



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Scheduled Report - public distribution

Date: 3/19/1999

GAIN Report #TH9028

Thailand

Grain and Feed

Grain and Feed Annual Report

1999

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Report Highlights:

Thailand's grain production in MY 1999/2000 is forecast at 22.5 mmt for paddy rice and 4.3 mmt for corn. Thai rice exports may decline in 1999. Meanwhile, Thailand will need to import more than 100 tmt in MY 1999/2000. Total imports of wheat/wheat flour in the coming year should be close to the MY 1998/99's level, with the U.S. remaining a key supplier.

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

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Executive Summary

Thailand's 1999/2000 rice production is forecast at 22.5 mmt in anticipation of good weather conditions after having the two consecutive years of unusual weather affected by El Nino in 1997 and La Nina in 1998. Harvested area is estimated unchanged from the previous year. Thai exports are forecast to decline to 5.3 mmt in 1999 as the export market has been very weak since the last quarter of 1998 and continues to be quiet in the first quarter of 1999. The MY 2000 exports could be up slightly if Thai rice prices are close to the competitors.

Thailand's corn production forecast for MY 1999/2000 is close to the MY 1998/99's level at about 4.3 million tons. Meanwhile, domestic consumption in MY 1999/2000 may grow by 4-5 percent in anticipation of continued strong export demand for broilers and a recovery in hog and layer production. However, domestic production prospects indicate Thailand will need to import no more than 100,000 tons in MY 1999/2000.

After two consecutive years of decline, total domestic wheat/wheat products consumption in MY 1999/2000 is forecast to increase slightly in anticipation of a recovery in the Thai economy which should indirectly promote human consumption of wheat and wheat products. Total imports in MY 1999/2000 are forecast to be close to the MY 1998/99's level reflecting a relatively high level of beginning stocks. The United States market should remain a key supplier of wheat to Thailand, with a share of 35-40 percent in MY 1998/99 and 1999/2000.

PSD Table						
Country:	Thailand					
Commodity:	Rice, Milled					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Harvested	9210	9600	9210	9300	9300	9300
Beginning Stocks	650	708	740	800	978	842
Milled Production	14190	15048	14388	13992	14850	14850
Rough Production	21500	22800	21800	21200	22500	22500
Milling Rate(.9999)	6600	6600	6600	6600	6600	6600
TOTAL Imports	0	0	0	0	0	0
Jan-Dec Imports	0	0	0	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	14840	15756	15128	14792	15828	15692
TOTAL Exports	5500	6356	5500	5300	5500	5500
Jan-Dec Exports	5500	6356	5500	5300	5500	5500
TOTAL Dom. Consumption	8600	8600	8650	8650	8700	8700
Ending Stocks	740	800	978	842	1628	1492

RICE

Production/Crop Assessment

Based on normal weather conditions, Thailand's 1999/2000 rice production is forecast at 22.5 mmt--18.0 mmt main season crop and a 4.5 mmt second crop. Paddy prices are good when compared with other agricultural products and rice remains the primary staple food. The 1998/99 rice production is estimated unchanged at 21.2 mmt (paddy basis)--17.2 mmt of the main crop and 4.0 mmt of the second crop. Unfavorable weather conditions along with pest problems (as reported in TH8132, dated 12/29/98) caused a slight drop from last year for the main crop and is expected to lower the second crop rice in connection with low water supply in the major dams. The general quality of the 1998/99 main crop, especially premium grade fragrant rice, seems to be poorer than normal, with low milling head yields due to high moisture during the peak harvesting season. Higher yielding "modern varieties are primarily grown during the dry season, but are also increasingly being planted as part of the main season crop.

The 1998/99 main crop harvested area is reported to drop slightly from last year, to an estimated 9.3 million hectares as a result of some area damaged by drought and less second rice crop area is expected due mainly to inadequate water supply. As a result, yield is also expected to decline slightly.

