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Poultry and Products

Annual

2001

Approved by:

Maurice W. House

U.S. Embassy

Prepared by:

Sakchai Preechajarn

Report Highlights:

Thailand's poultry industry should continue to grow in 2002 in anticipation of increased exports and domestic consumption for broiler meat.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Bangkok [TH1], TH

Section I: Situation and Outlook

Driven by broiler meat exports in 2001, Thailand's total broiler meat production in 2002 is forecasted to increase further. In addition, the overall productivity in broiler farming should continue to improve, due to the greater use of evaporated cooling system by integrated producers and improved broiler genetics. Under the same farm conditions and prevailing prices for major inputs, the introduction of new chicken varieties may reduce their cost of production for live broiler by 5-7 percent in 2002.

Despite the vulnerable economic outlook, domestic chicken meat consumption in 2002 is forecast to continue to rise due mainly to the growing popularity of chicken meat among consumers and increased supplies of offals and skeleton meat following anticipated higher broiler exports. Total broiler exports should continue to grow in 2002, because the EU market for broiler should further expand, and Thai processors have reduced their cost of production and developed their cooked products through continued investment.

Although Thailand is among the major suppliers of chicken meat in the world, they have maintained both tariff and non-tariff protection on imported poultry meat. They have also sought to make a U.S. attempt to import U.S. broiler meat into a political issue. In addition to attacking the U.S. through protests, seminars, and media coverage, there is a recent attempt to link the imports from the U.S. to Thailand's pending request for export eligibility of broiler meat into the U.S. In reality, the USDA's Food Safety Inspection Service (FSIS) is reviewing Thailand's request, but the Thai Government has not responded to FSIS's questionnaires which were forwarded to the Thai Government more than three years ago.

Section II: Statistical Tables

Table 1: Thailand’s PS&D Table for Poultry, Meat, Chicken - 16 wks.

PSD Table						
Country	Thailand					
Commodity	Plty, Meat, Chicken -16 wks				(1000 MT)(MIL HEAD)	
	Revised2000		Preliminary2001		Forecast2002	
	Old	New	Old	New	Old	New
Market Year Begin	01/2000		01/2001		01/2002	
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	40	40	60	47	90	47
Production	1070	1070	1200	1230	0	1330
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	1110	1110	1260	1277	90	1377
Whole, Exports	0	0	0	0	0	0
Parts, Exports	320	333	340	400	0	450
Intra EC Exports	0	105	0	140	0	170
Other Exports	0	228	0	260	0	280
TOTAL Exports	320	333	340	400	0	450
Human Consumption	710	710	810	810	0	860
Other Use, Losses	20	20	20	20	0	20
Total Dom. Consumption	730	730	830	830	0	880
TOTAL Use	1050	1063	1170	1230	0	1330
Ending Stocks	60	47	90	47	0	47
TOTAL DISTRIBUTION	1110	1110	1260	1277	0	1377
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Table 2: Thailand's PS&D Table for Poultry, Meat, Total

PSD Table						
Country	Thailand					
Commodity	Poultry, Meat, Total			(1000 MT)(MIL HEAD)		
	Revised2000		Preliminary2001		Forecast2002	
	Old	New	Old	New	Old	New
Market Year Begin	01/2000		01/2001		01/2002	
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	40	40	60	47	90	47
Production	1117	1117	1250	1280	0	1384
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	1157	1157	1310	1327	90	1431
Whole, Exports	2	2	2	2	0	3
Parts, Exports	321	334	341	401	0	452
Intra EC Exports	0	106	0	141	0	172
Other Exports	0	230	0	262	0	283
TOTAL Exports	323	336	343	403	0	455
Human Consumption	751	751	854	854	0	906
Other Use, Losses	23	23	23	23	0	23
Total Dom. Consumption	774	774	877	877	0	929
TOTAL Use	1097	1110	1220	1280	0	1384
Ending Stocks	60	47	90	47	0	47
TOTAL DISTRIBUTION	1157	1157	1310	1327	0	1431
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Table 3: Thailand's PS&D Table for Poultry, Eggs

