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Report Highlights:

Prices for all commodities should continue increasing as stocks continue to tighten and export demand remains strong. Increases in MY 2008/09 rice production will be limited by marginal acreage expansions as producers switch to more attractive crops, such as corn. Thai rice exports will likely decrease in CY 2008-09 due to limited exportable supplies. However, corn exports are forecast to increase following lower decreased domestic pork production. Despite anticipated increases in MY 2008/09 wheat imports, the inventories of wheat in flour mills will likely remain low.

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

MY 2008/09 major grain production in Thailand is forecast to increase slightly in anticipation of yield improvements. Acreage expansion will be limited for rice with possible reductions in beans, despite current high farm-gate prices and low beginning stocks for both commodities. Meanwhile, rising corn prices will fuel corn acreage expansion as producers substitute sugarcane for corn.

Thai rice exports in CY 2008-2009 will likely drop to 8-9 million tons due to tight exportable supplies. Export prices should continue increasing, despite current prices being at a record high of over \$650/MT for premium white rice. The Government is currently refraining from releasing intervention stocks, preferring instead to withhold stocks for domestic food security. Meanwhile, corn exports are expected to grow as increased domestic production and duty-free imported corn from Laos and Cambodia result in increased exportable supplies. High corn prices have encouraged feed mills to switch to using relatively cheaper tapioca, which has increased demand for soybean meal and Distillers Dried Grain with Soluble (DDGS) in compound feed.

High global wheat prices are expected to deplete flour mill inventories in Thailand. As a result, prices of domestically produced wheat flour will likely increase despite current wholesale wheat flour prices being 40-50 percent higher than last year. The Thai Government has prioritized wheat flour as a main raw material for noodle and bakery products in the “Closely Monitored List” under the Prices of Goods and Services Act. Meanwhile, the government price control policy for wheat-based foods, particularly for instant noodles, forced several manufacturers of instant noodles and biscuits to switch from medium-to-high quality domestic flour to less-expensive imported flour, especially from China.

1. Rice

1.1 Production

MY 2008/09 rice production is forecast to increase slightly in anticipation of yield improvements. Acreage expansion should be limited as returns from other crops are more attractive, particularly for biofuel components, corn and tapioca.

MY 2007/08 rice production is expected to increase to 18.5 million tons, up 1.6 percent from the previous year, due mainly to good weather conditions and yield improvements of main-crop production, particularly for white rice. However, yields for MY 2007/08 second-crop production were lower than expected, forcing the previous forecast (TH7171) to be revised down to 4.5 million tons. Second-crop cultivation started early this year, particularly in the lower central area, due to no flooding and a longer winter season. Average yields dropped 10-20 percent in some growing areas. In addition, some paddy fields shifted to third-crop corn cultivation, particularly in the lower northern region where water shortages are likely to occur.

Thailand's Paddy Production

	2006/07			2007/08			2008/09		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (million hectare)									
Cultivation	9.2	1.6	10.8	9.2	1.6	10.8	9.3	1.6	10.9
Harvest	8.7	1.6	10.3	8.8	1.6	10.4	8.8	1.6	10.4
Production (million Ton)									
Rough	20.7	6.9	27.6	21.2	6.8	28	21.4	7	28.4
Rice	13.6	4.6	18.2	14	4.5	18.5	14.2	4.6	18.8

Source: FAS Estimate

Yield (Metric Ton/Hectare)

Paddy Crop	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Main	2.00	2.16	2.20	2.38	2.27	2.29	2.21	2.25	2.24	2.30	2.32
Second	4.18	4.10	4.25	4.20	4.25	4.20	4.13	4.29	4.38	4.29	4.38
Total	2.37	2.37	2.40	2.61	2.57	2.56	2.47	2.55	2.55	2.59	2.62

Farm-gate Price (Baht/Metric Ton)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Paddy 5%	5,472	6,629	5,579	4,808	4,484	4,770	5,080	5,481	6,607	6,533	6,587

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

1.2 Consumption

Rice is a staple food for Thais with annual per capita consumption of around 110 kilograms. Wheat-based consumption remains limited to urban areas where Western foods are more popular. In CY 2008, increasing domestic rice prices could prompt the Government to release intervention stocks within the domestic market, specifically to low-income consumers. Since last year, rice retail prices have increased by 5-10 percent.

