



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

**Date:** 8/1/2007

**GAIN Report Number:** TH7101

## Thailand

### Grain and Feed

### Crop Update

**2007**

**Approved by:**

Gary Meyer, Agricultural Counselor  
U.S. Embassy, Bangkok

**Prepared by:**

Ponnarong Prasertsri, Agricultural Specialist

---

**Report Highlights:**

Estimated corn production is revised downward due to continued acreage reduction. Corn imports should increase slightly due to a recovery in domestic feed demand, which will also limit exportable supplies. For rice, main-crop rice cultivation started with a favorable monsoon season. The intervention program will likely continue in MY 2007/08 with intervention prices close to market prices, and will focus on improvement of storage facilities.

---

Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Bangkok [TH]  
[TH]

## 1. Corn Update

### Estimated Corn Production Less Than Expected Due to Acreage Reduction

MY 2007/08 corn production is expected to increase slightly to 3.85 million tons, down one percent from the previous forecast, due to a reduction in planted areas. The acreage expansion in the north was offset by a continued contraction of planted areas in the northeast and central, which accounts for around 40 percent of total planted areas. Despite a 7-8 baht/kg increase in corn farm-gate prices, which have reached a record high of \$212/MT, cultivated areas declined as returns from alternative crop, cassava in particular, remain relatively higher than those from corn. However, average yield of corn in MY 2007/08 will likely be higher than the previous year due to favorable rainfall.

### Continued Increase in Corn Imports

Corn imports will continue to increase significantly, particularly from Laos under the Joint Economic Cooperation Strategy Program, or Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), which is an economic cooperation agreement between Burma, Laos, Cambodia, Vietnam, and Thailand. Imports of corn from these countries enjoy duty-free privilege. Also, many Thai corn traders reportedly had contract farming of around 300,000 rai (48,000 hectare) in Laos in MY2006/07. Planted areas are expected to increase significantly in MY 2007/08. Laotian corn is normally imported into Thailand between October – March. In MY 2006/07 corn imports from Laos is estimated at around 350,000 – 400,000 tons. Around 60-70 percent of imported corn from Laos is distributed locally to domestic medium and small-scale feed mills. The rest goes for re-export, particularly to Vietnam and Indonesia.

### Anticipated Corn Exports Contraction

MY 2007/08 corn exports are expected to decline from the previous year as domestic demand for feed, particularly in poultry, is anticipated to increase. Poultry production, representing around half of total feed corn consumption, will likely reach 18-20 million birds per week due to current stronger than expected export demand for cooked chicken meat. In addition, corn export prices are expected to be less attractive than domestic, as export prices are expected to remain flat as world exportable supplies remain at the previous year's level.

## 2. Rice Update

MY 2007/08 main crop cultivation started with favorable a monsoon season. The precipitation rate has been around 30 percent higher than the pervious year. However, some fragrant rice growing areas in the northeast are reportedly affected by poor rain distribution. It is too early to estimate the damage as the cultivation just started.

The Government is expected to run the paddy mortgage program for MY 2007/08 crop in order to stabilize market prices during the beginning of the harvest. However, the intervention prices are expected to be set close to market prices, as high intervention prices in the past created a significant burden to the budget. The Government has approved compensation of around 10

billion baht (\$ 300 million) in FY 2008 for the losses of mortgage program to the Bank for Agriculture and Agricultural Cooperatives (BAAC). In addition, the program will encourage millers participating in the program to improve storage facilities in order to maintain paddy quality. So far, only a few warehouses have invested in modern storage facilities due to high investment costs.

End of Report.