PSD Table						
Country	Thailand					
Commodity	Poultry, Eggs				(MIL HEAD)(MIL PCS)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Layers	42		35	35	0	36
Beginning Stocks	123	123	173	173	23	23
Production	8800	8800	8200	8200	0	8500
Hatch Eggs, Imports	0	0	0	0	0	0
Shell Eggs, Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	8923	8923	8373	8373	23	8523
Hatch Eggs, Exports	0	0	0	0	0	0
Shell Eggs, Exports	100	100	50	50	0	70
Other Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
TOTAL Exports	100	100	50	50	0	70
Hatch Eggs,Consumption	0	0	0	0	0	0
Shell Eggs, Human	8650	8650	8300	8300	0	8400
Shell Eggs,OT.Use/Loss	0	0	0	0	0	0
Other Dom. Consumption	0	0	0	0	0	0
Total Dom. Consumption	8650	8650	8300	8300	0	8400
TOTAL Use	8750	8750	8350	8350	0	8470
Ending Stocks	173	173	23	23	0	53
TOTAL DISTRIBUTION	8923	8923	8373	8373	0	8523
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Table 4: Wholesale Prices for Live Broilers in Bangkok

Prices Table			
Country	Thailand		
Commodity	Plty, Meat, Chicken -16 wks		
Prices in	2001	per uom	baht/kg
Year	2000	2001	% Change
Jan	28.25	30.90	9.38%
Feb	29.02	27.52	-5.17%
Mar	23.00	23.34	1.48%
Apr	22.00	27.85	26.59%
May	24.61	32.32	31.33%
Jun	28.43	33.24	16.92%
Jul	28.02		-100.00%
Aug	25.20		-100.00%
Sep	26.26		-100.00%
Oct	26.21		-100.00%
Nov	23.70		-100.00%
Dec	23.40		-100.00%
Exchange Rate 45.5	Local currency/US $		

Table 5: Retail Prices for Skinless Boneless Breast Meat at Bangkok

Prices Table			
Country:	Thailand		
Commodity:	Plty, Meat, Chicken -16 wks		
Year:	2001		
Prices in (currency)	Baht	per (uom)	Kilogram
Year	2000	2001	% Change
Jan	69.00	68.40	-0.87
Feb	69.00	69.00	0.00
Mar	66.82	71.54	7.07
Apr	64.10	72.50	13.10
May	64.39	73.79	14.60
Jun	67.73	75.57	11.58
Jul	69.00	77.00	11.59
Aug	69.00		
Sep	69.00		
Oct	69.00		
Nov	69.00		
Dec	69.00		
Exchange Rate	45.50	(Local currency/US $)	
Date of Quote Aug-10-2001			

Table 6: Thailand’s broiler meat exports in 2001 (Jan-May) (Unit: tons)

COUNTRY	UNCOOKED BROILER MEAT	COOKED&SEMI-COOKED MEAT	TOTAL EXPORTS
UNITED STATES	0	0	0
ASIA:	77,607	25,772	103,379
Japan	50,651	18,703	69,354
Singapore	4,583	3,936	8,519
China	5,463	0	5,463
Hong Kong	1,685	1,393	3,078
S. Korea	12,142	1,738	13,880
Malaysia	3,083	0	3,083
Others	0	2	2
EUROPE:	44,212	19,328	63,540
EUROPEAN UNION	43,989	19,316	63,305
Belgium	165	147	312
Germany	22,332	1,472	23,804
Netherlands	11,667	9,619	21,286
U.K.	8,484	7,930	16,414
Others	1,341	148	1,489
OTHER EUROPE	223	12	235
MIDDLE EAST	229	0	229
AFRICA & OTHERS	48	75	123
TOTAL	122,096	45,175	167,271

Table 7: Thailand's broiler meat exports in 2000 (Jan-May) (Unit: Tons)

COUNTRY	UNCOOKED BROILER MEAT	COOKED&SEMI-COOKED MEAT	TOTAL EXPORTS
UNITED STATES	0	0	0
ASIA:	63,690	17,756	81,446
Japan	51,798	14,123	65,921
Singapore	3,389	2,438	5,827
China	2,210	0	2,210
Hong Kong	2,770	1,055	3,825
S. Korea	2,195	68	2,263
Malaysia	1,306	72	1,378
Others	22	0	22
EUROPE:	25,171	10,542	35,713
EUROPEAN UNION	24,929	10,542	35,471
Belgium	0	85	85
Germany	12,382	905	13,287
Netherlands	7,194	4,991	12,185
U.K.	4,410	4,474	8,884
Others	943	87	1,030
OTHER EUROPE	242	0	242
MIDDLE EAST	427	5	432
AFRICA & OTHERS	19	39	58
TOTAL	89,307	28,342	117,649

