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Report Highlights:

MY2009/10 rice production is forecast to increase following increased access to irrigation. Meanwhile, government intervention stocks should reach 8-9 million tons by the end of July 2009 due to an aggressive intervention program which has set program prices higher than world market prices. Anticipated government intervention stock releases should boost MY2008/09 and MY2009/10 Thai rice exports to 9.0 - 10.0 million tons despite strong competition from Vietnam and India. Corn production is also expected to increase with more exportable supplies in MY 2009/10. Meanwhile, MY2009/10 wheat consumption is expected to remain flat due to a slowdown in the Thai economy. However, MY 2009/10 wheat imports are forecast to increase slightly due to low beginning stocks and attractive world market prices.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Bangkok [TH1]
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Executive Summary

MY2009/10 rice production is expected to increase due to a slight acreage expansion, particularly for the second crop. The increased acreage is due to increased availability of irrigation water after the recent completion of a new dam project. Also MY 2008/09 rice production is expected to be higher than the previous year. Most off-season crop cultivated in the central plain will be harvested by end of March. Meanwhile, government intervention stocks should increase to 8-9 million tons by the end of July 2009 due to an aggressive MY 2008/09 intervention program. Record intervention stock levels will pressure the Government to tender intervention stocks for exports. As a result, MY2008/09 and MY2009/10 rice exports should reach 9.0 - 10.0 million tons despite strong competition from Vietnam and India.

MY 2008/09 and MY2009/10 corn production should increase in anticipation of yield improvements. However, MY2009/10 feed corn consumption is expected to decline significantly, particularly in first half of the year. Total feed consumption is expected to decline by 5 percent as Thai companies scale back poultry and layer production. Feed prices are expected to decline by more than 10 percent due to lower feed grain prices and lower demand. Increased domestic supplies and lower domestic demand should see Thai MY 2008/09 and 2009/10 corn exports increase significantly.

MY2009/10 wheat consumption is expected to remain flat as Thailand's economic growth expected to be virtually flat. Decreasing prices of imported wheat and domestically produced wheat flour will allow bakeries and instant noodle manufacturers to reduce retail prices of their products. However, demand for wheat-based feed will likely decline. MY 2009/10 wheat imports are forecast to increase slightly due to low beginning stocks. Millers' inventories dropped significantly to minimize possible losses from bearish wheat prices. Also, imports of U.S. wheat will face strong competition as Australia is now able to supply the Thai market following its crop recovery.

MY2009/10 Mung bean production is forecast to decline slightly in anticipation of continued acreage reduction. Domestic consumption should remain flat due to the weakened Thai economy. MY 2009 Mung bean exports should drop significantly due to lower production and less exportable supplies.

1. Rice

1.1 Rice Production

Table: Thailand's Production Supply and Demand for Rice

Rice, Milled Thailand	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	Jan	
	Data			Data			Data		
Area Harvested	10,600	10,600	10,600	10,700	10,700	10,680			10,720
Beginning Stocks	2,510	2,510	2,510	2,202	2,202	2,207			3,115
Milled Production	19,300	19,300	19,300	19,400	19,400	19,400			20,000
Rough Production	29,242	29,242	29,242	29,394	29,394	29,394			30,303
Milling Rate (.9999)	6,600	6,600	6,600	6,600	6,600	6,600			6,600
MY Imports	8	8	8	8	8	8			8
TY Imports	8	8	8	8	8	8			8
TY Imp. from U.S.	2	0	0	0	0	0			0
Total Supply	21,818	21,818	21,818	21,610	21,610	21,615			23,123
MY Exports	10,016	10,016	10,011	9,000	9,000	9,000			10,000
TY Exports	10,016	10,016	10,011	9,000	9,000	9,000			10,000
Total Consumption	9,600	9,600	9,600	9,500	9,500	9,500			9,600
Ending Stocks	2,202	2,202	2,207	3,110	3,110	3,115			3,523
Total Distribution	21,818	21,818	21,818	21,610	21,610	21,615			23,123

