



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 3/20/2007

GAIN Report Number: TH7035

Thailand

Grain and Feed

Annual

2007

Approved by:

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

Prepared by:

Ponnarong Prasertsri, Agricultural Specialist

Report Highlights:

MY 2007/08 grain production is expected to increase following attractive farm-gate prices. Rice exports will likely continue the upward trend due to price competitiveness and a less aggressive government intervention program. Meanwhile, strong domestic demand for feed corn in poultry production will limit Thai corn exports and increase demand for feed corn from neighboring countries. Wheat imports are expected to rebound in anticipation of economic recovery.

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

Executive Summary	3
1. Rice	4
1.1 Production	4
1.2 Consumption	5
1.3 Trade	5
1.4 Stock.....	5
1.5 Policy.....	5
Statistic Tables	8
Table 1.1: Thailand's Production, Supply and Demand for Rice	8
Table 1.2: Wholesale Prices of White Rice.....	9
Table 1.3: Thailand's Rice Exports.....	10
Table 1.4: Thailand's Rice Imports	11
2. Corn.....	12
2.1 Production	12
2.2 Consumption	12
2.3 Trade	12
2.4 Policy.....	13
Statistical Tables	14
Table 2.1: Thailand's Production, Supply and Demand for Corn.....	14
Table 2.2: Wholesale Prices of Corn.....	15
Table 2.3: Thailand's Corn Exports.....	16
Table 2.4: Thailand's Corn Imports.....	17
3. Wheat	18
3.1 Production	18
3.2 Consumption	18
3.3 Trade	18
3.4 Policy.....	19
Statistical Tables	20
Table 3.1: Thailand's Production, Supply and Demand for Wheat	20
Table 3.2: Thailand's Wheat Grain Imports.....	21
Table 3.3: Thailand's Wheat Flour Imports.....	22
4. Beans	23
4.1 Production	23
4.2 Consumption	23
4.3 Trade	23
4.4 Policy.....	23
Statistical Tables	24
Table 4.1: Thailand's Production, Supply and Demand for Beans	24
Table 4.2: Farmgate Prices of Mung Beans.....	25
Table 4.3: Thailand's Mung Bean Exports	26
Table 4.4: Thailand's Mung Bean Imports.....	27

Executive Summary

MY 2007/08 grain production is forecast to increase in anticipation of acreage expansion following attractive farm-gate prices and higher average yields. Rice production should reach 18.4 million tons, leading to more exportable supplies. Thai rice exports are expected to increase as the current less-aggressive government intervention program means excess supply will be sold on the world market rather than being absorbed into stocks. In addition, the Government aims to release intervention stocks to export markets through Government-to-Government deals.

Corn production is also expected to increase. However, exportable supplies will likely be limited by strong demand for feed corn resulting from the anticipated recovery in poultry production. Import demand for feed corn is forecast to continue the upward trend, particularly from Laos, due to its relatively cheaper prices and duty-free status.

Wheat import demand for foods and feed use is forecast to rebound in MY 2007/08 in anticipation of economic recovery. Western-food diet demand will continue the upward trend as bakery and instant noodle products grow increasingly popular with Thai consumers. A new flour mill and flour mills with increased production capacity are expected to operate at full capacity after utilizing 70-80 percent of their capacities in the previous year. Consequently, demand for imported flour will likely remain strong in line with these trends, as well as growing fish feed consumption, which utilizes low quality wheat.

MY 2007/08 Mung bean production is expected to increase significantly. Exports should grow only marginally as the increased production will likely be absorbed by the domestic market. Import demand for beans will remain strong in line with growing domestic consumption of food beans.

1. Rice

1.1 Production

MY 2007/08 rice production is forecast to increase to 18.4 million tons in anticipation of acreage expansion following attractive market prices. However, there is growing concern over dry weather conditions, which may limit production expansion in second crop cultivation. Consequently, exporters and Government officials are closely monitoring the weather conditions this year.