Yield

	1991	1992	1993	1994	1995	1996	1997	1998	19991/
	----- Metric Tons/Hectare -----								
Main	1.82	2.10	2.03	2.07	2.15	2.20	2.16	2.13	2.06
Second	3.93	4.11	4.04	4.07	4.09	4.48	4.48	4.13	3.94
Total	1.96	2.25	2.17	2.13	2.33	2.42	2.41	2.37	2.20

Source: Office of Agricultural Economics, Ministry of Agricultural & Cooperatives

1/ Forecast.

Consumption

Rice remains Thailand's staple food with per capita rice consumption estimated at about 110 kilograms. Although wheat products are becoming more popular, there is very limited direct substitution for rice in traditional eating habits. Some indirect substitution occurs in large urban centers as a result of increased western foods.

Trade/Competition

Thailand's 1999 rice exports are forecast at 5.5 mmt, drop 14 percent from 6.37 mmt last year. The major demand comes from Indonesia, Nigeria, Iran and Malaysia. World demand has been weak since the last quarter

of 1998, unlike the situation during the same period of the previous year. Increased production from producers such as Pakistan and Burma along with cheaper rice from Vietnam, India and Pakistan have put Thailand in a difficult competitive position. Higher production from major buyers, such as Indonesia, Brazil and the Philippines are likely to buy less rice from Thailand.

Fragrant rice exports dropped 11 percent in 1998 due to weaker demand from China, Hong Kong, Malaysia and Singapore. The high price of fragrant rice not only reduced the export demand down but also caused local consumers to switch to lower and cheaper grades of rice.

The yearly average farm gate prices had been in upward trend over the past several years in response to strong market demand. The average price of paddy 5% was up 21 percent while local milled white rice 5% went up only 19 percent in 1998. Prices of rice are likely to weaken in 1999 as foreign demand has been very weak and prices have been very low in most major exporting countries with an exception of Thailand.

Farm-gate Price (Bht/ton)	1994	1995	1996	1997	1998
Paddy 5%	3,889	4,053	5,189	5,472	6,629

Source: Office of Agricultural Economics, Ministry of Agriculture & Cooperatives.

Current prices tend to fluctuate along with the currency value. Some millers are still having liquidity problems and cannot maximize their export potential. The packing credit provided by the government to the exporters is very strict in terms of presenting actual L/C's. In order to meet more restrictive banking requirements, some exporters have had to sell their rice at the very low prices.

Prices Table				
Country: Thailand				
Commodity: Milled rice, 5% white rice				
Year:	1998			
Prices in (currency)	----- Baht/Kg -----			
	Retail Price			
Year	1997	1998	% Change	
Jan	14.40	18.20	26.4%	
Feb	14.40	19.60	36.1%	
Mar	14.40	18.80	30.6%	
Apr	14.40	16.40	13.9%	
May	14.40	16.40	13.9%	
Jun	14.40	16.40	13.9%	
Jul	14.40	16.40	13.9%	
Aug	14.40	16.40	13.9%	
Sep	14.40	16.80	16.7%	
Oct	14.40	17.00	18.1%	
Nov	14.40	17.00	18.1%	
Dec	14.40	17.00	18.1%	

SOURCE: Department of Internal Trade, Ministry of Commerce.

Export Trade Matrix			
Country:		Units: (M.T.)	
Commodity:			
Time period: (Jan-Dec)			
Exports for	1997		1998
U.S.	217,700	U.S.	224,543
Others		Others	
Nigeria	584,567	Indonesia	1,736,452
Indonesia	513,945	Nigeria	517,831
Malaysia	458,032	Iran	369,181
Iran	361,785	Malaysia	354,906
China	321,655	South Africa	293,225
Singapore	274,158	China	255,103
Hong Kong	248,003	Singapore	253,924
Philippines	225,406	Hong Kong	228,053
Iraq	187,055	Togo	213,994
South Africa	186,694	Philippines	194,956
Total for Others	3361300		4417625
Others not listed	1677120		1714121
Grand Total	5256120		6356289

Import Trade Matrix			
Country:		Units: (M.T.)	
Commodity:			
Time period: (Jan-Dec)	Jan-Dec		
Imports for	1997		1998
U.S.	276	U.S.	716
Others		Others	
		Japan	8
Total for Others	0		8
Others not listed	8		0
Grand Total	284		724

Policy

In recent years, the Thai government policy has generally moved away from government-negotiated contracts, except to provide market support at harvest time or to assume market risk. There has been no change in the RTG's rice price support program in 1999, which is similar to previous years both in terms of its overall budget and measures being employed (see TH8132, dated Dec 29'98 and TH9016, dated Feb 17'99). The policy aims at the following measures to help raise paddy prices for the 1998/99 rice crop:

- Paddy Mortgage Scheme;
- Milled Rice Purchases;
- Paddy Purchases; and
- Packing Credit for Exporters.