Section III: Narrative on Supply and Demand, Policy & Marketing

3.1 Broiler Section

Production

Thailand's total broiler meat production in 2002 is forecasted to increase further, following the continued expansion in broiler farming by integrated producers and the likelihood of ongoing improved productivity. Driven by the flourishing broiler meat exports in 2001, all of Thai broiler integrators are financially better-off and geared to increase their production capacity. For instance, Saha Farms Group, the second largest broiler processor in the country, has recently started their new broiler farm northeast of Bangkok. According to trade sources, their project may be finished in three years. By then, their chick production will double from the current 1.8 million birds/week. In addition, the overall productivity in broiler farming should continue to improve, due to the greater use of evaporated cooling systems by integrated producers and improved broiler genetics. It is estimated that broiler production which is raised in closed barns (using the evaporated cooling system) may reach 65 percent of total production, as opposed to about 60 percent in 2001. Meanwhile, nearly all of integrated producers began recently to replace their "classic-type" parent stocks with the "yield-type" stocks. The Thai broiler industry is moving to produce larger-sized live broilers (about 2.4-2.5 kgs/bird). The use of yield-type broilers would increase yields on breast meat and improve the feed conversion ratio (FCR). Trade sources report that, given same farm conditions and prevailing prices for major inputs, the yield-type broiler could reduce the average production cost of live broilers by 5-7 percent in 2002.

The estimate for broiler meat production in 2001 has been revised upward from the earlier estimate, based on the fact that there have been no serious incidences of diseases and a fewer attempt to manipulate chick production by a few feed integrators. The chick production in 2001 has increased from the average 15-16 million birds/week in 2000 to about 17-18 million birds/week.

In general, the average cost of broiler production in 2001 increased over the 2000 production figures, mainly because of higher feed cost and chick prices. While prices for corn have been less expensive in the first seven months of this year following sharply increased domestic supply, those for soybean meal soared about 15-20 percent. As a result, feed cost for broiler production rose about 7-10 percent in 2001. Meanwhile, prices for day-old chicks increased from the about 6.0 baht/bird in the first seven months of 2000 to about 10.0 baht in 2001 due to a strong demand from export-oriented broiler farms. However, increased expenses are partly offset by higher yields in broiler production. All in all, the total cost of broiler production in 2001 is around 27.00-28.00 baht/kg (approx. 27-28 cents/pound), as opposed to about 24.00-26.00 baht/kg (24-26 cents/pound) in 2000. The cost in 2001 (27.00 baht/kg live weight) is roughly a sum of the cost of day-old chicks (7.00 baht), feed (17.00 baht), vaccination and drug (0.80 baht), labor (1.50 baht), and other costs (0.70 baht), respectively.

Consumption

Despite the vulnerable outlook in the Thai economy, domestic chicken meat consumption in 2002 is forecast to continue to grow, due mainly to increased popularity of chicken meat intake among consumers. Chicken meat is a cheaper meat than the other meats and is easy to diversify a cooking menu. Meanwhile, a recent problem of BSE disease in Europe and increased concern about the use of Beta-agonist substance in hog feed (for the purpose of enhancing lean meat for marketed hog) caused many Thai consumers to switch to poultry meat. Trade sources reported that sales of chicken-menu fast-foods in all franchised restaurants (such as KFC, McDonalds, Pizza Hut, etc.) may increase by 15 percent in 2001 over the 2000's level. In addition, increased consumption is partly derived from the intake of meat from chicken skeleton, offals, and skin. This consumption of the other-parts normally grow in line with broiler meat exports, and FAS/Bangkok include this consumption in our PSD tabulation.