MY 2009/10 rice production is forecast to increase slightly due to acreage expansion, particularly for the second-crop cultivation in the lower north. Acreage increases stem from the completion of new irrigation dam project (Khwae Noi dam), which has the capacity to provide 861 million cubic meters of water to the lower north (Pitsanulok province). The second-crop cultivation is estimated to increase by 155,000 rai (24,800 hectares) in Pitsanulok when the dam becomes fully operational in 2010. In addition, the dam will save main-crop paddy of 75,000 rai (12,000 hectares) from repeated flood damage. Approximately 250,000 rai (40,000 hectares) in the central plain should also benefit from additional water availability of this project. Also, lower fertilizer prices should encourage farmers to invest more in farm inputs to improve average yields. Input prices dropped significantly in 2009, particularly fertilizers which account for half of total input costs.

MY 2008/09 rice production is expected to remain higher than the previous year. Most off-season crop cultivated in the central plain will be harvested by the end of March. Also, summer crops (third crop) have been cultivated in some areas, up by double from the previous year, particularly in the irrigated areas. However, average yield will likely remain lower than the previous year as the early harvest of the off-season crop was affected by unusually cold weather ([TH9016](#)).

Table: Thailand's Paddy Production

	2007/08			2008/09			2009/10		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (million hectare)									
Cultivation	9.2	1.8	11.0	9.3	1.9	11.2	9.3	1.9	11.2
Harvest	8.8	1.8	10.6	8.8	1.9	10.7	8.8	1.9	10.7
Production (million Ton)									
Rough	21.2	7.9	29.1	21.7	7.7	29.4	22.0	8.3	30.2
Rice	14	5.2	19.3	14.3	5.1	19.4	14.5	5.5	20.0

Source: FAS Estimate

Yield (Metric Ton/Hectare)

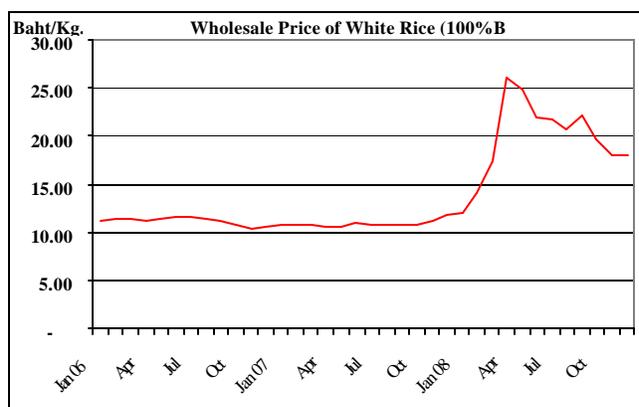
Paddy Crop	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Main	2.16	2.20	2.38	2.27	2.29	2.21	2.25	2.24	2.30	2.34	2.38
Second	4.10	4.25	4.20	4.25	4.20	4.13	4.29	4.38	4.29	4.08	4.25
Total	2.37	2.40	2.61	2.57	2.56	2.47	2.55	2.55	2.59	2.64	2.67

Farm-gate Price (Baht/Metric Ton)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Paddy 5%	6,629	5,579	4,808	4,484	4,770	5,080	5,481	6,607	6,533	6,587	9,848

Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

1.2 Consumption



Rice is a staple food for Thais with downward trend on annual per capita consumption. However, consumption is forecast to remain unchanged at approximately 7.0 million tons as Thailand slowly recovers from its own economic slowdown. Marginal growth in income levels will keep per capita consumption of rice at around 100 - 110 kilograms. Meanwhile, industrial use will likely decline, particularly for rice-based snack, as consumers reduce spending on snack foods.

Rice prices remained high despite a noticeable decline in the second half of 2008 due to the ongoing intervention program which set intervention prices higher than world market prices.