The paddy mortgage scheme continues to operate under the Bank for Agriculture and Agricultural Cooperatives (BAAC). Participating farmers obtain a loan from BAAC by mortgaging their crop to the BAAC any time from November 1, 1998 through March 31, 1999. The amount of paddy pledged for the past six years are as follows:

Year	Number of Farmers	Paddy Pledged (Metric Tons)	Value ('000 Bht)
1993	465,744	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

Source: Bank for Agriculture & Agricultural Cooperatives (BAAC).

Non Tariff Barriers

Thailand has long banned imports of rice to protect its farmers. The Uruguay Round agriculture agreement established market access to Thailand for rice imports in 1995. The Ministry of Commerce has announced the annual import quota of rice since 1995 as follows:

Year	Paddy	Cargo rice	Milled rice	Brokens	Total
	----- Metric Tons -----				
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	NA	NA	NA	NA	240,506.11
1998	NA	NA	NA	NA	241,828.00
1999	NA	NA	NA	NA	243,149.00

Source: Department of Foreign Trade, Ministry of Commerce.

Customs' data showed 1998 actual imports were only 724 metric tons, valued at 23.28 million baht (\$562,761) mainly from the United States and a small quantity came from Japan. The government does not allow the export of paddy rice.

PSD Table						
Country:	Thailand					
Commodity:	Corn					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Area Harvested	1080	1080	1200	1290	0	1290
Beginning Stocks	141	141	251	251	401	401
Production	3700	3700	4300	4300	0	4300
TOTAL Mkt. Yr. Imports	234	234	100	100	0	100
Oct-Sep Imports	280	280	100	100	0	100
Oct-Sep Import U.S.	3	3	0	0	0	0
TOTAL SUPPLY	4075	4075	4651	4651	401	4801
TOTAL Mkt. Yr. Exports	74	74	200	150	0	100
Oct-Sep Exports	90	90	250	180	0	130
Feed Dom. Consumption	3700	3700	4000	4050	0	4250
TOTAL Dom. Consumption	3750	3750	4050	4100	0	4300
Ending Stocks	251	251	401	401	401	401
TOTAL DISTRIBUTION	4075	4075	4651	4651	401	4801

CORN

Production

Given normal weather conditions, Thailand's corn production forecast for MY 1999/2000 is close to the MY 1998/99's level in anticipation of stagnant growing area. Sharply weakened prices for corn in MY 1998/99, and substitution of cassava for corn in some areas should be offset by increased corn area, which results from increased utilization of idled land and less-attractive prices for sugar cane.

Thailand's MY 1998/99 production estimated by FAS/Bangkok remains unchanged at 4.3 million tons, representing a 16 percent increase over the MY 1997/98 level (3.7 million tons). The increase was attributed to an expansion in planted area coupled with a fewer incidences of serious drought. However, the average yields (on harvested area) for MY 1998/99 were estimated to drop, as the effect of favorable climatic conditions on the post-June corn crop may be offset by the dry conditions on the earlier planted corn crop. In addition, the productivity of high-yielding hybrid seeds was not able to reach its production potential due to less fertilizer use by most growers. During a field survey, several farmers admitted that they reduced the amount of fertilizer by 20-30 percent because of soaring prices for imported fertilizer.