Reflecting a strong overseas demand for broiler meat and firmed export prices, wholesale prices for live broilers reported by the Ministry of Commerce in the first half of 2001 (Jan-Jun) increased by 13 percent to 29.20 baht/kg (approx. 29 US cent/pound). In line with live broiler prices, the average prices for chicken boneless breast meat at Bangkok in 2001 (Jan-Jul), reported by the Ministry of Commerce, rose by 8 percent to 72.54 baht/kg (72 cents/pound), as opposed to 67.15 baht/kg (67 cents/pound) in the same period of 2000.

Trade

Although the devaluation in Brazilian currency and the possible abolishment of import ban for Chinese chicken in the EU and Japan would generate intense export competition, trade sources believe that Thailand’s chicken meat exports in 2002 should maintain its growth of 10-12 percent over the 2001 level. This is because the EU market for chicken meat should further expand, and Thai processors have successfully reduced their cost of production (as mentioned earlier in "Production" section) and developed their value added products through continued investment. Thailand is considered the supplier of the finest cooked products by consumers in the EU and Japan. In addition, trade sources reported that China is also encountering higher cost of production and may take some times to revitalize their export-oriented production for the European market. Thailand’s chicken meat exports may reach 450,000 tons, of which about 300,000 tons would belong to uncooked products (mainly boneless cuts and other special cuts) while the balance goes into cooked products.

The year 2001 has become a good year for Thai broiler meat processors in terms of both export volume and value. Due to mad cows disease (BSE) and Foot-and-Mouth Disease (FMD), chicken meat consumption in the EU has increased tremendously at the expense of beef and pork. This factor as well as a continued import ban on Chinese chicken meat, have led to the overwhelming demand for Thai broiler meat. Not only export volume has increased, but export prices for products shipped to the EU market have also soared significantly. For instance, the C&F prices for Skinless Boneless Breast meat (SBB) shipped to the EU market have increased continuously from USD 2,300-2,400/ton for shipments in January 2001 to USD 3,000-3,100/ton for September shipments. However, prices in the past few weeks softened to about USD 2,700-2,800/ton for shipments in the last quarter, due mainly to a concern about an economic crisis in South American countries which may further devalue the Brazilian currency.

Export prices for boneless leg meat (BL) mostly shipped to Japan were pretty low in early 2001 mainly because of a slowdown in Japanese economy and a fierce competition from China and Brazil. However, prices began to climb up again in recent months, when Japan banned the imports from China following the outbreak of bird flu disease in Hong Kong and China. The current C&F prices for BL meat for September shipment to Japan are USD 2,400-2,500/tons, as opposed to only USD 1,300-1,400/ton for shipments in the first quarter of 2001 (Jan-Mar).

Based on the figure of 400,000 tons, it is estimated that exports to European countries in 2001 may grow further from 105,000 tons in 2000 to 145,000 tons, while exports to Japan should increase from 179,000 in 2000 to about 208,000 tons. Exports to other countries (excluding Europe and Japan) in 2001 would drop from 49,000 tons in 2000 to 47,000 tons. By type of product, exports of both uncooked chicken meat and cooked chicken meat would increase to 280,000 tons (compared to 246,000 tons in 2000) and 120,000 tons (against 87,000 tons in 2000), respectively. The market share of cooked products continues to increase (from 26% in 2000 to 30% in 2001) at the expense of uncooked products. For years to come, Thai processors are likely to further shift their production line to higher value-added products in order to overcome their disadvantage in production cost against competitors.

Japan and European countries remain the major markets for Thai broiler meat in 2001. In the first five months of 2001 (Jan-May), Japan accounted for 41 percent of total broiler meat export (against 56 percent in 2000). Meanwhile, the EU accounted for 38 percent of total exports (against 30 percent in 1999). Japan usually buys uncooked meat in forms of boneless breast meat (BB) , boneless leg meat (BL), and special cut meat in stick (Yakitori). It also buys made-to-order meat which is processed or prepared by heat (such as grilling, steaming, boiling, and etc.). Some of these cooked meat products are puffed or seasoned (with salt, Japanese sauce, and etc.). The EU normally buys uncooked meat in form of skinless boneless breast meat (SBB), and semi-cooked and cooked meat in made-to-order style.