1.3 Trade

MY2008/09 and MY2009/10 rice exports are forecast at 9.0 - 10.0 million tons despite strong competition from Vietnam and India. Thailand's exportable supplies will remain competitive largely through government intervention stock releases, particularly for white rice. Most white rice exports since the beginning of CY2009 have been white rice released from a November 2008 tender ([TH8200](#)) at prices 30 percent lower than paid by the Government. As a result, export prices of this white rice were relative cheaper than current market prices. Most of this rice was exported to African countries at the prices competitive with Vietnamese rice. Meanwhile, parboiled rice exports continued the upward trend due to India's export ban on non-basmati rice throughout 2008. Anticipated removal of the Indian export ban will likely fuel international rice price depression in 2009 as Indian rice prices are much cheaper than Thai.

Table: Thailand's Rice Exports in 2008 (Jan. - Dec.)

Unit: Metric Ton

	Rice Quality							Total
	Fragrant rice	White rice				Paboiled rice	Other	
		100%	5%	10-35%	Broken rice			
Nigeria	2,758	2,000	572	-	-	838,992	-	844,322
<i>% change yoy</i>	11892.4	703.2	-77.1	-	-	158.7	-100.0	158.2
Benin	24,995	4,503	51,231	17,107	1,100	604,860	-	703,795
<i>% change yoy</i>	22.3	-67.0	60.7	86.9	-	-16.7	-	-12.2
Philippines	8,398	6,425	79,231	490,633	-	-	14,990	599,677
<i>% change yoy</i>	2.0	67.4	695.4	21.9	-	-	1688.5	40.9
Malaysia	115,427	12,008	251,572	112,316	500	-	39,647	531,470
<i>% change yoy</i>	-14.7	-86.0	99.7	313.2	-19.1	-	0.7	28.4
South Africa	7,846	7,990	1,821	1,198	1,282	526,565	44	546,745
<i>% change yoy</i>	-3.5	-52.1	22.0	55.0	92.1	5.0	-98.6	2.7
United States	376,131	4,666	371	903	956	26	20,760	403,813
<i>% change yoy</i>	8.9	-17.2	6675.1	-3.4	-	128700.0	-0.4	8.3
Iraq	7,532	500	486,612	-	-	-	10	494,653
<i>% change yoy</i>	-37.1	-99.2	52.2	-	-	-	-99.9	19.6
Cote d Ivoire	271,578	10,618	210,718	15,324	10,385	8,760	-	527,384
<i>% change yoy</i>	-10.8	-75.1	531.8	512.9	38.5	26.6	-	32.7
Hong Kong	202,160	77,905	6,206	2,491	1,289	22	9,261	299,333
<i>% change yoy</i>	-11.8	22.6	-8.1	-32.9	-28.0	-	4.6	-4.6
Senegal	241,199	1,815	52,324	-	182,414	98	-	477,850
<i>% change yoy</i>	-55.4	91.1	13853.1	-	35.2	-98.5	-	-29.7
Singapore	115,635	74,348	24,686	758	4,885	4,933	13,518	238,763
<i>% change yoy</i>	-15.6	63.0	144.9	-86.1	-53.5	1383.4	65.5	10.0
China	174,630	56,051	22	-	96	-	18,685	249,483
<i>% change yoy</i>	-29.2	-72.4	-	-	-89.8	-100.0	61.4	-46.0
Other	950,327	514,711	1,181,728	127,957	216,278	768,414	334,334	4,093,748
<i>% change yoy</i>	3.9	-44.7	28.7	-70.2	9.9	34.7	40.7	-2.5
Total	2,498,615	773,541	2,347,093	768,686	419,184	2,752,668	451,249	10,011,035
<i>% change yoy</i>	-13.9	-47.5	60.7	-12.8	18.5	28.9	29.3	4.7

Source: Department of Foreign Trade, Ministry of Commerce, and the Thai Chamber of Commerce

1.4 Stock

Tenders for both the domestic and export markets sharply reduced government rice stocks throughout 2008, from 4.0 million tons in the beginning of 2008 to approximately 1.5 million tons in the end of 2008 ([TH8200](#)). However, due to an aggressive rice intervention program that set prices above world market prices, government intervention stocks should increase to 8-9 million tons by the end of July 2009, of which 4.0 million tons will be MY2008/09 main-crop intervention stocks, and anticipated 1.7 million tons from MY2008/09 second-crop intervention stocks. Anticipated record intervention stocks should force the Government to tender stocks for export, particularly the old-crop intervention stocks of 1.5 million tons, most of which are MY2007/08 second crop absorbed at intervention prices of 14,000 baht/ton (\$393) of paddy ([TH8087](#), TH8143).