Realizing its high-yielding and drought-tolerance characteristics, hybrid corn seed are widely used by corn farmers. According to trade source, sales of high-yielding hybrid seed in MY 1998/99 continued to increase from 15,500 tons in MY 1997/98 to 17,000 tons, accounting for more than 90 percent of total growing corn area. The Office of Agricultural Economics estimates the 1998/99 variable cost at \$286 per hectare (\$84/ton). The variable cost accounted for 87 percent of total production expenses in MY 1998/99.

Consumption

Total domestic consumption in MY 1999/2000 is forecast to grow by 4-5 percent over MY 1998/99's level in anticipation of continued strong export demand for broiler meat and a recovery in hog and layer production.

Unlike MY 1997/98, when it was the first time in recent history that domestic corn consumption was reduced, consumption in MY 1998/99 witnessed a nine percent growth due mainly to relatively competitive cost in using corn against other substituting feed ingredients and increased broiler production. A sharp reduction in corn prices in MY 1998/99 encouraged feed mills and livestock producers to increase corn use in their feed rations at the expense of broken rice. Prices for broken rice remained at a high level of 7.30-8.90 baht/kg from Jul-Dec, 1998, compared with 3.86-5.60 baht/kg for corn. Despite an overall decrease in hog and layer population, the effect of an increase in broiler production outstripped that of an overall decline in hog and layer population. Although corn is a primary feed ingredient in preparation of poultry and swine feed, it is normally used in broiler feed to a much higher extent than other feed. Corn accounts for about 60-65 percent of the ration for broiler feed, as opposed to 25-30 percent for swine feed.

No establishment of new feedmills was reported in 1998. While about 70 commercial feedmills are supplying 80 percent of domestic feed production, several livestock producers (mainly hog producers) are buying corn for their own mixing feed. Total feed production in 1998 was about 8.0 million tons, and is estimated to grow to 8.5 million tons in 1999.

Average corn prices in the first half of MY 1998/99 (Jul-Dec 1998) dropped significantly by 17 percent to 4.33 baht/kg (approx. US\$ 117/ton), following increased domestic supplies, weakened world corn prices, and more stabilized Thai currency. Prices began to firm in early 1999 to the current 4.30-4.40 baht/kg as a portion of excess supplies has been stocked under the Government's mortgage scheme and import policy which would limit an import quota to WTO commitment's level.

Prices Table

Prices Table					
Country:					
Commodity:					
Year:	1998				
Prices in (currency)	Baht	per (uom)	Ton		
Year	1997	1998	% Change		
Jan	4250	5550	30.6%		
Feb	4330	5830	34.6%		
Mar	4380	5630	28.5%		
Apr	4640	5460	17.7%		
May	4830	5590	15.7%		
Jun	4680	5800	23.9%		
Jul	5090	5600	10.0%		
Aug	5260	4710	-10.5%		
Sep	5180	4210	-18.7%		
Oct	5040	4030	-20.0%		
Nov	4730	3860	-18.4%		
Dec	4770	4020	-15.7%		

Trade

Based on the estimate that corn production may be close to an amount of domestic consumption, Thailand may import no more than 100,000 tons of corn in MY 1999/2000 as a safety stocks. Meanwhile exports should not exceed 100,000 tons either in MY 1999/2000.

Despite a glut of domestic supplies and non-competitive prices for imported corn, Thailand's corn import estimate in MY 1998/99 is pegged at 100,000 tons. However, most of these imports were shipped into Thailand in July 1998, as the Government decided to extend the deadline on shipment arrivals from June 30, 1998 to July 15, 1998.

Import Trade Matrix			
Country:		Units:	Tons
Commodity:			
Time period:	Jan-Dec		
Imports for	1997		1998
U.S.	1565	U.S.	4416
Others		Others	
Argentina	231474	Argentina	156491
United Arab E.	2460	Indonesia	69108
Australia	22	South Africa	579
Total for Others	233956		226178
Others not listed	180		393
Grand Total	235701		230987

Export Trade Matrix			
Country:		Units:	Tons
Commodity:			
Time period:	Jan-Dec		
Exports for	1997		1998
U.S.	15	U.S.	0
Others		Others	
Malaysia	2172	Malaysia	74025
Indonesia	31850	Indonesia	4450
Taiwan	18586	Taiwan	6335
Hong Kong	239	Hong Kong	9191
		Sri Lanka	14255
Total for Others	52847		108256
Others not listed	75		14457
Grand Total	52937		122713

Stocks

Reflecting increased supplies, ending stocks in MY 1998/99 are estimated to increase. Stocks at this moment are estimated at 1.6-1.7 million tons, with about one-half held by feedmillers, the other half by upcountry traders, exporters (500,000 tons) and the Government's mortgage program (300,000 tons).