1.3 Trade

Thai rice exports are forecast to decline to 8-9 million tons in CY 2008 – 2009 due to limited exportable supplies and continued low stocks. Export prices will likely increase in response to the ongoing rice export bans in India and Vietnam. In CY 2007, Thai rice exports surged to 9.6 million tons due to competitor rice export bans which have been maintained since the last quarter of 2007. Monthly rice exports have increased to a record of over one million tons since October 2007 until now (March 2008), far above an average of 600,000 – 700,000 tons. The Vietnamese ban on rice exports benefits Thai white rice exports to African markets specifically. In CY 2007, Thai rice exports to African countries increase to 3.9 million tons, of which 2.1 million tons were parboiled rice. India's non-basmati rice export ban boosted Thai parboiled rice exports. Export prices of Thai white rice have increased considerably since early 2008, up to a record of over \$650/MT for premium white rice and even higher to nearly \$700/MT for parboiled rice.

1.4 Stock

MY 2008/09 private and Government rice stocks will likely remain at low levels. Presently, outstanding intervention stocks are approximately 2.0 million tons, compared to 4.8 million tons at the beginning of CY 2007. The Government is expected to use these remaining stocks for domestic food security.

1.5 Policy

The Government still maintains the intervention program for 2007/08 main crops. Intervention prices were set around 300 baht/ton (\$9/MT) higher than the previous year. However, with market prices more attractive than the intervention prices, most farmers are selling their paddy directly to local paddy traders and rice mills. Competition among rice mills has intensified following strong export demand. The Government bought only 243,742 tons of paddy, far below the previous year's levels of 3.1 million tons of paddy. Meanwhile, the Government did not run the 2007/08 second-crop intervention program, as farm-gate prices of newly harvested second-crop paddy surged 9,500 – 10,000 baht/ton (\$310-320/MT), as compared to 6,500 baht/ton (\$185/MT) in the previous year. However, the Government is considering policy steps should domestic shortages occur.

Statistical Tables

Table 1.1: Thailand's Production, Supply and Demand for Rice

PSD Table

Country Commodity	Thailand						(1000 HA)(1000 MT)(MT/HA)			UOM
	Rice, Milled									
	2006	Revised		2007	Estimate		2008	Forecast		
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Area Harvested	10270	10270	10270	10360	10360	10430	0	0	10440	(1000 HA)
Beginning Stocks	3594	3594	3594	2479	3579	2512	2486	3386	2019	(1000 MT)
Milled Production	18250	18250	18250	18600	18400	18500	0	0	18800	(1000 MT)
Rough Production	27652	27652	27652	28182	27879	28030	0	0	28485	(1000 MT)
Milling Rate (.9999)	6600	6600	6600	6600	6600	6600	0	0	6600	(1000 MT)
MY Imports	5	5	5	7	7	7	0	0	8	(1000 MT)
TY Imports	5	5	5	7	7	7	0	0	8	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	21849	21849	21849	21086	21986	21019	2486	3386	20827	(1000 MT)
MY Exports	9500	8700	9557	9000	9000	9000	0	0	8500	(1000 MT)
TY Exports	9500	8700	9557	9000	9000	9000	0	0	8500	(1000 MT)
Total Consumption	9870	9570	9780	9600	9600	10000	0	0	10200	(1000 MT)
Ending Stocks	2479	3579	2512	2486	3386	2019	0	0	2127	(1000 MT)
Total Distribution	21849	21849	21849	21086	21986	21019	0	0	20827	(1000 MT)
Yield (Rough)	2.692502	2.692502	2.692502	2.72027	2.691023	2.68744	0	0	2.728448	(MT/HA)