1.5 Policy

The MY 2008/09 main-crop intervention program, which ran from November 1, 2008 – February 28, 2009, absorbed 6.1 million tons of rice rather than the targeted 8.0 million tons ([TH9016](#)).

Intervention prices were less attractive during the end of the program as domestic white rice prices increased due to strong demand for parboiled rice exports. However, the MY2008/09 second-crop intervention program was set with a target of 2.5 million tons of paddy and will run from March 16 – July 31, 2009. Intervention prices were set at 10,800 – 12,000 baht/ton (\$303 - \$336) for white rice paddy, unchanged from the MY 2008/09 main-crop intervention prices but approximately 20 percent higher than current market prices.

Table: Paddy Mortgage Scheme

Year	Number of Farmers	Paddy Pledges (Metric Ton)	Value (Thousand Baht)
1992/93	465,774	3,383,324	10,550,210
1993/94	199,956	1,202,718	3,664,220
1994/95	211,409	1,402,931	4,229,400
1995/96	181,999	1,181,259	3,938,743
1996/97	123,870	865,113	2,968,657
1997/98	111,107	786,363	2,938,730
1998/99	116,335	677,278	3,262,777
1999/00	113,062	697,756	3,286,433
2000/01	168,483	1,618,496	8,124,849
2001/02	683,769	6,140,902	32,204,585
2002/03	497,906	5,648,743	28,842,690
2003/04	177,137	2,608,234	12,440,180
2004/05	546,503	5,503,519	44,151,600
2005/06	770,721	7,643,033	59,828,720
2006/07	227,132	3,055,687	21,928,418
2007/08	343,518	4,420,174	56,616,333
2008/09 1/	570,000	6,056,633	65,867,000

1/ As of March 15, 2009

Source: Bank for Agriculture and Agricultural Cooperatives (BAAC)

2. Corn

2.1 Production

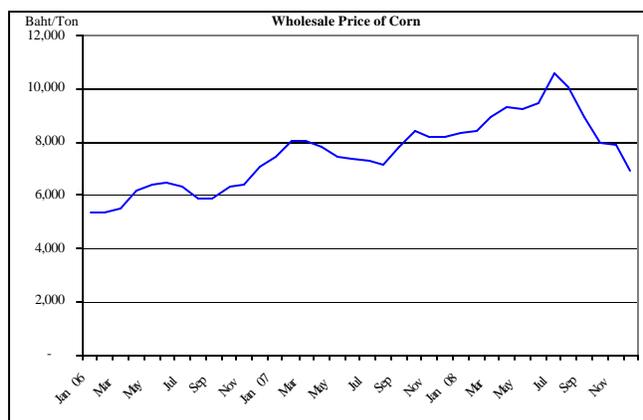
MY2009/10 corn production should increase as corn prices remain relatively more attractive than tapioca. Meanwhile, MY2008/09 corn production is revised upward due to better-than-expected yields of the off-season crops following good weather conditions.

Table: Thailand's Production, Supply and Demand for Corn

Corn	Thailand	2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
		Market Year Begin: Jul 2007			Market Year Begin: Jul 2008			Market Year Begin: Jul 2009		
		Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	Jan	
	Data			Data			Data			
Area Harvested	1,000	1,000	1,000	1,020	1,020	1,020			1,010	
Beginning Stocks	286	286	286	148	148	148			398	
Production	3,850	3,850	3,850	4,100	4,100	4,200			4,250	
MY Imports	400	400	400	600	600	600			500	
TY Imports	400	400	400	600	600	600			500	
TY Imp. from U.S.	0	0	0	0	0	0			0	
Total Supply	4,536	4,536	4,536	4,848	4,848	4,948			5,148	
MY Exports	488	488	488	500	510	600			800	
TY Exports	646	610	610	500	640	650			800	
Feed Consumption	3,800	3,800	3,800	3,900	3,900	3,850			3,750	
FSI Consumption	100	100	100	100	100	100			100	
Total Consumption	3,900	3,900	3,900	4,000	4,000	3,950			3,850	
Ending Stocks	148	148	148	348	338	398			498	
Total Distribution	4,536	4,536	4,536	4,848	4,848	4,948			5,148	

