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Thailand

Grain and Feed

New Intervention Program Announced, Current Program Expanded

2008

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Report Highlights:

On September 9, the Thai Cabinet approved the new intervention program for 2008/09 main crop, valued at over 100 billion baht (\$2.9 billion), with intervention prices remaining unchanged for white rice, higher for fragrant rice paddy, and glutinous paddy will now be included in the new program, whereas glutinous rice was not included in the current program. The program will finish by February 2009 with a target of 8.0 million tons of paddy. Additionally, The Government approved an increase in the current second-crop intervention program from 2.5 million tons of paddy (TH8095) to 3.5 million tons.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Bangkok [TH1]
[TH]

Approved target increase by 1.0 million tons with anticipated record outstanding stock

On September 9, the Thai Cabinet approved the new intervention program for 2008/09 main crop, valued at over 100 billion baht (\$2.9 billion), beginning on October 16, 2008 (typically the program begins on November 1). Intervention prices for white rice paddy remain unchanged from the current program prices of 14,000 baht/ton (\$407/MT). Also, intervention prices were set higher at 16,000 baht/ton (\$465/MT) for fragrant rice paddy, as compared to 9,300 baht/ton (\$270/MT) in the current year. Glutinous paddy will now be included in the new program with intervention prices at 9,000 baht/ton (\$262/MT), whereas glutinous rice was not included in the current program. The program will finish by February 2009 with a target of 8.0 million tons of paddy.

Additionally, the Minister of Commerce encouraged the Government to free the black-listed rice mills, which were banned from participating in current intervention program, in order to secure the needed capacity for the coming main-crop intervention program. There are around 40-50 rice mills on the black list that were found guilty of unauthorized sales of government rice worth approximately 1.0 billion baht (\$29 million). However, this element of the proposal remains undecided.

In addition to approving the new intervention program, the Thai Prime Minister approved an expansion to the current second-crop intervention program to increase from 2.5 million tons of paddy ([TH8095](#)) to 3.5 million tons in order to cover all paddy harvested until the end of the program on September 30 with the intervention prices of 12,800 – 14,000 baht/ton (\$371-\$406/MT). The operating budget for this program will increase to 3,470 million baht (\$102 million) as compared to 1,132 million baht (\$34 million). Also, the Bank for Agriculture and Agricultural Cooperative (BAAC) will provide additional credit line of 10 billion baht (\$294 million) on top of the 25 billion baht (\$755 million) to cover the increase.

So far, the Government has sourced 2.5 million tons of paddy valued at 31 billion baht (\$912 million), far above earlier estimate of 1.6 million tons with 25 billion baht (\$755 million) credit line. Higher than expected mortgaged paddy was due to the attractively high intervention prices which are 3,000 – 4,000 baht/ton (\$87-\$116/MT) higher than market prices. The program is absorbing a record 40,000 -50,000 tons of paddy/day. This includes new main-crop paddy which was harvested early in some areas. If the Government buys up to 3.5 million tons by the end of this program, total outstanding intervention rice stocks under the current program will increase to 4.4 million tons. This will put downward pressure on domestic prices as the Government will need to release the intervention stocks for exports in the short term.

End of report.