Table 1.2: Wholesale Prices of White Rice

Prices Table

Country Thailand

Commodity Rice, Milled

Prices in **Baht** per uom **Kilogram**

Year	2006	2007	% Change
Jan	11.21	10.75	-4%
Feb	11.44	10.85	-5%
Mar	11.43	10.83	-5%
Apr	11.24	10.62	-6%
May	11.35	10.63	-6%
Jun	11.56	10.92	-6%
Jul	11.57	10.73	-7%
Aug	11.35	10.72	-6%
Sep	11.19	10.66	-5%
Oct	10.82	10.77	0%
Nov	10.41	11.18	7%
Dec	10.48	11.69	12%

Exchange Rate **31.4** Local Currency/US \$

Date of Quote **3/14/2008** MM/DD/YYYY

Table 1.3: Thailand's Rice Exports

Export Trade Matrix

Country	Thailand	
Commodity	Rice, Milled	
Time Period	Jan. - Dec.	Units: Metric Ton
Exports for:	2006	2007
U.S.	379506	372802
Others		
Nigeria	384340	Nigeria 327025
Senegal	319196	Senegal 680155
Indonesia	171740	Indonesia 456158
Iran	650697	Iran 615904
Iraq	616923	Iraq 413436
Cote D'Ivoire	451004	Cote D'Ivoire 397569
South Africa	441380	South Africa 532369
China	653153	China 462152
Hong Kong	281854	Hong Kong 313843
Malaysia	372814	Malaysia 414028
Total for Others	4343101	4612639
Others not Listed	2698049	4571941
Grand Total	7420656	9557382

Table 1.4: Thailand's Rice Imports

Import Trade Matrix

Country	Thailand	
Commodity	Rice, Milled	
Time Period	Jan. - Dec.	Units: Metrice Ton
Imports for:	2006	2007
U.S.	0	0
Others	Others	
China	105	346
Australia	603	778
Pakistan	168	142
Japan	5	46
India	224	1115
Italy	22	17
laos	33	88
Cambodia	45	40
Egypt	430	210
Total for Others	1635	2572
Others not Listed	58	259
Grand Total	1693	2831

Table 1.5: Paddy Prices under Price Support Program (Baht/Metric Ton)

		Paddy						Glutinous paddy	
		Jasmine	100%	5%	10%	15%	25%	long grain	mixed grd
1992/93	Target price	4,200	4,200	4,100	4,000	3,900	3,800	3,450	3,150
	Loan Price	3,780	3,780	3,690	3,600	3,510	3,420	3,105	2,835
1993/94	Target price	4,200	4,000	3,900	3,700	3,600	3,400	3,450	3,150
	Loan Price	3,780	3,600	3,510	3,330	3,240	3,060	3,105	2,835
1994/95	Target price	4,244	4,044	3,944	3,744	3,644	3,444	3,494	3,194
	Loan Price	3,820	3,640	3,550	3,370	3,280	3,100	3,145	2,875
1995/96	Target price	4,600	4,400	4,300	4,100	4,000	3,800	3,850	3,550
	Loan Price	4,140	3,960	3,870	3,690	3,600	3,420	3,465	3,195
1996/97	Target price	4,760	7,550	4,450	4,240	4,140	3,930	3,980	3,670
	Loan Price	4,280	4,095	4,005	3,815	3,725	3,535	3,580	3,300
1997/98	Target price	5,290	4,640	4,540	4,340	4,240	4,040	4,730	4,430
	Loan Price	4,760	4,175	4,085	3,905	3,815	3,635	4,255	3,985
1998/99	Target price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Loan Price	6,155	5,000	4,910	4,730	4,640	4,460	5,580	5,310
1999/00	Target price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Loan Price	6,495	5,280	5,180	4,995	4,900	4,710	5,890	5,605
2000/01	Target price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Loan Price	6,495	5,280	5,185	4,995	4,900	4,710	5,890	5,605
2001/02	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	6,500	5,330	5,235	5,045	4,950	4,760	5,900	5,650
2002/03	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	6,800	5,330	5,235	5,045	4,950	4,760	5,900	5,650
2003/04	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	7,000	5,330	5,235	5,045	4,950	4,760	5,900	5,650
2004/05	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	9,700	6,600	6,500	6,400	6,300	6,200	7,200	7,000
2005/06	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	10,000	7,100	7,000	6,900	6,800	6,700	7,700	7,500
2006/07	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	9,000	6,500	6,400	6,300	6,100	5,900	7,700	7,500
2007/08	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	9,300	6,700	6,600	6,500	6,300	6,100	-	-