Policy

The Thai Government continued its project to promote use of high-yielding hybrid seed in an effort to improve productivity. In MY 1998/99, the Ministry of Agriculture allocated a budget of 120 million baht to purchase hybrid seed (about 1,670 tons) and grant it to small farmers. It was stipulated that seed provision was eligible only for farmers who already stocked their own hybrid seed in the same amount as that of rendered seed.

Although Thailand has been relatively open to corn imports in the recent years, the pressure from a possible glut in corn supply and depressed prices led policy makers to shape a more protective corn trade policy in MY 1998/99. In response to a protest by upcountry traders and growers, the Government decided to intervene in the domestic corn market in September 1998 by launching a mortgage scheme for corn in MY 1998/99 (see more details in FAS/Bangkok's reports, TH8086 and TH8180). According to official sources, the total amount of mortgaged corn as of February 15, 1999 was 341,250 tons, compared to their original target of 500,000 tons. It is also reported that about 10,000 tons of repaid/abandoned mortgaged corn was recently sold to Malaysian users at US\$ 107 tons. Trade sources reported that about 30-40,000 tons of corn under this program may be exported by the end of MY 1998/99.

In addition, to protect corn growers the Cabinet on January 5, 1999 stated that Thailand will allow corn imports under the tariff-rate-quota in an amount and at a tariff rate which satisfies Thailand's commitment with the WTO. It was agreed that the import quota in 1999 is 53,253 tons at a 20 percent tariff rate, and the non-quota imports will be subject to a 77 percent tariff rate plus a surcharge of 180 baht/ton. The window for shipment arrivals of under-quota imports is from March 1 to June 30, 1999.

Marketing

Although U.S. corn has an advantage of year around supply availability, the U.S. marketing opportunities were limited by three factors, i.e., a possible sufficient domestic supplies in certain years, the improper window of shipment which disadvantages U.S corn, and inferior quality in color and cleanliness of U.S. corn according to Thai buyers. Like MY 1998/99, imports in MY 1999/2000 may be capped at only an amount that satisfies Thailand's commitment with the WTO. In addition, in years of insufficient supplies, the Government normally stipulates the window of shipment that begins in the off-harvest months of the Thai crop, which is in between March and May. As the harvest season for corn in Thailand and in the U.S. is similar, this window coincides with the off-harvest season for U.S. corn when higher prices reduce competitiveness. As a result, Thai corn imports in recent years have been dominated by Argentine corn. Thai feedmills also prefer Argentine corn to U.S. corn due to its orange-color flint corn.

PSD Table						
Country:	Thailand					
Commodity:	Wheat					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		07/1997		07/1998		07/1999
Area Harvested	0	0	0	0	0	0
Beginning Stocks	69	69	90	90	70	100
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	651	651	600	600	0	600
Jul-Jun Imports	651	651	600	600	0	600
Jul-Jun Import U.S.	243	243	210	220	0	220
TOTAL SUPPLY	720	720	690	690	70	700
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	210	210	180	200	0	200
TOTAL Dom. Consumption	630	630	620	590	0	600
Ending Stocks	90	90	70	100	70	100
TOTAL DISTRIBUTION	720	720	690	690	70	700

WHEAT

Production

According to the Ministry of Agriculture, Thailand's wheat production in MY 1998/99 is estimated to have increased from only 375 tons in MY 1997/98 to about 1,200-1,400 tons due to favorable weather conditions. Unlike MY 1998/99, dry conditions in MY 1997/98 wiped out one-third of growing area, while productivity on the rest of total area was seriously affected by drought. Despite an effort to promote wheat production, total wheat production in Thailand remains insignificant as a result of unattractive prices, poor yields, and low protein. Farmers are using three varieties of seed, i.e., Samoeng 1, Samoeng 2, and Fang 60. The most popular seed is Fang 60 which accounts for about 60 percent of total area. Wheat production is located only in the High North and is seeded after the harvest of main crop paddy.