MY 2006/07 rice production is expected to increase slightly from the previous year despite a reduction in main-crop production caused by flooding. Main crop production will likely decline only slightly to 13.6 million tons, compared to 13.7 million tons in the previous year. Official estimates of flood damage were originally around 1 million tons of paddy. However, the actual damage is expected to be around 600,000 – 700,000 tons of paddy. Most of the damage occurred in the lower northern provinces and upper central provinces, representing nearly 320,000 hectares. However, bumper second crops are expected in 2007 due to acreage expansion and good water conditions. The second-crop rice production should increase by 2 percent to around 4.6 million tons, compared to 4.5 million tons in the previous year. Hence, MY 2006/07 total rice production is expected to increase to around 18.3 million tons, compared to 18.2 million tons in the previous year.

Thailand's Paddy Production

	2004/05			2005/06			2006/07			2007/08		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (million hectare)												
Cultivation	9.2	1.4	10.6	9.2	1.6	10.8	9.2	1.6	10.8	9.3	1.5	10.8
Harvest	8.6	1.4	10.0	8.6	1.6	10.2	8.7	1.6	10.3	8.8	1.5	10.4
Production (million Ton)												
Rough	20.4	5.9	26.3	20.8	6.8	27.6	20.7	6.9	27.6	21.2	6.7	27.9
Rice	13.5	3.9	17.4	13.7	4.5	18.2	13.6	4.6	18.2	14.0	4.4	18.4

Source: FAS Estimate

Yield

Unit: Metric Ton/Hectare)

Paddy Crop	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Main	2.07	2.10	2.10	2.00	2.00	2.16	2.20	2.38	2.27	2.29	2.21	2.25	2.24	2.29
Second	4.07	4.20	4.25	4.18	4.18	4.10	4.25	4.20	4.25	4.20	4.13	4.29	4.38	4.38
Total	2.17	2.30	2.38	2.37	2.37	2.37	2.40	2.61	2.57	2.56	2.47	2.55	2.55	2.59

1.2 Consumption

Rice is a staple food for Thais with annual per capita consumption of rice of around 110 kilograms. Wheat-based consumption remains limited to urban areas where Western foods are more popular.

Farm-gate Price

unit: Baht/Ton

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Paddy 5%	4,053	5,189	5,472	6,629	5,579	4,808	4,484	4,770	5,080	5,481	6,607	6,533

1.3 Trade

In CY 2008, rice exports will increase in line with rising exportable supplies following anticipated larger crop harvest with less aggressive government intervention program. The price gap between Thai and Vietnamese rice will shrink as intervention prices are set closer to market prices. As a result, Thai white rice prices will be more attractive for both premium white rice and low-quality white rice.

The Government also targeted one million tons release of the intervention stocks to export market under the Government-to-Government sales. In the first quarter of this year, the Government concluded the deals of around 400,000 tons of premium white rice with Iran and around 200,000 tons of low-quality white rice with Indonesia at the market prices. Iran and Iraq will likely remain major buyers of premium white rice from Thailand due to limited supplies of cheaper rice from Vietnam. Also, low-quality rice exports to Asian and African countries are expected to rebound as supplies are expected to tighten in Vietnam.

Total rice exports in CY 2006 increased to 7.4 million metric tons due to a surge in premium white rice exports, particularly to Iran and Iraq. Meanwhile, low-quality white rice market was lost to relatively cheaper Vietnamese rice.

1.4 Stock

MY 2007/08 rice stocks are forecast to decline in line with lower Government intervention stocks following a less aggressive intervention program. Also, private stocks are expected to decline due to strong export demand. However, total ending stocks will likely be at normal levels.

MY 2006/07 rice stocks will likely remain at high levels as the Government still holds large intervention stocks of over 3 million tons of rice from the previous years. The Government released some of its intervention stocks through Government-to-Government deals in order to avoid domestic price depression. The negative impact of government stock release on domestic prices this year should be offset by strong import demand from Asian and Middle East countries.

1.5 Policy

In MY 2006/07, the Government aims to overhaul the intervention policy in order to reduce large intervention stocks accumulated from aggressive intervention policy in the previous two years (TH6115). However, paddy mortgage scheme is still implemented in MY 2006/07 crops as a key policy to stabilize domestic prices. Nevertheless, intervention prices were set closer to market prices, far below intervention prices in the previous two years. As a result, the number of farmer participating in the program dropped significantly. As end of MY 2006/07 main crop intervention program (Nov. 1, 2006 – Feb. 28, 2007), the Government bought only 1.8 million tons of paddy, far below the previous year's buying of 5.3 million tons. In addition, the Government started the second crop intervention program (Mar. 15 – Jul. 31, 2007) with higher intervention prices of around 100 baht/ton from the main-crop intervention prices in order to reflect a surge in market prices. However, few farmers are expected to participate in the program with current market prices being attractive.

