.26	4.25
Total	1.96	2.25	2.17	2.17	2.35	2.42	2.41	2.40	2.37	2.45

Source: Office of Agricultural Economics, Ministry of Agricultural & Cooperatives

1/ Forecast.

Consumption

Rice remains Thailand's staple food with per capita rice consumption estimated at about 110 kilograms. Although wheat products are becoming more popular, there is very limited direct substitution for rice in traditional eating habits. Some indirect substitution occurs in large urban centers as a result of increased western foods.

Trade/Competition

Thailand's 2000 rice exports are forecast at 6.0 mmt, down 10 percent from 6.67 mmt last year. The drop is represented primarily in lower exports to Indonesia and the Philippines. World demand has been weak in the first quarter of 2000, unlike the situation during the last quarter of 1999 when strong demand came from Indonesia and African countries. Increased production in Pakistan and Burma along with cheaper prices for rice from Vietnam, China and Pakistan have put Thailand in the difficult position to compete with them. Higher production from major buyers, such as Indonesia and the Philippines have increased the likelihood of buying less rice from Thailand.

Fragrant rice exports picked up slightly in 1999 after declining 11-15 percent in the past two consecutive years. Stronger demand from Hong Kong, Malaysia and Singapore are the main reasons. Lower prices for fragrant rice also attracted Brazil and New Zealand to import more than the previous years.

The yearly average farm gate price dropped 16 percent in 1999 after moving upward for the past four years in response to strong competition from other major producers, such as Vietnam and Pakistan. The average price of paddy 5% declined 19 percent, while local milled white rice 5% decreased 26 percent in 1999. Moreover, prices of rice are likely to weaken in 2000 as foreign demand has been very weak and prices have been very low in most major exporting countries with an exception of Thailand.

Farm-gate Price (Bht/ton)	1994	1995	1996	1997	1998	1999
Paddy 5%	3,889	4,053	5,189	5,472	6,629	5,579

Source: Office of Agricultural Economics, Ministry of Agriculture & Cooperatives.

Current prices tend to fluctuate along with international demand. Export prices of most grades with an exception of parboiled rice in the year of 2000 dropped 6 percent from the same period of last year in absence of major rice sales. As a result, the average farm-gate paddy price declined significantly from 5,976 in mid March of 1999 to 4,821 baht per ton during the same period of 2000. Although millers no longer have liquidity problems, weakened demand causes the industry to slow down their milling and keep less paddy in their stocks. The government continues to provide a packing credit to the exporters.

Prices Table			
Country Thailand			
Commodity Rice, Milled			
Prices in currency	Retail Price (Baht/Kg)		
Year	1998	1999	% Change
Jan	18.20	17.00	-6.59%
Feb	19.60	16.50	-15.82%
Mar	18.80	15.88	-15.53%
Apr	16.40	15.48	-5.61%
May	16.40	15.00	-8.54%
Jun	16.40	14.48	-11.71%
Jul	16.40	14.33	-12.62%
Aug	16.40	14.33	-12.62%
Sep	16.80	14.33	-14.70%
Oct	17.00	14.33	-15.71%
Nov	17.00	14.33	-15.71%
Dec	17.00	14.33	-15.71%
Exchange Rate	37.72	Local currency/US \$	

SOURCE: Department of Internal Trade, Ministry of Commerce.

Export Trade Matrix			
Country Thailand			
Commodity Rice, Milled			
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	1998		1999
U.S.	224,543	U.S.	244,274
Others		Others	
Indonesia	1,736,452	Indonesia	1,119,941
Nigeria	517,831	Nigeria	683,880
Iran	369,181	Iran	649,311
Malaysia	354,906	Senegal	368,713
South Africa	293,225	South Africa	321,103
China	255,103	Malaysia	318,694
Singapore	253,924	Singapore	284,012
Hong Kong	228,053	Iraq	214,983
Togo	213,994	Togo	214,221
Philippines	194,956	Dubai	209,735
Total for Others	4,417,625		4,384,593
Others not Listed	1,714,121		2,046,511
Grand Total	6,356,289		6,675,378

Import Trade Matrix			
Country Thailand			
Commodity Rice, Milled			
Time period	Jan-Dec	Units:	Metric ton
Imports for:	1998		1999
U.S.	716	U.S.	1,477
Others		Others	
Japan	8		
Total for Others	8		0
Others not Listed	0		0
Grand Total	724		1,477

Policy

In recent years, Thai government policy generally shied away from government-negotiated contracts, except to provide market support at harvest time or to assume market risk. There has been no change in the RTG's rice price support program in 2000, which is similar to previous years both in terms of its overall budget and measures being employed (see TH9113, dated Oct 21'99). The principle of the policy aims at the following measures to help stabilize paddy prices for the 1999/2000 rice crop:

- Paddy Mortgage Scheme;
- Milled Rice Purchases;
- Paddy Purchases; and
- Packing Credit for Exporters.