Consumption

Total domestic wheat/wheat products consumption in MY 1998/99 is estimated to have further decreased by 6 percent to 590,000 tons, following a reduction in both human and feed consumption. Despite reduced wholesale prices for wheat flour, human consumption in MY 1998/99 is likely to drop again, as the Thai economy has been hammered by a downfall in both financial and real sectors. Unemployment rate has increased and many businesses lack cash flow despite sharply lowered interest rates in recent months. GDP growth for Thailand in 1999, estimated by most economists, should be ranged between -1.0 to 1.0, as opposed to negative growth of 8-10 percent in 1998. Domestic feed consumption may drop in MY 1998/99 after a booming in MY 1997/98, due mainly to a decline in shrimp prices, unfavorable export outlook for frozen shrimp, and Government's attempts to save mangroves by increasing regulation of fresh-water shrimp farming in the country.

Total consumption in MY 1999/2000 is forecast to register a marginal growth in anticipation of a recovery in Thai economy which should indirectly promote human wheat/wheat products consumption.

Currently, about one-third of wheat/wheat products supplies is used for aquaculture feed consumption, the balance goes into human consumption. Wheat flour used for human consumption can be segmented into bread and cake (35%), noodles (30%), all purpose (25%), and biscuit (10%).

In response to relatively stronger Thai currency in most of 1998, wholesale prices for all types of wheat flour have declined from time to time in 1998. For instance, wholesale prices for bread flour (13.5-14.0%) dropped from 560-570 baht/bag (22.5 kgs.) in early 1998 to currently 480-500 baht/bag. Prices for cake flour decreased from 590-600 baht/bag to 550-560 baht/bag, while those for noodle flour reduced from 540 baht/bag to 430 baht/bag.

Trade

Due to a negligible amount of domestic production, Thailand's wheat consumption depends almost totally on the importation of wheat and wheat flour. In anticipation of lower consumption, total wheat/flour imports in

MY 1998/99 are estimated to decline from 651,000 tons in MY 1997/98 to about 600,000 tons. Total imports in MY 1999/2000 are forecast to be close to the MY 1998/99's level.

The U.S. market share of total imports in MY 1997/98 apparently dropped from 43 percent in MY 1996/97 to 37 percent, while Australian market share increased from 34% to 40%, due to an expansion in feed consumption against a sharp reduction in human consumption. Australian wheat has dominated the imports of food-grade wheat for feed use in Thai market in recent years. The U.S. market share in MY 1998/99 and 1999/2000 should not vary, at about 35-40 percent

The U.S., Canada, and Australia remain major suppliers of both soft and hard wheat for Thailand's imports. A large feed mill, which has their own flour mill and is the largest player in shrimp feed market, has imported Australian wheat only in recent years. Although this feed mill is also interested in buying U.S. food-grade wheat, Australian wheat is cheaper and drier (which accordingly lead to higher content of protein and gluten than U.S. wheat). As for wheat imported for human use, HRW and DNS wheat from the U.S. compete with Canadian Western Red Winter (CWRW), and Canadian Western Red Spring (CWRS), while U.S. WW competes with Australian Standard White (ASW).

Total wheat/flour imports in 1997 and 1998 are as follows:

Import Trade Matrix			
Country:		Units:	Tons
Commodity:			
Time period:	Jan-Dec		
Imports for	1997		1998
U.S.	230230	U.S.	239058
Others		Others	
Australia	204048	Australia	338603
Canada	112070	Canada	90936
Japan	23682	Japan	24852
Total for Others	339800		454391
Others not listed	58		1916
Grand Total	570088		695365

Marketing

In general, the competitiveness of U.S. wheat is mainly determined by price, quality, and U.S. competitor supply status. According to trade sources, while U.S. Wheat Associated has provided satisfactory services to Thai flour mills through such marketing activities as educational seminars, trade servicing, etc., Australian Wheat Board (AWB) and Canadian Wheat Board (CWB) are also providing competent and aggressive trade service activities in addition to their ability to conduct direct sale negotiations. However, some flour mills reported that they have purchased more U.S. wheat at the expense of Canadian in the last two years (especially DNS) because of its superiority in protein and gluten entities and bread-making characteristics. One or two flour mills switched to Australian wheat during the financial turmoil last year as the AWB was able to offer lower prices than other sources and provided more flexibility in financial transactions than other competitors.