Source: Department of Internal Trade, Ministry of Commerce

Table 1.6: Paddy Mortgage Scheme

Year	Number of Farmers	Paddy Pledges (Metric Ton)	Value (Thousand Baht)
1993	465,774	3,383,324	10,550,210
1994	199,956	1,202,718	3,664,220
1995	211,409	1,402,931	4,229,400
1996	181,999	1,181,259	3,938,743
1997	123,870	865,113	2,968,657
1998	111,107	786,363	2,938,730
1999	116,335	677,278	3,262,777
2000	113,062	697,756	3,286,433
2001	168,483	1,618,496	8,124,849
2002	683,769	6,140,902	32,204,585
2003	497,906	5,648,743	28,842,690
2004	177,137	2,608,234	12,440,180
2005	546,503	5,503,519	44,151,600
2006	770,721	7,643,033	59,828,720
2007	227,132	3,055,687	21,928,418
2008 1/	24,646	243,742	1,971,333

1/ As of March 14, 2008

Source: Bank for Agriculture and Agricultural Cooperatives (BAAC)

Table 1.7: WTO Agreement on Market Access (Metric Ton)

Year	Paddy	Husked Rice	Milled Rice	Brokens	Total
1995	95,145.00	95,145.00	23,786.50	23,786.50	237,863.00
1996	95,673.83	95,145.00	23,918.45	23,918.45	239,184.56
1997	n.a.	n.a.	n.a.	n.a.	240,506.11
1998	n.a.	n.a.	n.a.	n.a.	241,827.67
1999	n.a.	n.a.	n.a.	n.a.	243,149.22
2000	n.a.	n.a.	n.a.	n.a.	244,470.78
2001	n.a.	n.a.	n.a.	n.a.	245,792.33
2002	n.a.	n.a.	n.a.	n.a.	247,113.89
2003	n.a.	n.a.	n.a.	n.a.	248,435.44
2004	n.a.	n.a.	n.a.	n.a.	249,757.00
2005	n.a.	n.a.	n.a.	n.a.	249,757.00
2006	n.a.	n.a.	n.a.	n.a.	249,757.00
2007	n.a.	n.a.	n.a.	n.a.	249,757.00
2008	n.a.	n.a.	n.a.	n.a.	249,757.00

Source: Department of Foreign Trade, Ministry of Commerce

2. Corn

2.1 Production

MY 2008/09 corn production is forecast to increase following attractive farm-gate prices of around 8 baht/kg (\$258/MT) and subsequent acreage expansions. Farmers will likely replace sugarcane with corn, particularly in the north and central plain.

MY 2007/08 corn production is expected to increase to 3.85 million tons in response to acreage expansion. Corn cultivation reportedly expanded into depleted forest areas in the north. The second-crop cultivation is expected to increase significantly. Farmers in irrigated high-land areas, where water levels are critically low, reportedly shifted from rice to corn in anticipation of higher net returns. Average yields are also expected to increase from the previous year as farmers utilized higher-yield seed.

2.2 Consumption

MY 2008/09 feed corn consumption is forecast to increase 5-8 percent driven by increased swine and stable poultry production. Anticipated increases in corn prices will fuel demand for substitute materials like tapioca. Since mid MY 2007/08, domestic tapioca prices have surged to a record 2 baht/kg. As a result, feed prices will likely increase 10-20 percent in the first half of this year, as feed grain prices continue to increase.

MY 2007/08 feed corn consumption is forecast to increase only slightly due to a sharp reduction in swine production, caused by an outbreak of swine disease in early 2008. Swine production, accounting for around 34 percent of feed corn consumption, will likely decline by 10 percent. In addition, current high corn prices will encourage feed mills to substitute corn with relatively cheaper raw materials like tapioca, particularly for swine feed. Demand for tapioca in animal feed is expected to increase to 1.7 million tons, compared to 800,000 tons in the previous year. Anticipated strong demand for tapioca will drive demand for other raw materials in compound feed, particularly for soybean meal and Distillers Dried Grains with Soluble (DDGS) which is a by-product of corn-based ethanol production.