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

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	770,213	7,417,258	58,645,021
2007 1/	150,847	1,680,437	12,405,234

1/ As of March 2, 2007

Source: Bank for Agriculture and Agricultural Cooperatives (BAAC)

WTO Agreement on Market Access

unit: 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

Source: Department of Foering Trade, Ministry of Commerce

Statistic Tables

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

PSD Table

Country Commodity	Thailand								
	Rice, Milled						(1000 HA)(1000 MT)(MT/HA)		
	2005	Revised		2006	Estimate		2007	Forecast	
			Post			Post			Post
	USDA	Post	Estimate	USDA	Post	Estimate	USDA	Post	Estimate
	Official	Estimate	New	Official	Estimate	New	Official	Estimate	New
Market Year Begin		01/2006	01/2006		01/2007	01/2007		01/2008	01/2008
Area Harvested	10215	10215	10220	10250	10340	10270	0		10360
Beginning Stocks	2312	2279	2312	3762	3779	3594	3842	4959	3579
Milled Production	18200	18000	18200	18250	18350	18250	0	0	18400
Rough Production	27576	27273	27576	27652	27803	27652	0	0	27879
Milling Rate (.9999)	6600	6600	6600	6600	6600	6600	0	0	6600
MY Imports	50	0	2	100	0	5	0	0	7
TY Imports	50	0	2	100	0	5	0	0	7
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	20562	20279	20514	22112	22129	21849	3842	4959	21986
MY Exports	7300	7000	7420	8700	7600	8700	0	0	9000
TY Exports	7300	7000	7420	8700	7600	8700	0	0	9000
Total Consumption	9500	9500	9500	9570	9570	9570	0	0	9600
Ending Stocks	3762	3779	3594	3842	4959	3579	0	0	3386
Total Distribution	20562	20279	20514	22112	22129	21849	0	0	21986
Yield (Rough)	2.699559	2.669897	2.698239	2.697756	2.688878	2.692502	0	0	2.691023

Table 1.2: Wholesale Prices of White Rice

Prices			
Table			
Country	Thailand		
Commodity	Rice, Milled		
Prices in	Baht	per uom	Kilogram
Year	2005	2006	% Change
Jan	10.69	11.21	5%
Feb	10.75	11.44	6%
Mar	11.01	11.43	4%
Apr	11.35	11.24	-1%
May	11.27	11.35	1%
Jun	11.22	11.56	3%
Jul	11.1	11.57	4%
Aug	11.25	11.35	1%
Sep	11.59	11.19	-3%
Oct	11.33	10.82	-5%
Nov	11.05	10.41	-6%
Dec	11.13	10.48	-6%
Exchange Rate	34.95	Local Currency/US \$	
Date of Quote	3/14/2007	MM/DD/YYYY	

Table 1.3: Thailand' Rice Exports

Export Trade Matrix

Country Thailand

Commodity Rice, Milled

Time Period	Jan. - Dec.	Units:	Metric Ton
Exports for:	2005		2006
U.S.	346020	U.S.	379506
Others		Others	
Nigeria	601969	Nigeria	384340
Senegal	494649	Senegal	319196
Indonesia	119792	Indonesia	171740
Iran	160481	Iran	650697
Iraq	463195	Iraq	616923
Cote D'Ivoire	298301	Cote D'Ivoire	451004
South Africa	455083	South Africa	441380
China	490134	China	653153
Hong Kong	303262	Hong Kong	281854
Malaysia	417381	Malaysia	372814
Total for	3804247		4343101
Others			
Others not Listed	3154079		2698049
Grand Total	7304346		7420656

Table 1.4: Thailand's Rice Imports

Import Trade Matrix

Country Thailand

Commodity Rice, Milled

Time Period Units:

Imports for: **2006**

U.S. U.S.