The paddy mortgage scheme continues to operate under the Bank for Agriculture and Agricultural Cooperatives (BAAC). Participating farmers obtain a loan from BAAC by mortgaging their crop to the BAAC any time from November 1, 1999 through March 31, 2000. The comparison amount of paddy pledged for the past seven years are as follows:

Year	Number of Farmers	Paddy Pledged (Metric Tons)	Value ('000 Bht)
1993	465,744	3,383,324	10,550,210
1994	199,956	1,202,718	3,664,220
1995	211,409	1,402,931	4,229,400
1996	181,999	1,181,259	3,938,743
1997	123,870	865,113	2,968,657
1998	111,107	786,363	2,938,730
1999	116,335	677,278	3,262,777

Source: Bank for Agriculture & Agricultural Cooperatives (BAAC).

Non Tariff Barriers

Thailand has long banned imports of rice to protect its farmers. However, the Uruguay Round agriculture agreement established market access to Thailand for rice imports in 1995. The Ministry of Commerce has announced the annual import quota of rice since 1995 as follows:

Year	Paddy	Cargo rice	Milled rice	Brokens	Total
	----- Metric Tons ----- -----				
1995	95,145.00	95,145.00	23,786.50	23,786.50	237,863.00
1996	95,673.83	95,145.00	23,918.45	23,918.45	239,184.56
1997	NA	NA	NA	NA	240,506.11
1998	NA	NA	NA	NA	241,827.67
1999	NA	NA	NA	NA	243,149.22
2000	NA	NA	NA	NA	244,470.78

Source: Department of Foreign Trade, Ministry of Commerce.

Customs' data showed 1999 actual imports doubled to 1,477 metric tons, valued at 30.70 million baht (\$811,429), compared with 724 metric tons, valued at 23.28 million baht (\$562,761) in 1998. The imports mainly were from the United States, with small amount also came from Japan and China. The Thai government does not allow the export of paddy rice.

PSD Table						
Country	Thailand					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	1290	1290	1200	1190	0	1200
Beginning Stocks	134	251	284	399	284	279
Production	4300	4300	4100	3800	0	4000
TOTAL Mkt. Yr. Imports	100	142	350	350	0	300
Oct-Sep Imports	150	120	350	300	0	300
Oct-Sep Import U.S.	37	0	0	0	0	0
TOTAL SUPPLY	4534	4693	4734	4549	284	4579
TOTAL Mkt. Yr. Exports	100	144	100	70	0	50
Oct-Sep Exports	125	150	100	70	0	50
Feed Dom. Consumption	4100	4100	4300	4150	0	4200
TOTAL Dom. Consumption	4150	4150	4350	4200	0	4250
Ending Stocks	284	399	284	279	0	279
TOTAL DISTRIBUTION	4534	4693	4734	4549	0	4579

CORN

Production

Thailand's corn production forecast for MY 2000/2001 is around 4.0 million tons in anticipation of increased growing area. Favorable farm prices for corn harvested in MY 1999/2000 against unattractive prices for cassava roots and sugar cane, have increased planting intentions for 2000/2001.

Corn production for MY 1999/2000 has been revised downward to 3.8 million tons due to lower harvested area and yields than earlier estimated. The incidence of flooding in some growing areas and greater substitution of cassava root for corn area than earlier expected led to a downward revision in harvested area. Average yields for corn seeded in late season were badly affected by excessive rainfall, especially from September-November, 1999. The heavy rainfall not only stunted vegetative and productive growth of affected corn, but also rotted fully-grown corn pods. It was also too late to replant corn in the affected area.

Hybrid corn seed is widely used by corn farmers. However, sales of high-yielding hybrid seed in MY 1999/2000 reportedly dropped from 15,000 tons in MY 1998/99 to 14,500 tons, in line with a decline in growing area. The Office of Agricultural Economics estimates the 1999/2000 variable cost at \$278 per hectare, which was basically unchanged from the 1998/9's level. Most of the variable cost went into labor (\$175/hectare), seed (\$39/hectare), and fertilizer (\$35/hectare). The variable cost accounted for 87 percent of total production expenses in MY 1998/99. Based on their estimate of yields per hectare (3.43 tons/hectare), the average cost of corn production in Thailand in MY 1999/2000 would be \$93.61/ton.