2.3 Trade

MY 2008/09 corn exports should increase despite the anticipated recovery in domestic feed demand. Increased exportable supplies should come as a result of increased corn imports from Lao and Cambodia, which enter Thailand duty free. However, corn exports to Vietnam are expected to decline considerably as Vietnam begins to import more directly from Lao. Meanwhile, demand from Malaysia and Indonesia is forecast to increase due to freight cost advantages.

MY 2007/08 corn exports are expected to increase significantly resulting from a sharp contraction in domestic swine feed consumption. Thailand's re-exports of Laotian corn will likely increase considerably as Lao corn quality continues to improve. Meanwhile, corn imports should continue 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 duty-free privilege. In MY2006/07, many Thai corn traders reportedly had 300,000 rai (48,000 hectare) in contract farming in Laos. Planted areas are expected to increase significantly in MY 2007/08 – MY 2008/09 under the ACMECS in which planted areas are target 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

In MY 2007/08, the Government discontinued the mortgage scheme as domestic market prices reached record highs. 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, 2008 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. On non-WTO countries, the effective tariff is approximately 73 percent, plus a surcharge of 180 baht/kg. 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.

Statistical Tables

Table 2.1: Thailand's Production, Supply and Demand for Corn

PSD Table

Country Commodity	Thailand Corn						(1000 HA)(1000 MT)(MT/HA)			UOM
	2006	Revised		2007	Estimate		2008	Forecast		
Market Year Begin	USDA Official	Post Estimate 07/2006	Post Estimate New 07/2006	USDA Official	Post Estimate 07/2007	Post Estimate New 07/2007	USDA Official	Post Estimate 07/2008	Post Estimate New 07/2008	MM/YYYY
Area Harvested	1000	1000	1000	1000	1020	1000	0	0	1010	(1000 HA)
Beginning Stocks	335	341	335	182	241	286	132	191	186	(1000 MT)
Production	3800	3800	3800	3850	3900	3850	0	0	3950	(1000 MT)
MY Imports	96	500	300	300	600	400	0	0	600	(1000 MT)
TY Imports	125	500	300	300	600	400	0	0	600	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	4231	4641	4435	4332	4741	4536	132	191	4736	(1000 MT)
MY Exports	349	500	349	200	350	450	0	0	500	(1000 MT)
TY Exports	442	500	442	200	350	550	0	0	500	(1000 MT)
Feed Consumption	3600	3800	3700	3900	4100	3800	0	0	4000	(1000 MT)
FSI Consumption	100	100	100	100	100	100	0	0	100	(1000 MT)
Total Consumption	3700	3900	3800	4000	4200	3900	0	0	4100	(1000 MT)
Ending Stocks	182	241	286	132	191	186	0	0	136	(1000 MT)
Total Distribution	4231	4641	4435	4332	4741	4536	0	0	4736	(1000 MT)
Yield	3.8	3.8	3.8	3.85	3.823529	3.85	0	0	3.910891	(MT/HA)

Table 2.2: Wholesale Prices of Corn

Prices Table

Country Thailand

Commodity Corn

Prices in **Baht** per uom **Metric Ton**

Year	2006	2007	% Change
Jan	5335	7462	40%
Feb	5380	8058	50%
Mar	5489	8034	46%
Apr	6193	7814	26%
May	6414	7420	16%
Jun	6466	7365	14%
Jul	6343	7314	15%
Aug	5918	7145	21%
Sep	5931	7836	32%
Oct	6339	8384	32%
Nov	6386	8207	29%
Dec	7071	8234	16%

Exchange Rate **31.4** Local Currency/US \$

Date of Quote **3/14/2008** MM/DD/YYYY

Table: 2.3: Thailand's Corn Exports

Export Trade Matrix

Country Commodity	Thailand Corn		
Time Period	Jan. - Dec.	Units:	Metric Ton
Exports for:	2006		2007
U.S.	10	U.S.	60
Others		Others	
Malaysia	48670	Malaysia	141844
Taiwan	4286	Taiwan	477
Philippines	2429	Philippines	3345
Indonesia	108617	Indonesia	73428
Burma	933	Burma	110
Hong Kong	7	Hong Kong	0
Japan	8711	Japan	2640
South Korea	0	South Korea	0
Vietnam	120128	Vietnam	149643
Total for Others	293781		371487
Others not Listed	4738		4268
Grand Total	298529		375815