Others

Others

China	22	China	105
Australia	323	Australia	603
Pakistan	138	Pakistan	168
Japan	8	Japan	5
India	178	India	224
Italy	14	Italy	22
laos	869	laos	33
Cambodia	0	Cambodia	45

Total for 1552 1205

Others

Others not

Grand Total 1560 1672

2. Corn

2.1 Production

MY 2007/08 corn production is forecast to recover in anticipation of acreage expansion. Attractive current farm-gate prices will encourage farmers to shift from alternative crops like tapioca to corn. Average yields are expected to be higher than the previous year as farmers utilize high-yield seed.

MY 2006/07, despite a sharp acreage reduction of main crop, corn production is expected to decline by around 5 percent from the previous year's levels due to yield improvements. The increase in average yield reflected more availability of high-yield seeds and favorable weather conditions. Also, second-crop production, accounting for around 10 percent of total corn production is expected to increase significantly in response to attractive farm-gate prices.

2.2 Consumption

MY 2007/08 feed corn consumption is forecast to increase, driven by poultry and swine production. Poultry production, which represents around half of feed corn consumption, will likely reach 18-20 million birds per week in the first half of the year, as compared to a reduction to 16-17 million birds per week in the second half of MY 2006/07.

MY 2006/07 feed corn consumption declined as Thai boiler and swine producers reduced their production due to an oversupply situation. Additionally, current record high corn prices of 8-9 baht/kg make production increases unattractive. In February 2007, feed corn consumption will likely continue to be substituted by relatively cheaper raw material like tapioca, particularly for swine feed. Demand for tapioca in animal feed is reportedly expected to reach 1.2 – 1.3 million tons, as compared to annual average consumption of 700,000 – 800,000 tons. Meanwhile, feed corn demand in fish farms, accounting for around 10 percent of total feed corn consumption is expected to continue double digit growth following strong domestic and export sales.

2.3 Trade

MY 2007/08 corn exports will likely be limited by increased domestic demand for feed, particularly in poultry and aquaculture. Also, export prices are expected to level off in anticipation of increased global supplies. Meanwhile, import demand for relatively cheaper corn will remain strong, particularly from Laos, which accounts for around 80 percent of total corn shipments to Thailand.

In MY 2006/07, based on figure of the Thai Board of Trade, corn exports were revised up significantly due to attractive export prices resulting from tight supplies of major corn exporting countries. Vietnam and Indonesia were significant markets for Thai corn due to freight cost advantages. In CY 2006, Thai corn exports to Vietnam continued to increase significantly as Vietnamese feed millers faced difficulties in sourcing Chinese corn due to its tight supplies. Thailand is expected to continue to import significant amounts of corn from neighboring countries, particularly from Laos. These countries enjoy a duty-free privilege under the Joint Economic Cooperation Strategy Program.

2.4 Policy

In MY 2006/07, the Government discontinued the mortgage scheme as domestic market prices surge to a record high. As for import policy, following the WTO agreement, the import quota in 2007 remains unchanged at 54,700 metric tons at a 20 percent in-quota tariff rate. The shipments will be allowed only during the period March 1 – June 30, 2007 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 tariff will be at 2.75 baht/kg, with a special charges of 10.22 percent (sum of both of these charges is closed to 73 percent), plus a surcharge of 180 baht/kg. However, according to the Joint Economic Cooperation Strategy, for cooperation between Cambodia, Laos, Burma, and Thailand, imports of feed corn from these countries are duty free without any quota throughout the year. In addition, imports from 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								
	2005	Revised	Post	2006	Estimate	Post	(1000 HA) 2007	(1000 MT) Forecast	(MT/HA) Post
Market Year Begin	USDA Official	Post Estimate 07/2005	Estimate New 07/2005	USDA Official	Post Estimate 07/2006	Estimate New 07/2006	USDA Official	Post Estimate 07/2007	Estimate New 07/2007
Area Harvested	1110	1110	1100	1130	1130	1000	0	0	1020
Beginning Stocks	331	333	331	335	223	341	335	203	241
Production	4100	4100	4000	4250	4250	3800	0	0	3900
MY Imports	121	60	400	100	80	500	0	0	600
TY Imports	85	60	400	100	80	500	0	0	600
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	4552	4493	4731	4685	4553	4641	335	203	4741
MY Exports	117	170	290	150	150	500	0	0	350
TY Exports	121	170	310	150	150	500	0	0	350
Feed Consumption	4000	4000	4000	4100	4100	3800	0	0	4100
FSI Consumption	100	100	100	100	100	100	0	0	100
Total Consumption	4100	4100	4100	4200	4200	3900	0	0	4200
Ending Stocks	335	223	341	335	203	241	0	0	191
Total Distribution	4552	4493	4731	4685	4553	4641	0	0	4741
Yield	3.693694	3.693694	3.636364	3.761062	3.761062	3.8	0	0	3.823529

