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Thailand

Agricultural Situation

Bangkok Airport Shutdown Effect on U.S. Exports 2008

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Report Highlights:

Bangkok's major airports, Suvarnabhumi and Don Muang, were closed by anti-government protestors November 25 through December 4. However cargo services were reestablished December 3. The Bank of Thailand estimates that the airport shutdown could end up costing Thailand more than \$5 billion in lost trade and tourism. The effect of the airport closure on imports of U.S. food and beverage products is estimated at \$10 million, primarily high-valued products sold in food service such as beef, turkey, seafood and wines in particular.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Bangkok [TH1]
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The recent closure of the Bangkok international airport (Suvarnabhumi airport) has had a costly effect on trade and tourism. However, due to the airport closures occurring late in the calendar year, Post estimates the closures will only have a moderate effect on U.S. food exports to Thailand for CY 2008. However, the significant reduction in international tourists, the ongoing global economic downturn, and lower confidence over future economic growth will slow Thai consumer spending on imported food and beverages into next year.

On November 24, Bangkok's Suvarnabhumi international airport and Don Muang domestic airport were shut down by thousands of anti-government supporters. Suvarnabhumi is one of Southeast Asia's busiest hubs, typically handling 40 million passengers a year. Due to the closure of the airports, political instability and the global financial downturn, Thailand's economic growth is estimated to fall to 2.5 percent next year from previous forecasts of 4.5 percent. The cargo terminal at Suvarnabhumi airport was closed through December 4, forcing operators to switch to a military airport, U-Tapao, and to airports in Singapore and Malaysia. About 1,500 tons of goods are normally shipped from Suvarnabhumi airport each day with 900 tons of imports and 589 tons of transit cargoes.

The airport shut down affects imports of certain food and beverages to Thailand, especially fresh fruit and fresh premium seafood imports that rely on air freight due to their short shelf life. In general, December and January are Thailand's high tourism season and sales of imported food and products are at their highest point. Tourism, a vital industry that makes up 6 percent of the economy, is down significantly since the airport closures. A recent poll of several five star hotels in Bangkok showed occupancy rates not exceeding 25 percent in a season where these rates should reach or exceed 80 percent. The Bank of Thailand estimates that the airport shutdown could end up costing Thailand more than \$5 billion in lost trade and tourism alone from now until February 2009 when the high tourism season typically tapers off.

The effect of the airport closure on imports of U.S. food and beverage products is estimated at \$10 million, primarily high-valued products sold in food service such as beef, turkey, seafood and wines in particular. However, the long term impact should be minimal as import of U.S. foods and beverage products coming in December are mostly sea freighted, such as apples, grapes, grocery products, frozen meats and seafood. The long term impact high-valued food and beverage products remains unclear as it will depend on Thailand's ability to bring about greater political stability and encourage greater tourism in the next calendar year.

End of Report.