Consumption

Total domestic consumption in MY 2000/2001 is forecast to grow by one percent over MY 1999/2000's level in line with anticipated growth in livestock production and possible increased substitution of other feed ingredients for corn.

Despite a 3-5 percent growth in livestock population, total consumption for corn in MY 1999/2000 increased marginally (one percent) because of high relative corn prices due to decreased supply availabilities. After feedmills realized that the size of the corn crop in MY 1999/2000 would be much less than earlier estimated (a figure of 3.7-3.9 million tons against the earlier estimate of 4.2-4.3 million tons), domestic corn prices soared rapidly from 4.29 baht/kg (\$113/tons) in September 1999 to the currently 5.50 baht/kg (\$145/ton). Meanwhile, domestic prices for broken rice and tapioca products have declined. Accordingly, most feedmills and livestock producers have replaced a portion of their corn use with broken rice and tapioca products in their feed ration (especially swine feed) in recent months. Average prices for broken rice declined from 7.25 baht/kg (\$191/ton) in September 1999 to 5.70 baht/kg (\$150/ton). Likewise, average prices for tapioca pellets dropped from 2.28 baht/kg (\$60/ton) in December 1999 to 1.84 baht/kg (\$48/ton).

Corn currently accounts for about 55-60 percent of the ration for broiler feed, as opposed to 20-25 percent for swine feed. No establishment of new feedmills was reported in 1999. While about 70 commercial feedmills are supplying 80 percent of domestic feed production, several livestock producers (mainly hog producers) are buying corn for their own mixing feed. Total feed production in 1999 was about 8.5 million tons, and is estimated to grow to 8.5-9.0 million tons in 2000.

Prices Table

Prices Table			
Country	Thailand		
Commodity	Corn		
Prices in	Baht	per uom	Ton
Year	1998	1999	% Change
Jan	5550	4310	-22.34%
Feb	5830	4310	-26.07%
Mar	5630	4470	-20.60%
Apr	5460	4590	-15.93%
May	5590	4940	-11.63%
Jun	5800	5040	-13.10%
Jul	5600	4940	-11.79%
Aug	4710	4400	-6.58%
Sep	4210	4290	1.90%
Oct	4030	4570	13.40%
Nov	3860	5030	30.31%
Dec	4020	5210	29.60%
Exchange Rate	38	Local currency/US \$	

Trade

Based on the corn production forecast at 4.00 million tons for MY 2000/2001, Thailand may import about 300,000 tons in MY 2000/2001 to meet domestic feed demand. A restrictive tariff rate quota and high tariffs will keep local prices high relative to international corn prices. This will limit corn exports to less than 100,000 tons.

Soaring domestic corn prices and the benefits of the import tax refund for feed ingredients used in poultry meat production for export have led some integrated feedmills to import cheaper corn in recent months. These feedmills agreed to deposit a bank guarantee on non-quota import tariff (at the current rate of 76.2 percent on C&F value) for their corn imports. Through this tax refund scheme, almost 300,000 tons of corn were recently imported, nearly all are of Chinese origin. The average C&F prices for imported Chinese corn were about USD 110/ton. Based on this C&F price, plus the import surcharge of 180 baht/ton and expense of 200-250 baht/ton for shipment unloading and inland transportation, total cost of imported corn would be around 4,600-4,700 baht/ton (USD 121-124/ton), as opposed to 5,400-5,500 baht/ton for domestic corn. Total corn imports for MY 1999/2000 are estimated at 300-400,000 tons.

Import Trade Matrix			
Country:		Units:	Tons
Commodity:			
Time period:	Jan-Dec		
Imports for	1998		1999
U.S.	4416	U.S.	4098
Others		Others	
Argentina	156491	Argentina	12685
Indonesia.	69108	China	100981
South Africa	579	Laos	1607
Total for Others	226178		115273
Others not listed	393		1304
Grand Total	230987		120675

Export Trade Matrix			
Country:		Units:	Tons
Commodity:			
Time period:	Jan-Dec		
Exports for	1998		1999
U.S.	0	U.S.	0
Others		Others	
Malaysia	74025	Malaysia	39945
Indonesia	4450	Laos	1305
Taiwan	6335	Taiwan	14898
Hong Kong	9191	Hong Kong	7940
Sri Lanka	14255	Sri Lanka	3000
Total for Others	108256		67088
Others not listed	14457		1293
Grand Total	122713		68381

Stocks

Because of lower supplies, ending stocks in MY 1999/2000 are expected to decline. Stocks at this moment are estimated at 1.4 million tons, with about 60 percent held by feedmillers (800-850,000 tons) and the balance held by traders in rural areas (500-550,000 tons).