Table 2.2: Wholesale Prices of Corn

Prices Table

Country		Thailand	
Commodity		Corn	
Prices in		Baht	per uom Metric Ton
Year	2005	2006	% Change
Jan	5444	5335	-2%
Feb	5496	5380	-2%
Mar	5487	5489	0%
Apr	5485	6193	13%
May	5452	6414	18%
Jun	5443	6466	19%
Jul	5560	6343	14%
Aug	5496	5918	8%
Sep	5393	5931	10%
Oct	5526	6339	15%
Nov	5552	6386	15%
Dec	5397	7071	31%
Exchange Rate		34.95	Local Currency/US \$
Date of Quote		3/12/2007	MM/DD/YYYY

Table 2.3: Thailand's Corn Exports

Export Trade Matrix

Country Thailand
Commodity Corn

Time Period: Jan. - Dec.
 Exports for: 2005
 U.S.: 12
 Others

Units: Metric Ton
 2006
 U.S.: 10
 Others

Malaysia	18022	Malaysia	50920
Taiwan	4244	Taiwan	4286
Philippines	2429	Philippines	2625
Indonesia	18887	Indonesia	108617
Burma	295	Burma	933
Hong Kong	1685	Hong Kong	7
Japan	1432	Japan	8711
South Korea	0	South Korea	0
Vietnam	17834	Vietnam	125628
Total for Others	64828		301727
Others not Listed	3861		4542
Grand Total	68701		306279

Table 2.4: Thailand's Corn Imports

Import Trade Matrix

Country Thailand
Commodity Corn

Time Period: Units:
 Imports for: **2006**
 U.S.: U.S.:
 Others Others

Lao Rep.	45243	Lao Rep.	122058
Cambodia	19551	Cambodia	28976
Burma	566	Burma	1773

Total for Others 65360 152807
 Others not Listed
 Grand Total 69036 156121

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 only 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.

3.2 Consumption

MY 2007/08 wheat consumption is forecast to continue the upward trend in anticipation of an economic recovery in the second half of the year. Demand for wheat-based food will likely grow in line with higher incomes from sustained long-term economic growth. Also, Western-food demand will be met by increasing bakery and instant noodle products available at retail. Domestic consumption of these products, accounting for around 60-70 percent of total wheat consumption, will remain strong. Demand for wheat-based feed is expected to increase in line with expansions to the aquaculture sector where wheat based feed is used.

MY 2006/07, wheat consumption is expected to slow, particularly for wheat-based foods in line with an anticipated economic slowdown. However, consumption of wheat-based feed is forecast to increase significantly due to growing shrimp and fish farms experiencing strong domestic and export demand. However, the surge in fish feed demand will benefit relatively cheaper imported wheat flour whose quality is lower than the domestically produced wheat flour.

Current wholesale prices of local wheat flour are 5-8 percent higher than the previous year's levels, particularly for bread and noodle flour. The increase mainly reflected higher import prices of wheat. Flour millers have to use more U.S. wheat and Canadian wheat in some flour products in order to save stocks of Australian wheat for some sensitive-quality flour products. However, prices of cake and premium all-purpose flour remained unchanged as this flour occupies niche markets, which are quality sensitive and rely on imported ingredients. In addition, the prices of biscuit flour remained steady as prices are reportedly close to those for imported flour.