2.2 Consumption

MY2009/10 feed corn consumption is forecast to decline, particularly in first half of the year. Although feed prices are expected to decline by more than 10 percent on lower global feed grain



prices, total feed consumption in Thailand is expected to decline by 5.0 percent due to a reduction in poultry and layer production. Poultry production will likely drop to 17 million birds/week, down 8.0 percent from the previous year. Layer production is expected to decline to 34 million birds with egg production capacity of 27 million eggs/day, down 10 percent from the previous year. The contraction in poultry and layer production reflects reduced domestic consumption and export demand.

MY2008/09 feed corn consumption should increase slightly as swine and poultry production was strong through the marketing year. Poultry exports grew by 10 percent in the first half of the year, particularly to Europe and Japan, due to food safety concerns about Chinese food products.

2.3 Trade

MY 2008/09 and 2009/10 corn exports are expected to grow considerably in anticipation of increased exportable supplies from government intervention stock releases. Under the

Table: Thailand's Corn Exports (Jan. - Dec.)

Unit: Metric Ton

	2006	2007	2008	% change
Malaysia	48,670	141,844	417,802	194.6
Indonesia	108,617	73,428	114,726	56.2
Vietnam	120,128	149,643	80,501	-46.2
Taiwan	4,286	477	44,828	9289.2
Philippines	2,429	3,345	3,426	2.4
Cambodia	810	1,322	1,288	-2.6
Laos	678	622	985	58.3
Pakistan	1,185	965	1,567	62.5
Sri Lanka	262	407	804	97.6
Other	11,465	3,696	6,970	88.6
Total	298,529	375,749	672,897	79.1

removal of export ban, Thai corn prices have not been competitive as Indian corn is typically \$10-\$20/MT cheaper.

Table; Thailand's Corn Imports (Jan. - Dec.)

Unit: Metric Ton

	2006	2007	2008	% Change
Cambodia	28,976	80,430	310,967	286.6
Laos	122,058	66,438	107,053	61.1
Myanmar	1,808	13,669	9,261	-32.3
Other	8,600	6,341	6,456	1.8
Total	161,442	160,167	430,238	168.6

duty-free privilege. Planted areas will likely increase in MY 2008/09 – MY2009/10 under the ACMECS in which planted areas are targeted at 3 million rai (480,000 hectare), including 700,000 rai in Cambodia, 500,000 rai in Lao, and 1.7 million rai in Vietnam. Laotian corn is normally imported into Thailand between October – March. 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 Indonesia.

2.4 Policy

The Government has grown more aggressive with the corn intervention program for the MY2008/09 corn crop by extending the corn mortgage program ([TH8173](#), TH8169, and TH9029) to 1.5 million tons. Intervention prices were set at 8.50 baht/kg (\$243/MT) which is approximately 10 percent higher than current world market prices. Thus far, the program has

government corn intervention program, all government tenders are for export only. The average bidding prices of corn in the recent tender were lower than current market prices by half. This stock release will enable Thai corn quotations to be relatively cheaper than Indian corn prices. In CY 2008, corn exports increased significantly, particularly to Malaysia and Indonesia which accounted for 50-60 percent of total corn exports. Thailand's corn exports benefitted from India's corn export ban. However, after the

MY2009/10 corn imports are expected to increase, particularly from Laos and Cambodia 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. Corn imports from these countries enjoy

absorbed 852,238 tons. By the end of the program on March 31, 2009, intervention stocks are expected to reach 1 million tons. In the meantime, the Government conducted a tender on March 5 for 443,361 tons for export only. Average bidding prices were lower than current market prices by half.