Policy

The Thai Government has continued its project to promote use of high-yielding hybrid seed in an effort to improve productivity. In MY 1999/2000, the Ministry of Agriculture allocated a budget of 62.5 million baht (USD 1.6 million) to purchase hybrid seed (about 890 tons) and grant it to small farmers. It was stipulated that seed provision was eligible only for farmers who already stocked their own hybrid seed in the same amount as that of rendered seed.

The Thai Government's measures utilized to stabilize domestic corn prices in MY 1999/2000 include: (1) continuation of a mortgage scheme for corn, and (2) manipulation of minimum tariff rate quota.

Under the mortgage scheme, the participating farmers would mortgage their corn with the Government at 4.00 baht/kg at assigned silos. The farmers are allowed to abandon their mortgaged corn if they like. Otherwise, farmers must redeem their corn within 90 days by paying a principle with the low interest of three percent per annum. However, unlike the MY 1998/99, only 60,000 tons of corn were mortgaged as domestic corn prices exceeded determined mortgage prices. As for the TRQ allocation, the Government has not responded to a recent request by a group of feedmills and livestock producers to increase the amount of import quota for corn to 500,000 tons. As a result, Thailand has thus far allowed corn imports under the tariff-rate-quota in an amount and at a tariff rate which satisfies Thailand's commitment with the WTO. The import quota in 2000 is 53,543 tons at a 20 percent tariff rate, and the non-quota imports will be subject to a 76.2 percent tariff rate plus a surcharge of 180 baht/ton.

Despite a prevailing small amount of minimum TRQ quota, integrated feedmills which raise livestock and process slaughtered livestock for export (mostly broiler meat) are eligible to import corn through the tax refund provision. Since 1999, Thailand has favored China by applying the same tariff rates and surcharge on non-quota imports to non-WTO countries as those to WTO-countries. This means non-WTO countries (especially China) are subject to the surcharge of 180 baht/ton, instead of original 1,000 baht/ton. Accordingly, imports of cheaper Chinese corn increased substantially in 1999 and represent nearly all corn imports in 2000.

Marketing

The market for U.S. corn exports in Thailand is fairly limited. Relatively high import tariff and poorly scheduled TRQ allocations, have virtually eliminated the U.S. as a competitor. Recent availability of cheap Chinese corn exports, now given equal access, has also restricted U.S. corn exports.

PSD Table						
Country	Thailand					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		07/1998		07/1999		07/2000
Area Harvested	0	0	0	0	0	0
Beginning Stocks	50	90	50	154	50	214
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	762	744	750	800	0	800
Jul-Jun Imports	762	744	750	800	0	0
Jul-Jun Import U.S.	297	302	0	340	0	340
TOTAL SUPPLY	812	834	800	954	50	1014
TOTAL Mkt. Yr. Exports	50	0	25	0	0	0
Jul-Jun Exports	50	0	25	0	0	0
Feed Dom. Consumption	100	240	100	260	0	270
TOTAL Dom. Consumption	712	680	725	740	0	780
Ending Stocks	50	154	50	214	50	234
TOTAL DISTRIBUTION	812	834	800	954	50	1014

NOTE: This PS&D table **does not** include illegally imported wheat flour. Despite undocumented, trade sources estimate that about 15,000 tons of wheat flour (approx. 25,000 tons wheat grain equivalent) have been smuggled into Thailand in MY 1999/2000. This figure may be higher in MY 2000/2001.

WHEAT

Production

The Ministry of Agriculture reported that total wheat production in MY 1999/2000 is pegged at 1,000 tons, compared with 1,200-1,400 tons in MY 1998/99. The Government programs to increase wheat production are limited by climate related conditions restricting yields, low quality, and poor relative returns. Wheat is planted only in the High North and is seeded after the harvest of main crop paddy. Farmers are using three varieties of seed, i.e., Samoeng 1, Samoeng 2, and Fang 60. The most popular seed is Fang 60 which accounts for about 60 percent of total area.