Table 2.4: Thailand's Corn Imports

Import Trade Matrix

Country Thailand

Commodity Corn

Time Period	Jan. - Dec.	Units:	Metric Ton
Imports for:	2006		2007
U.S.	0	U.S.	0
Others		Others	
Lao Rep.	122058	Lao Rep.	66378
Cambodia	28976	Cambodia	80430
Burma	1808	Burma	10688
Total for Others	152842		157496
Others not Listed			2736
Grand Total	152842		160232

3. Wheat

3.1 Production

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

2.2 Consumption

MY 2008/09 wheat consumption will likely increase as demand for bakery and instant noodle products continues to grow. Domestic consumption of these products, accounting for 60-70 percent of total wheat consumption, will remain strong. Meanwhile, demand for wheat in feed use is expected remain flat, particularly in the aquaculture sector where shrimp farms are subject to supply controls.

MY 2007/08 wheat consumption will increase slightly from the previous year as consumers are more cautious in an environment of economic uncertainty. However, consumption of imported wheat flour is expected to increase significantly at the expense of locally produced wheat flour due to relatively cheaper prices. Imported wheat flour is increasingly used in instant noodle manufacturers and aqua-feed industries, despite being lower in quality than domestically produced flour. These industries are reportedly more cautious as their raw material costs nearly doubled for both wheat flour and palm oil. The cost of wheat flour in noodle production accounts for around 70 percent of the total cost, followed by palm oil (20 percent).

Current wholesale prices of local wheat flour increased significantly, up around 40-50 percent from the previous year. The Thai Government has prioritized wheat flour as a main raw material for noodle and bakery products in the “Closely Monitored List” under the Prices of Goods and Services Act. All flour mills are reportedly operating at approximately 10 percent below regular production levels due to limited wheat stocks. MY 2008/09 ending wheat stocks are expected to be lower than the previous year. Meanwhile, the government price control policy on wheat-based food product, particularly for instant noodles forced several instant noodle and biscuits manufacturers to switch from medium-to-high quality domestic flour to less expensive imported flour, especially from China.

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	650 - 670	42 - 43
Noodle	11.5 - 12.0	620 - 650	40 - 42
All Purpose	10.0 - 10.5	620 - 650	40 - 42
Cake	10	850	55
Biscuit	8 - 10	500	32

2.3 Trade

Despite continued high global wheat prices, MY 2008/09 wheat import demand will likely be strong due to low beginning stocks. Imports of wheat flour are expected to be limited as major suppliers, such as China, are expected to have less exportable supplies. Imports of Australian wheat are expected to increase in anticipation of crop recovery. Nevertheless, prices will remain high and production should be far below normal levels.

MY 2007/08 wheat imports are expected to be lower as global wheat prices reached record highs. Current wheat prices are more than double from the previous year. As a result, flour mills are running at approximately 10 percent below regular production levels to ensure enough wheat is available for flour production until the end of MY 2007/08. Most flour mills have reduced their feed production in order to save wheat for food-grade flour production. U.S. and Canadian wheat will likely dominate the market in anticipation of limited exportable supplies of Australian wheat. The U.S. is still a major supplier of high protein wheat, which is typically used to produce premium bread flour. However, better crop conditions in Australia will likely lead to market share gains, particularly in noodle flour industries due to relatively cheaper prices. Meanwhile, imports of wheat flour should increase significantly, particularly from China in the first half of MY 2007/08. Wheat flour imports almost doubled to 179,026 metric tons in CY 2007 with Chinese wheat flour accounting for 52 percent of total imports.

2.4 Policy

Effective September 12, 2007, the tariff rate on imported wheat was cut to zero. Previously the tariff was 0.1 baht/kg (around U.S. \$2.5/MT). Meanwhile, the tariff on wheat flour remains at 5 percent (0.5 baht/kg). However, feed manufacturers are proposing to the Government that this tariff be cut to zero in order to lower aqua-feed cost for shrimp farms. Local flour millers are reportedly not concerned with the current tariff structure because they now can compete with imported flour.