For import policy, following the WTO agreement, the import quota in 2008 remains unchanged at 54,700 metric tons at a 20 percent in-quota tariff rate. Shipments will be allowed only during the period of March 1 – June 30, 2009 when domestic production is minimal. Meanwhile, out-of-quota imports are subject to a 73 percent tariff rate with a surcharge of 180 baht/ton (\$5). For non-WTO countries, the effective tariff is 73 percent, plus a surcharge of 180 baht/kg (\$5). According to the Joint Economic Cooperation Strategy, which covers Cambodia, Laos, Burma, and Thailand, imports of feed corn from these countries are duty free and are not subject to the import quota. Imports from Asia Free Trade Agreement (AFTA) countries are subject to a 5 percent tariff rate without any surcharge and quota.

3. Wheat

3.1 Production

Wheat production is insignificant in Thailand, as acreage expansion is constrained by climatic conditions, lack of seed development, and unattractive returns. Cultivation is limited to around 550 hectares, producing about 500-600 tons. Major cultivated areas are in the north, particularly in Maehongson province accounts for approximately 80 percent of total planted areas.

Table: Thailand's Production, Supply and Demand for Wheat

Wheat	Thailand	2007		2008		2009	
		2007/2008		2008/2009		2009/2010	
		Market Year Begin: Jul 2007		Market Year Begin: Jul 2008		Market Year Begin: Jul 2009	
		Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	Jan
		Data		Data		Data	
Area Harvested		0	0	0	0		
Beginning Stocks		336	481	188	352		219
Production		0	0	0	0		
MY Imports		1,073	1,044	1,150	1,100	1,000	1,100
TY Imports		1,073	1,044	1,150	1,100	1,000	1,100
TY Imp. from U.S.		412	399	0	390	360	370
Total Supply		1,409	1,525	1,338	1,452	1,352	1,319
MY Exports		141	13	50	15	13	13
TY Exports		141	13	50	15	13	13
Feed Consumption		270	310	250	290	290	280
FSI Consumption		810	850	850	865	830	840
Total Consumption		1,080	1,160	1,100	1,155	1,120	1,120
Ending Stocks		188	352	188	282	219	186
Total Distribution		1,409	1,525	1,338	1,452	1,352	1,319

3.2 Consumption

MY2009/10 wheat consumption is expected to remain flat as Thailand is expected to slowly recover from economic stagnation brought on my political turmoil in 2008. Declining prices of

locally produced wheat flour will allow bakeries and instant noodle manufacturers to reduce retail prices of their products marginally. Price competition is expected in the instant noodle market as market growth will be

Table: Wholesales Prices of Local Wheat Flour

Wheat Flour	Protein Content (%)	Wholesale Prices	
		Baht/bag (22.5 kg.)	U.S. cent /pound
Bread	13.5 - 14.0	565 - 570	32
Noodle	11.5 - 12.0	510 - 530	29 - 30
All Purpose	10.0 - 10.5	540 - 550	30 - 31
Cake	10	720 - 725	41
Biscuit	8 - 10	425 - 450	24 - 25

limited to 5 percent under the current economic situation. In recent years these industries experienced double digit growth. Meanwhile, demand for wheat-based feed will likely trend downward, particularly for shrimp farms which are under supply controls targeted to reduce shrimp production by 20 percent.

MY 2008/09 wheat consumption is revised down due to a reduction in domestic consumption of bakery products and instant noodles. Political uncertainties adversely affected tourism, which drive demand for bakery goods in hotels and restaurants in the latter part of the calendar year. The number of tourist dropped significantly during the holiday season. Instant noodle consumption, accounting for around 30 percent of total wheat consumption, dropped significantly in CY2008 as noodle prices increased 20 percent following the surge in global wheat and oil palm

prices, up by 40-50 percent from the previous year. Wheat-based feed consumption should continue to decline as Thailand attempts to reduce shrimp production.

3.3 Trade

MY 2009/10 wheat imports are forecast to increase due to low beginning stocks. Millers are expected to build up inventories as wheat prices are expected to decline significantly from last year's record levels.