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	430 - 450	25 - 26
Noodle	11.5 - 12.0	390 - 410	22 - 24
All Purpose	10.0 - 10.5	410 - 420	24
Cake	10	500 - 530	29 - 31
Biscuit	8 - 10	310 - 320	18

3.3 Trade

MY 2007/08 wheat imports are forecast increase following anticipated economic recovery. The surge in wheat imports also reflects increased capacity with the operation of a new flour mill with capacity of around 250 tons/day, and increased capacity from an existing flour mill of around 200 tons/day after their 70-80 percent operation in late MY 2006/07. The U.S. is still a major supplier of high protein content wheat, which is usually used to produce premium bread flour. However, given normal crop conditions in Australia, Australian wheat will likely gain more market share in medium protein content, particularly in noodle flour industries due to their relatively cheaper prices following the free trade agreement that brings Australian wheat duty free.

MY 2006/07 wheat imports are expected to decline slightly from the previous year due to high import prices. Import prices increased significantly due to tight exportable supplies of major exporting countries following unfavorable weather conditions. Imports of Australian wheat will likely drop sharply due to limited exportable supplies caused by severe drought. However, the U.S. wheat is unlikely to gain much more market share because Thai flour millers shifted to Canadian wheat as an alternative cheaper suppliers. In addition, Canadian wheat currently has a transportation cost advantage for Thai flour millers because major Thai feed mills regularly import Canadian wheat on a monthly basis of around 20,000 metric tons, which easily manages combined cargoes for the 40,000 – 45,000 ton-weight vessels. Flour millers reportedly optimized their cost structure by using more Canadian wheat with U.S. wheat.

3.4 Policy

The tariff rate on imported wheat remains at 0.1 baht/kg (around U.S. \$2.5/MT). Meanwhile, the tariff on wheat flour is at 5 percent (0.5 baht/kg). Local flour millers are now less concerned with the current tariff structure because they now can compete with imported flour due to their restructured cost. However, this change will likely dampen market potential for the U.S. wheat, as the mills will use more relatively cheaper wheat from other suppliers to blend with the U.S. wheat, particularly from duty-free wheat suppliers, like Australia and India under the FTA agreement.

Statistical Tables

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

PSD Table

Country Commodity	Thailand Wheat								
	2005	Revised		2006	Estimate		(1000 HA)	(1000 MT)	(MT/HA)
							2007	Forecast	
	USDA Official	Post Estimate 07/2005	Post Estimate New 07/2005	USDA Official	Post Estimate 07/2006	Post Estimate New 07/2006	USDA Official	Post Estimate 07/2007	Post Estimate New 07/2007
Market Year Begin									
Area Harvested	0	0	0	0	0	0	0	0	0
Beginning Stocks	466	640	466	447	645	627	397	605	592
Production	0	0	0	0	0	0	0	0	0
MY Imports	1174	1120	1273	1200	1190	1140	0	0	1250
TY Imports	1174	1120	1273	1200	1190	1140	0	0	1250
TY Imp. from U.S.	441	520	505	0	540	500	0	0	510
Total Supply	1640	1760	1739	1647	1835	1767	397	605	1842
MY Exports	93	15	12	80	20	15	0	0	20
TY Exports	93	15	12	80	20	15	0	0	20
Feed Consumption	280	300	290	320	320	320	0	0	340
FSI Consumption	820	800	810	850	890	840	0	0	880
Total Consumption	1100	1100	1100	1170	1210	1160	0	0	1220
Ending Stocks	447	645	627	397	605	592	0	0	602
Total Distribution	1640	1760	1739	1647	1835	1767	0	0	1842
Yield	0	0	0	0	0	0	0	0	0

Table 3.2: Thailand's Wheat Grain Imports

Import Trade Matrix

Country Thailand

Commodity Wheat (Grain)

Time Period Units:
Imports for: **2006**
U.S. U.S.
Others Others

Australia	573214	Australia	426780
Canada	23071	Canada	125154
India	122	India	4

Total for Others 596407 551938

Others not Listed

Grand Total 1148363 1006060

Table 3.3: Thailand's Wheat Flour Imports

Import Trade Matrix

Country Thailand

Commodity Wheat (Flour)

Time Period Units:
 Imports for: **2006**
 U.S. U.S.
 Others Others

Singapore	14802	Singapore	14004
Japan	17305	Japan	17982
Australia	12117	Australia	8534
Malaysia	6137	Malaysia	3230
Belgium	2485	Belgium	719
Vietnam	17949	Vietnam	13148
China	20116	China	34253

Total for 90911 91870

Others

Others not
 Listed

Grand Total 101160 120587

4. Beans

4.1 Production

MY 2007 beans and pulse production will likely continue to increase due to current attractive farm-gate prices of around 18 baht/kg. The acreage expansion is expected in the north and central region while the expansion in the northeast will be limited by unattractive returns compared to other crops like tapioca and sugarcane. MY 2006 beans and pulse production is also revised upward due to favorable weather conditions.