Consumption

Total wheat/flour consumption in MY 2000/2001 is forecast to continue to grow based on the outlook for improved economic conditions. Total domestic wheat/flour consumption in MY 1999/2000 is estimated to have risen by 9 percent over the 1999/2000 level, due to increased human consumption (spurred by a recovery in Thai economy, less expensive flour prices, increased exports of flour and instant noodles) and feed consumption.

Currently, about two-thirds of wheat/flour products supplies are used for human consumption, the balance goes into aquaculture feed consumption. Wheat flour used for human consumption can be divided into bread and cake (35%), noodles (30%), all purpose (25%), and biscuit (10%).

In response to relatively cheaper worldwide wheat prices and fierce competition among flour mills and from smuggled flour, wholesale prices for all types of wheat flour continued to decline in 1999 and early 2000. For example, wholesale prices for bread flour (13.5-14.0%) dropped from 480-500 baht/bag (22.5 kgs.) in early 1999 to currently 450-460 baht/bag. Prices for cake flour decreased from 550-560 baht/bag to 470 baht/bag, while those for noodle flour reduced from 430 baht/bag to 350-360 baht/bag.

Trade

Due to a negligible amount of domestic production, Thailand's wheat consumption depends almost totally on the importation of wheat and wheat flour. Despite increased consumption, total wheat/flour imports in MY 2000/2001 are forecast to remain unchanged from MY 1999/2000's level. Total imports in MY 1999/2000 are estimated at 800,000 tons, as opposed to 744,000 tons in MY 1998/99. The U.S. exports of wheat/flour import are estimated at 340,000 tons in MY 1999/2000 and 2000/2001.

It should be noted that imports of wheat flour doubled in MY 1998/99, to 55,000 tons from 25,000 tons in MY 1997/98, as relative high domestic prices for flour induced some traders to import less

expensive Australian and Malaysian flour to compete with domestic flour. Though undocumented it is estimated that an additional 15,000 tons of flour are illegally imported along the Thai border in 1999/2000. This would bring total imports flour imports in MY 1999/2000 may reach to 90,000 tons. This apparently reflects the current disadvantage Thai flour faces against its neighboring countries and Australia, caused by prevailing high tariff rates on wheat grains and inefficient utilization of milling capacity among Thai flour mills. If this trend continues, imports of wheat grains will be badly affected in the future. The implementation of the AFTA agreement will also likely increase flour imports if current Thai tariffs on wheat import remain unchanged.

Despite increased flour imports which were mostly derived from Australia and Japan, the U.S. market share in total wheat/flour imports rose from 37 percent in 1997/98 to 41 percent. Meanwhile, the Australian market share was close to the MY 1997/98's level at 40 percent. The U.S. market share improved in MY 1998/99 at the expense of Canadian wheat, whose market share dropped from 19 percent in MY 1997/98 to 8 percent. A few flour mills have reportedly switched to procure the supplies only from U.S. and Australia in order to reduce their cost of inventories.

The U.S., Canada, and Australia remain major suppliers of both soft and hard wheat for Thailand's imports. A large feed mill, which has their own flour mill and is the largest player in shrimp feed market, has recently diversified their purchase from Australian wheat only to Canadian wheat. This feed mill has not purchased U.S. wheat due to its disadvantage in terms of price and protein and gluten content. As for wheat imported for human use, HRW from the U.S. competes with Australian Premium White (APW) or Australian Hard (AH) and Canadian Western Red Winter (CWRW); DNS wheat versus Australian Prime Hard and Canadian Western Red Spring (CWRS); and U.S. WW wheat versus Australian Standard White (ASW) and Canadian Plainly Spring Wheat (CPSW).

Marketing

There has been no change in this section since the 1999 Annual Report.

Policy

Although there has been no change in import duties for wheat grains (1.00 baht/kg or US\$ 26/ton) since the last Annual Report, there have been recent attempts by Thai Customs to collect more import taxes on wheat by reclassification of wheat under Harmonized code. It is common practice for several years that unprocessed/unmilled wheat grains have been classified under the codes of 1001.100.004 (for durum wheat grain) and 1001.900.009 (for meslin wheat grain) under Chapter 10 (Cereals) of the Customs's Tariff Schedule. The import of products under these two categories is subject to the import duty of 1.00 baht/kg (about US\$ 27/ton), which was effective in 1989. However, the Customs' officials want to reclassify durum and meslin wheat grains to correspond with the harmonized codes of 1104.29 which state "Cereal grains otherwise worked (for example, hulled, rolled, flaked, pearled, sliced or kibbled), except rice of heading No. 10.06; germ of cereals, whole, rolled, flaked or ground--of other cereals" under Chapter 11 (Products of the milling industry; malt; starches; inulin; wheat gluten). This reclassification is based on the custom officials' view that wheat grains are "hulled" grains.