Table: Thailand's Wheat Grain Imports (Jan. - Dec.)

unit: Metric Ton

	2006	2007	2008	% Change
United States	454,100	432,648	346,433	-19.9
Australia	426,780	97,722	276,339	182.8
Canada	125,154	325,301	70,670	-78.3
China	-	-	1,006	-
Other	27	1,094	461	-57.9
Total	1,006,060	856,765	694,909	-18.9

decline as Australian supplies have returned to the Thai market following drought recovery.

However, U.S. wheat still dominates the market with 50 percent market share. Australian wheat imports increased significantly in 2008 mainly at the expense of Canadian wheat due to its

Table: Thailand's Wheat Flour Imports (Jan. - Dec.)

unit: Metric Ton

	2006	2007	2008	% Change
China	34,253	93,263	38,117	-59.1
Sri Lanka	-	13,723	20,521	49.5
Singapore	13,984	24,308	16,485	-32.2
Philippines	14,664	13,057	15,925	22.0
Turkey	5,656	3,337	15,928	377.4
Australia	8,769	3,493	10,185	191.6
Japan	17,982	16,877	10,189	-39.6
United States	7	27	135	393.8
Other	25,494	10,968	16,437	49.9
Total	120,802	179,026	143,786	-19.7

combined cargoes for the 30,000 ton-weight vessels. Meanwhile, wheat flour imports dropped significantly due to weaker demand for wheat in feed use, particularly in shrimp production.

MY2008/09 and MY2009/10 wheat flour imports will likely decline as locally produced wheat flour prices are expected to be more competitive to imported product.

Meanwhile, MY 2008/09 wheat imports are revised down as millers, including flour traders, were cautious on wheat prices. Inventories dropped significantly from average levels in order to minimize potential losses from bearish wheat prices. Also, the imports of U.S. wheat are expected to

relatively cheaper freight costs. Also, Australian wheat prices fell below U.S. wheat, particularly for low-protein wheat. In CY 2009, imports of U.S. wheat grain are expected to decline further in anticipation of increased supplies from Australia. Australian wheat benefits from having a transportation cost advantage for Thai flour millers as major Thai feed mills regularly import 20,000 metric tons of Australian wheat on a monthly basis, which easily manages

3.4 Policy

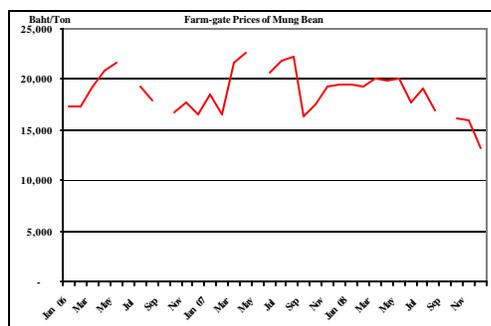
The tariff rate on imported wheat has been zero since September 2007. Meanwhile, the tariff on wheat flour is 5 percent (0.5 baht/kg). However, feed manufacturers have proposed the Government cut this tariff to zero in order to lower aqua-feed cost for shrimp farms. The Thai Government has not yet considered this request. Local flour millers are reportedly not concerned with the current tariff structure because they can compete with imported flour. In the meantime, the Government revised its list of price controlled goods items, from 35 items up to 39 items. Wheat flour is among the new items listed, effective February 4, 2009, as it is a primary raw material for many food products which are increasingly consumed. The upgrade from the “Closely Monitored List” to the “Controlled List” under the Prices of Goods and Services Act is to prevent unreasonable pricing and price fluctuation ([TH8034](#)).