Policy

There has been no change in trade & non-trade barriers, price intervention, export subsidy, and quality, safety and health regulations in recent history. Although Thailand is among the major suppliers of chicken meat in the world, they remains opposed to the idea of opening up their market for broiler meat. The evidence that assures a stringent protection on imported poultry meat, especially broiler meat, is reflected in an attempt to draw a one-time attempt to import U.S. broiler meat into political issues. Since there was a rumor in late 1998 that a U.S. chicken processor was seeking a joint venture with a Thai packer to import U.S. broiler leg meat to be further processed and re-exported to Japan, both chicken packers and poultry farmers have conducted several actions to pressure the Thai Government not to allow imports of broiler meat. Their moves, through protests, seminars, and media coverage, always aims at attacking the U.S. for planning to submit the request to export broiler meat to Thailand. A group of farmers conducted a loud protest in front of U.S. Embassy in Bangkok against the imports of U.S. Cornish game hen meat in late 2000 by accusing the U.S. poultry industry of attempting to export broiler meat into Thailand in the guise of game hen meat. As a result of this protest, the Department of Livestock Development (DLD) has not issued any import licenses for this product since late 2000, eventhough this action is clearly against WTO regulations.

In addition, there is an attempt to link the import case to Thailand's pending request for export eligibility of broiler meat to the U.S. They claimed through the Thai media that the U.S. is unfair because the U.S. has tactically ignored Thailand's request for export eligibility. In reality, the USDA's Food Safety Inspection Service (FSIS) is reviewing Thailand's request and awaiting a response by Thai Department of Livestock Development (DLD) to FSIS's questionnaires for more than 3 years. In early 2001, the USDA invited a group of veterinarians from this department to visit the U.S. and raised this issue with them again. Although the DLD promised to follow up this issue closely, FSIS has not received their response thus far. Post believes that a key members of the Thai Broiler Processing Exporters Association have urged the Thai Government not to pursue export eligibility to the U.S.

Marketing

Thai chicken processors are keen to meet the requirements by their buyers and importing goverments. In addition to providing more than 200 items of products (including made-to-order meat) for export, some processors are able to satisfy such speicial conditions as free of antibiotics, no use of animal protein ingredients, and no use of growth promoters. All processing plants now have certificates on ISO 9000 and HACCP standard. In addition, Thai chicken processors are able to abide by the EU's directives on animal welfare requirement for export eligibility after they began to improve their farm and plant management in recent years.

The issue of Genetically Modified Organism (GMO) has not posed a serious threat in marketing Thai broiler meat to its clients, especially in the EU and Japan. While there have been no official directives by the EU or Japan Governments on the requirement of a certificate of GMO-Free or non-GMO products for Thai broiler meat, only few private importers in these two countries are requesting such certificates.

Thailand has been a promising market for U.S. turkey meat. Although the official imports of turkey meat (reported by the Thai Customs Department) were only USD 95,000 in value in 2000, trade sources indicated that the actual figures highly exceeded this number due to the prevailing smuggling activities in Thailand. About 90 percent of total imports is currently supplied by the U.S. Nearly all of import turkey meat are available in fine hotels/restaurants and modern trade supermarkets in large cities. If Thailand agrees to liberalize their market for broiler meat, the U.S. may supply less expensive parts (such as dark meat and offals) to Thai consumers. In addition, Thailand may import bone-in-leg meat for processing in Thailand and re-export it to such markets as Japan and non-EU countries. However, the EU market is too sensitive to import these re-exported meat from Thailand.

3.2 Egg Section

Production in 2002 is forecast to recover to some extent in response to improved egg prices for most of 2001. Prices for egg have escalated from 1.00 baht/piece, which was below the break-even, in January 2001 to currently 1.55.1.65 baht/piece due mainly to decreased supplies versus the Government's funding to hold a portion of fresh egg supplies as a buffer stock. In addition, the increased use of evaporated cooling systems on farms should favor overall productivity in 2002. A number of layers in 2002 should be around 36 million birds, as opposed to 35 million birds in 2001.

Egg consumption is forecast to grow in 2002 in line with anticipated larger supplies. Egg exports in 2002 are also forecast to increase to 70-100 million pieces, but the market is still limited to Hong Kong.

In order to lift egg prices, the Government allocated a no-interest loan of 60 million baht in late 2000 to egg producer cooperatives and an egg trader association. The loan was provided for the purpose of buying domestic egg and storing it as a buffer stock. The activity partly helped egg prices to recover in early 2001.