4.2 Consumption

MY 2007 bean and pulse consumption is expected to continue the upward trend. Most Mung beans are raw material for vermicelli, accounting for about half of total Mung bean use. The 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. However, Mung beans are not used directly for feedstuffs due to high prices.

4.3 Trade

MY 2006 and MY 2007 beans and pulse exports are forecast to increase significantly in anticipation of more exportable supplies from favorable crop conditions and strong import demand from major importing countries. Meanwhile, Mung beans imports are expected to grow in MY 2007, given more exportable supplies of relatively cheaper Burmese Mung beans.

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.

Statistical Tables

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

PSD Table

Country Commodity	Thailand								
	2005	Revised		2006	Estimate		(1000 HA)	(1000 MT)	(MT/HA)
Market Year Begin	USDA	Post	Post	USDA	Post	Post	2007	Forecast	Post
	Official	Estimate	Estimate	Official	Estimate	Estimate	Official	Estimate	Estimate
		01/2005	01/2005		01/2005	01/2005		01/2005	01/2005
Area Harvested	0	280	280	0	285	290	0	0	300
Beginning Stocks	0	15	15	0	7	7	0	4	5
Production	0	245	245	0	255	270	0	0	280
MY Imports	0	8	8	0	12	4	0	0	5
TY Imports	0	10	4	0	13	4	0	0	5
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	0	268	268	0	274	281	0	4	290
MY Exports	0	11	11	0	10	23	0	0	26
TY Exports	0	9	18	0	8	22	0	0	25
Feed Consumption	0	5	5	0	6	5	0	0	5
FSI Consumption	0	245	245	0	254	248	0	0	250
Total Consumption	0	250	250	0	260	253	0	0	255
Ending Stocks	0	7	7	0	4	5	0	0	9
Total Distribution	0	268	268	0	274	281	0	0	290
Yield	0	0.875	0.875	0	0.894737	0.931034	0	0	0.933333

Table 4.2: Farmgate Prices of Mung Beans

Prices Table			
Country		Thailand	
Commodity		Beans	
Prices in		Baht	per uom Metric Ton
Year	2005	2006	% Change
Jan	15620	17240	10%
Feb	16290	17330	6%
Mar	18920	19140	1%
Apr	19610	20850	6%
May		21560	
Jun			
Jul	16000	19330	21%
Aug	18060	17870	-1%
Sep	17470		-100%
Oct	19190	16660	-13%
Nov	18000	17730	-2%
Dec	15670	16580	6%

Exchange Rate 39.95 Local Currency/US \$
 Date of Quote 3/12/2007 MM/DD/YYYY

Table 4.3: Thailand's Mung Bean Exports

Export Trade Matrix

Country Thailand

Commodity Beans

Time Period	Jan. - Dec.	Units:	Metric Ton
Exports for:	2005		2006
U.S.	2089	U.S.	3060
Others		Others	
Hong Kong	1323	Hong Kong	1343
India	442	India	1654
Indonesia	440	Indonesia	1329
Japan	827	Japan	798
Malaysia	521	Malaysia	1742
Pakistan	1341	Pakistan	698
Philippines	737	Philippines	3078
Singapores	795	Singapores	1149
Sri Lanka	1144	Sri Lanka	2525
Total for	7570		14316
Others			
Others not Listed	1752		5784
Grand Total	11411		23160

Table 4.4: Thailand's Mung Bean Imports

Import Trade Matrix

Country Thailand

Commodity Beans

Time Period Units:
 Imports for: **2006**
 U.S. U.S.
 Others Others

Burma	7607	Burma	3848
Malaysia	65	Malaysia	0
Indonesia	136	Indonesia	0

Total for Others 7808 3848

Others not Listed
 Grand Total 7942 3891

End of Report.