Statistical Tables

Table 3.1: Thailand's Production, Supply and Demand for Wheat

PSD Table

Country Commodity	Thailand Wheat						(1000 HA)(1000 MT)(MT/HA)			UOM
	2006	Revised		2007	Estimate		2008	Forecast		
Market Year Begin	USDA Official	Post Estimate 07/2006	Post Estimate New 07/2006	USDA Official	Post Estimate 07/2007	Post Estimate New 07/2007	USDA Official	Post Estimate 07/2008	Post Estimate New 07/2008	MM/YYYY
Area Harvested	0	0	0	0	0	0	0	0	0	(1000 HA)
Beginning Stocks	447	627	447	336	592	481	306	602	271	(1000 MT)
Production	0	0	0	0	0	0	0	0	0	(1000 MT)
MY Imports	1131	1140	1176	1200	1250	950	0	0	1100	(1000 MT)
TY Imports	1131	1140	1176	1200	1250	950	0	0	1100	(1000 MT)
TY Imp. from U.S.	428	500	499	0	510	400	0	0	450	(1000 MT)
Total Supply	1578	1767	1623	1536	1842	1431	306	602	1371	(1000 MT)
MY Exports	112	15	12	80	20	20	0	0	25	(1000 MT)
TY Exports	112	15	12	80	20	20	0	0	25	(1000 MT)
Feed Consumption	300	320	300	320	340	290	0	0	290	(1000 MT)
FSI Consumption	830	840	830	830	880	850	0	0	870	(1000 MT)
Total Consumption	1130	1160	1130	1150	1220	1140	0	0	1160	(1000 MT)
Ending Stocks	336	592	481	306	602	271	0	0	186	(1000 MT)
Total Distribution	1578	1767	1623	1536	1842	1431	0	0	1371	(1000 MT)
Yield	0	0	0	0	0	0	0	0	0	(MT/HA)

Table 3.2: Thailand's Wheat Grain Imports

Import Trade Matrix

Country Thailand

Commodity Wheat

Time Period	Jan. - Dec.	Units:	Metric Ton
Imports for:	2006		2007
U.S.	454100	U.S.	432648
Others		Others	
Australia	426780	Australia	97722
Canada	125154	Canada	325301
India	4	India	0
Total for Others	551938		423023
Others not Listed	22		1094
Grand Total	1006060		856765

Table 3.3: Thailand's Wheat Flour Imports

Import Trade Matrix

Country Thailand

Commodity Wheat

Time Period	Jan. - Dec.	Units:	Metric Ton
Imports for:	2006		2007
U.S.	7	U.S.	27
Others		Others	
Singapore	13984	Singapore	24308
Japan	17982	Japan	16877
Australia	8769	Australia	3493
Malaysia	3230	Malaysia	3293
Belgium	719	Belgium	213
Vietnam	13148	Vietnam	4088
China	34253	China	93263
Total for Others	92085		145535
Others not Listed	28710		33464
Grand Total	120802		179026

4. Beans

4.1 Production

Despite anticipated price increases in beans, MY 2007 and 2008 bean production is forecast to increase only slightly based on yield improvements alone. Planted area is expected to decline as farmers in major growing areas in the north and northeast will likely shift to more attractive crops like corn and tapioca.

4.2 Consumption

MY 2008 bean and pulse consumption is expected to continue increasing. Mung beans are a raw material for vermicelli, accounting for nearly half of Mung bean use. Vermicelli by-products are normally used as feedstuffs. Also, Mung beans are used to produce other kinds of foods, such as bean flour, bean sprouts and cakes, and various confectionary items. However, Mung beans are not used directly for feedstuffs due to high prices.

4.3 Trade

MY 2007 and MY 2008 beans and pulse exports are forecast to increase significantly in anticipation of strong export demand and increased available supplies. Mung bean imports are expected to grow in MY 2007 - 2008, primarily from Burma, where Burmese Mung beans are relatively cheaper.