The import duty on product under code of 1104.29 is 2.75 baht/kg (US\$ 74/ton). This reclassification, if applicable, will boost the cost of wheat grain imports by US\$ 47/ton. Based on the imports of about 320,000 tons of U.S. wheat in 1999, Thai flour mills' cost for imported U.S. wheat may possibly increase at least USD 24 million annually.

Thai Customs also recently requested Thai flour mills to pay a special surcharge on import duties for wheat grains imported into Thailand during the period of August 1997-July 1999. To help during the economic crisis in 1997, the surcharge of 10% over import duties on specific goods was implemented in August 1997. This surcharge was valid for 2 years. However, due to a lack of clarification among flour mills and customs authorities, most flour mills did not pay this surcharge. FAS/Bangkok is consulting with flour mills and custom authorities to clarify this regulation.

As a part of FAS/Bangkok's effort to use bilateral negotiations to help in reducing unnecessary import taxes and other duties on agricultural imports, Thailand has been asked to reduce/eliminate wheat import duties.

The Government currently grants an import tax rebate of 1,219 baht/ton (about US\$ 32/ton) to mills exporting wheat flour, and 407 baht/ton (about US\$ 11/ton) for wheat bran exports. These rebates are effective for products exported from September 1999-February 2000.

Post believes that the writing is on the walls for a speedy reduction in wheat import tariffs. With average import duties of 5 percent or less in the ASEAN countries, these flour mills from countries participating in the ASEAN Free Trade Agreements will have a tremendous price advantage over Thai flour millers and bakers over the next few years. This is likely to force lower tariff on wheat import and may increase overall consumption.

PSD Table						
Country	Thailand					
Commodity	Beans				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Harvested	240	240	260	270	0	240
Beginning Stocks	16	16	13	13	13	10
Production	180	180	190	200	0	180
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0
Jul-Jun Imports	0	0	0	0	0	0
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	196	196	203	213	13	190
TOTAL Mkt. Yr. Exports	18	18	20	33	0	15
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	5	5	5	5	0	5
TOTAL Dom. Consumption	165	165	170	170	0	165
Ending Stocks	13	13	13	10	0	10
TOTAL DISTRIBUTION	196	196	203	213	0	190

BEANS

Production

According to trade sources, Thailand's pulse production (mung bean and black matpe) in 2000 is forecast to decrease from 200,000 tons to 180,000 tons as unfavorable prices for mung bean and black matpe bean led several farmers to leave their land idled. Production in 1999 has been revised upward from the earlier estimate, reflecting larger growing area than earlier estimated. However, trade sources reported that the crop quality for the 1999 pulse crop was worse than that in 1998 due to excessive rainfalls.

Consumption

Domestic consumption in 2000 is forecast to remain unchanged from the 1998's level. Mung beans are utilized mainly for making vermicelli and bean sprouts, with smaller quantities being used for bean flour and cake, candy and sweets, feedstuffs and seed. Meanwhile, black matpes are used mostly for making sprouts.

Reflecting increased production and inferior crop quality, the Bangkok wholesale prices for mung beans (grade #1) in 1999 dropped by 21 percent to 15,720 baht/ton or US\$ 414/ton. Meanwhile, wholesale price for top-grade quality black matpes also decreased by 13 percent to 15,080 baht/ton (US\$ 397/ton).

Trade

Thai bean exports in 1999 almost doubled over the 1998 level to 33,378 tons due to its increased competitive export prices and increased demand from India and Philippines. Trade sources forecast that total exports in 2000 may drop in line with decreased supply availabilities.

Export Trade Matrix			
Country:		Units: Tons	
Commodity:			
Time period:	Jan-Dec		
Exports for	1998		1999
U.S.	1529	U.S.	1902
Others		Others	
United Kingdom	1017	United Kingdom	392
Hong Kong	1571	Hong Kong	1726
India	6247	India	14730
Japan	2943	Japan	2077
Malaysia	457	Malaysia	667
Philippines	545	Philippines	1995
Singapore	1395	Singapore	1796
Canada	526	Canada	1290
Sri Lanka	358	Sri Lanka	2859
Pakistan	1122	Pakistan	1163
Total for Others	16181		28695
Others not listed	1198		2781
Grand Total	18908		33378