4. Bean

4.1 Production

PSD Table

Country Commodity	Thailand Beans			2008			2009		
	2007	Estimate	Post	2008	Forecast	Post	(1000 HA) 2009	(1000 MT) Forecast	(MT/HA) Post
Market Year Begin	USDA Official	Post Estimate	Estimate New	USDA Official	Post Estimate	Estimate New	USDA Official	Post Estimate	Estimate New
Area Harvested	0	300	275	0	0	270	0	0	260
Beginning Stocks	0	5	3	0	9	2	0	0	4
Production	0	280	276	0	0	290	0	0	280
MY Imports	0	5	7	0	0	8	0	0	8
TY Imports	0	5	7	0	0	8	0	0	8
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	0	290	286	0	9	300	0	0	292
MY Exports	0	26	29	0	0	41	0	0	30
TY Exports	0	25	29	0	0	41	0	0	30
Feed Consumption	0	5	5	0	0	5	0	0	5
FSI Consumption	0	250	250	0	0	250	0	0	255
Total Consumption	0	255	255	0	0	255	0	0	260
Ending Stocks	0	9	2	0	0	4	0	0	2
Total Distribution	0	290	286	0	0	300	0	0	292
Yield	0	0.933333	1.003636	0	0	1.074074	0	0	1.076923



MY2009/10 Mung bean production is forecast to decline in anticipation of continued acreage reduction. Farmers will likely shift to alternative crops, particularly corn and tapioca. Average farm-gate prices dropped significantly from the previous year to approximately 13 baht/kg (\$364/MT).

4.2 Consumption

Mung bean consumption should be flat due to weak domestic demand. Mung beans are raw material for vermicelli, accounting for about half of total Mung bean use. Per capita consumption of vermicelli is reportedly at approximately 240 gram/year. Vermicelli by-products are normally used as feedstuffs. Also, Mung beans are used to produce other kinds of foodstuffs, such as bean flour, bean sprouts and cake, and various confectionary items. Mung beans are not used directly for feedstuffs due to relatively high prices. Overall pulse consumption in MY2009 will likely slowdown due to lower domestic demand, particularly for pea-based snack which accounts for approximately 8.0 percent of total snack market.

4.3 Trade

MY 2009 Mung bean exports will likely drop significantly in lieu of less domestic production and smaller exportable supplies. In 2008, Mung bean exports increased significantly, particularly to

India and Pakistan, due to limited exportable supplies of major suppliers. Meanwhile, total pulses imports in 2008 dropped significantly due to a surge in import prices, particularly for peas, which accounted for 25 percent of total pulse imports. Also, despite a tariff rate reduction, chick pea imports declined significantly, particularly from Myanmar. However, chick pea imports from the U.S. grew.

Table: Thailand's Mung Bean Exports (Jan. - Dec.)
Unit: Metric Ton

	2006	2007	2008	% Change
United States	4,095	5,204	5,939	14.1
India	1,694	1,170	9,041	672.9
Pakistan	698	1,182	8,382	609.4
Canada	668	1,863	3,384	81.6
Malaysia	1,742	1,900	1,640	-13.7
Sri Lanka	2,525	3,662	1,988	-45.7
Hong Kong	1,343	1,563	1,311	-16.1
United Kingdom	507	2,032	1,167	-42.6
Philippines	3,078	894	1,541	72.3
Singapore	1,149	1,536	1,177	-23.3
Other	7,548	8,315	6,120	-26.4
World	25,046	29,320	41,689	42.2

Table: Thailand's Mung Bean Imports
Unit: Metric Ton

	2006	2007	2008	% Change
Myanmar	3,848	6,726	7,852	16.7
Malaysia	-	115	115	0.0
Singapore	0	-	48	-
United States	-	-	0	-
China	1	2	1	-44.2
Other	63	580	0	-
Total	3,912	7,423	8,016	8.0

4.4 Policy

Mung beans are considered to be a minor crop. The Government does not offer any intervention program. The crop is normally encouraged by the Government as a second crop to replace paddy. The tariff rates of peas (HS071310), chickpeas (HS071320), beans of the species *Vigna mungo* (L.) Hepper or *Vigna radiata* (L.) Wilozek (HS071330) and lentils (HS071340) is 5 percent, effective September 12, 2007, compared to 30 percent in the past. This tariff reduction is considered to have minimum impact on domestic beans but will help reduce production costs of snack foods and feed stuffs.

End of report