4.4 Policy

Mung beans are considered 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. Effective September 12, 2007, the Government reduced the tariff rates of peas (HS071310), chickpeas (HS071320), beans of the species *Vigna mungo* (L.) Hepper or *Vigna radiata* (L.) Wilocek (HS071330) and lentils (HS071340) to 5 percent, compared to 30 percent in the past. This tariff reduction is considered to have minimum impact on domestic beans but will help reducing production costs of snack foods and feed stuffs.

Statistical Tables

Table 4.1: Thailand's Production, Supply and Demand for Beans

PSD Table

Country Commodity	Thailand Beans						(1000 HA)(1000 MT)(MT/HA)			UOM
	2006	Revised		2007	Estimate		2008	Forecast		
Market Year Begin	USDA Official	Post Estimate 01/2006	Post Estimate New 01/2006	USDA Official	Post Estimate 01/2006	Post Estimate New 01/2007	USDA Official	Post Estimate 01/2006	Post Estimate New 01/2008	MM/YYYY
Area Harvested	0	290	280	0	300	275	0	0	270	(1000 HA)
Beginning Stocks	0	7	7	0	5	3	0	9	2	(1000 MT)
Production	0	270	270	0	280	276	0	0	281	(1000 MT)
MY Imports	0	4	4	0	5	7	0	0	10	(1000 MT)
TY Imports	0	4	4	0	5	7	0	0	10	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	0	281	281	0	290	286	0	9	293	(1000 MT)
MY Exports	0	23	25	0	26	29	0	0	32	(1000 MT)
TY Exports	0	22	25	0	25	29	0	0	32	(1000 MT)
Feed Consumption	0	5	5	0	5	5	0	0	5	(1000 MT)
FSI Consumption	0	248	248	0	250	250	0	0	255	(1000 MT)
Total Consumption	0	253	253	0	255	255	0	0	260	(1000 MT)
Ending Stocks	0	5	3	0	9	2	0	0	1	(1000 MT)
Total Distribution	0	281	281	0	290	286	0	0	293	(1000 MT)
Yield	0	0.931034	0.964286	0	0.933333	1.003636	0	0	1.040741	(MT/HA)

Table 4.2: Farmgate Prices of Mung Beans

Prices Table

Country Thailand

Commodity Beans

Prices in **Baht** per uom **Metric Ton**

Year	2006	2007	% Change
Jan	17240	18370	7%
Feb	17330	16460	-5%
Mar	19140	21630	13%
Apr	20850	22650	9%
May	21560		-100%
Jun		20620	
Jul	19330	21870	13%
Aug	17870	22080	24%
Sep		16250	
Oct	16660	17480	5%
Nov	17730	19160	8%
Dec	16580	19460	17%

Exchange Rate **31.4** Local Currency/US \$

Date of Quote **3/14/2008** MM/DD/YYYY

Table 4.3: Thailand's Mung Beans Exports

Export Trade Matrix

Country Thailand

Commodity Beans

Time Period	Jan. - Dec.	Units:	Metric Ton
Exports for:	2006		2007
U.S.	4095	U.S.	5204
Others		Others	
Hong Kong	1343	Hong Kong	1563
India	1694	India	1170
Indonesia	1329	Indonesia	1087
Japan	805	Japan	803
Malaysia	1742	Malaysia	1900
Pakistan	698	Pakistan	1182
Philippines	3078	Philippines	894
Singapores	1149	Singapores	1536
Sri Lanka	2525	Sri Lanka	3662
Total for Others	14363		13797
Others not Listed	6588		10343
Grand Total	25046		29344

Table 4.4: Thailand's Mung Beans Imports

Import Trade Matrix

Country Thailand

Commodity Beans

Time Period	Jan. - Dec.	Units:	Metric Ton
Imports for:	2006		2007
U.S.	0	U.S.	0
Others		Others	
Burma	3848	Burma	6726
Malaysia	0	Malaysia	115
Indonesia	0	Indonesia	46
Vietnam	40	Vietnam	507
Total for Others	3888		7394
Others not Listed	24		29
Grand Total	3912		7423

End of Report.