



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

Date: 10/10/2008

GAIN Report Number: TH8158

Thailand

Grain and Feed

National Rice Policy Committee Might Cut Rice Intervention Prices

2008

Approved by:

Gary Meyer, Agricultural Counselor
U.S. Embassy

Prepared by:

Ponnarong Prasertsri, Agricultural Specialist

Report Highlights:

Intervention prices for MY 2008/09 main-crop program might be cut to reflect the decline in market prices and lessen the attractiveness of the previous government's program. The current program is expected to be delayed to the beginning of November 2008. Meanwhile, timing for stocks release has not yet been finalized.

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

New National Rice Policy Committee May Lower Intervention Prices

On October 9, 2008 the Cabinet re-established a new National Rice Policy Committee with the new Prime Minister as its chairman. The committee will meet next week to review the MY 2008/09 main-crop paddy mortgage scheme which was approved by the previous Government on September 9, 2008 ([TH8138](#)). The start date for the program will likely be postponed to November 1, 2008, instead of mid-October. Intervention prices might be revised down by 2,000 baht/ton (\$58/MT) to 12,000 baht/ton (\$350/MT) for white rice paddy to reflect current market prices and to discourage paddy sale into the intervention.

Program Operation Transferred from Finance Ministry Back to Commerce Ministry

The operation of the program is being transferred from the Bank for Agriculture and Agricultural Cooperative (BAAC) to the Ministry of Commerce in order to avoid possible BAAC liquidity problems. The new main-crop intervention program may need nearly 100 billion baht (\$2.8 billion), accounting for approximately 20 percent of the BAAC's total credit line available for farmers. In the rice committee meeting next week, the Government is expected to allocate the budget to cover MY 2008/09 main-crop intervention program and to pay back the BAAC for MY 2007/08 second-crop intervention program that the previous Government assigned the BAAC to handle. As of September 30, 2008, MY 2007/08 the second-crop intervention program had absorbed 3.97 million tons of paddy (2.6 million tons milled equivalent) valued at 55 billion baht (\$1.6 billion).

Stocks Release for Exports Likely but Timing Not Finalized

Total government intervention stocks have increased to 4.7 million tons, of which 2.1 million tons are old-crop intervention stocks. Of total intervention stocks, approximately 3.7 million tons are white rice and 1.0 million tons are fragrant rice. Large portions of intervention stocks will have to be released for export. Timing for the release could be decided next week.

Exchange rate used for this report: 34.2 baht/US\$

End of Report