Although the USDA allocated US\$ 300 million worth of GSM-102 for Thailand in FY 1997/98 and another US\$ 300 million in 1998/99, no flour mills have used this credit guarantee program. All flour mills indicate that they are willing to purchase U.S. wheat under the program, if the cost of borrowing is cheaper than that of current credit granted by their multinational suppliers. Post feels that the Thai Government taxing of GSM-102 credit transaction in Thailand have limited its effectiveness.

Policy

There is no change in import duties for wheat grains and wheat flour and in production policy for wheat since the last Annual Report. The Government currently grants an import tax rebate of 273.22 baht/ton (about US\$ 7.40/ton) to mills exporting wheat by-products (bran pellets), and 1,268.91 baht/ton (about US\$ 34.30/ton) for wheat flour exports. These rebates are effective for products exported from March 1 to August 31, 1999.

PSD Table						
Country:	Thailand					
Commodity:	Beans					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1997		01/1998		01/1999
Area Harvested	240	240	230	240	0	260
Beginning Stocks	12	12	16	16	11	13
Production	180	180	170	180	0	190
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0
Jul-Jun Imports	0	0	0	0	0	0
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	192	192	186	196	11	203
TOTAL Mkt. Yr. Exports	16	16	10	18	0	20
Jul-Jun Exports	0	0	0	0	0	0
Feed Dom. Consumption	5	5	5	5	0	5
TOTAL Dom. Consumption	160	160	165	165	0	170
Ending Stocks	16	16	11	13	11	13
TOTAL DISTRIBUTION	192	192	186	196	11	203

BEANS

Production

According to trade sources, Thailand's pulse production (mung bean and black matpe) in 1999 is forecast to increase slightly from 180,000 tons to 190,000 tons due mainly to increased black matpe production. Attractive prices for black matpe in 1998 encouraged an expansion in growing area. Meanwhile, mung bean production is forecast to remain unchanged from the 1998's level.

Consumption

Domestic consumption in 1999 is forecast to remain unchanged from the 1998's level. Mung beans are utilized mainly for making vermicelli and bean sprouts, with smaller quantities being used for bean flour and cake, candy and sweets, feedstuffs and seed. Meanwhile, black matpes are used mostly for making sprouts.

The Bangkok wholesale prices for mung beans (grade #1) in 1998 continues to firm by 9 percent to 19,920 baht/ton or US\$ 538/ton. Reflecting insufficient supplies, the Bangkok wholesale price for top-grade quality black matpes also increased sharply by 57 percent to 17,290 baht/ton (US\$ 467/ton).

Trade

Thai bean exports grew sharply in 1998 to 18,908 tons reflecting higher competitive export prices favored by weakened Thai currency and increased demand from India and Pakistan. Trade sources forecast that total exports in 1999 may further rise in line with increased supply availabilities.

Export Trade Matrix			
Country:		Units: Tons	
Commodity:			
Time period:	Jan-Dec		
Exports for	1997		1998
U.S.	1442	U.S.	1529
Others		Others	
United Kingdom	484	United Kingdom	1017
Hong Kong	1300	Hong Kong	1571
India	3115	India	6247
Japan	3365	Japan	2943
Malaysia	306	Malaysia	457
Philippines	443	Philippines	545
Singapore	1188	Singapore	1395
Canada	451	Canada	526
Sri Lanka	147	Sri Lanka	358
Pakistan	1965	Pakistan	1122
Total for Others	12764		16181
Others not listed	1444		1198
Grand Total	15650		18908