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Approved by:
Rodrick McSherry, Agricultural Counselor
U.S. Embassy, Bangkok, Thailand

Prepared by:
Ponnarong Prasertsri, Agricultural Specialist

Report Highlights:
Thailand's production of rice and corn is forecast to increase in MY 2003/04. Rice exports could reach 7.4 million metric tons in MY 2002/03. Domestic consumption of corn and wheat is likely to recover. As a result, exportable supplies of corn will likely be reduced. Meanwhile, import demand for wheat and flour should be on track.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

In 2003/04, rice production is forecast to increase to 27.0 million metric tons paddy (17.8 million tons milled equivalent), up approximately 1.0 million tons from the previous year's unfavorable weather-reduced crop of 25.9 million metric tons. The MY 2002/03 Thai rice exports could reach 7.4 million metric tons, recovering from last year's sluggish exports of 7.2 million metric tons. International price competition will likely level out in anticipation of limited available supplies.

The forecast for MY 2003/04 corn production is 4.4 million metric tons, up from last year's drought reduced crop of 4.2 million metric tons. Corn consumption is estimated to grow in line with livestock production, particularly poultry of which exports are expected to continue to increase. However, corn imports will likely decline in light of a recovery in domestic production of corn. Also, an anticipated increase in domestic feed consumption could put downward pressure on exportable supplies.

As for wheat, the MY 2003/04 imports are forecast to rebound in response to a recovery in wheat demand for feed as shrimp exports are expected to be back on track. Also, human consumption should continue to grow. Wheat imports should continue to be supplied by the U.S., Australia, and Canada due as millers look for high quality grain. Thailand's imports of wheat flour from AFTA member countries will slow down because many countries are not eligible to benefit from 5 percent import duties, due to the requirement of at least 30% local content.

Pulse production is expected to increase in response to attractive returns. Domestic consumption will likely continue its upward trend. Also, pulse exports are estimated to increase further despite price competition from China and Burma.

1. Rice Section

1.1 Production

In 2003/04, paddy production is likely to reach 27.0 million tons (17.8 million tons milled equivalent), up 1.0 million tons from the previous year, mainly in response to anticipated improvement in yields and price-led expansion in areas planted. Yields are expected to rise to an average of 2.5 tons/hectare, reflecting anticipated normal weather conditions this year. In addition, the current average farm price, Baht 5,028 per ton for 5% grade paddy, is up about 10 percent from the same period in the previous year, and will likely induce farmers to expand their planted area.

In 2002/03, the latest official estimate of paddy production is 25.9 million tons (17.1 million tons milled equivalent), 2.1 percent lower than the previous year's all time high of 26.5 million tons (17.5 million ton milled equivalent). The contraction comes from a reduction in the main paddy crop, which is expected to fall to 20.0 million tons, down 4.3 percent from the previous year, reflecting unfavorable weather, particularly in the Northeastern region which accounts for about half of the total main crop production. The main crops in the Northeastern region were affected by severe drought at the beginning of cultivation and then by excessive rain before the harvested period, resulting in an estimated decline of production by about 5 percent from the previous year. Fragrant paddy is expected to fall to 5.3 million tons, about 0.3 million tons lower than the previous year's production. In contrast to the main paddy crop, second crop production is forecasted to increase to 5.9 million tons, up approximately 6.0 percent from the previous year, due mainly to sufficient water level in major dams and the current price-led expansion in planted area.

Yield													
Unit: Metric Ton/Hectare													
Paddy Crop	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Main	1.82	2.10	2.03	2.07	2.10	2.10	2.00	2.00	2.16	2.20	2.10	2.00	2.26
Second	3.93	4.11	4.04	4.07	4.20	4.25	4.18	4.18	4.10	4.25	4.25	4.20	4.35
Total	1.96	2.25	2.17	2.17	2.30	2.38	2.37	2.37	2.37	2.40	2.38	2.33	2.53

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

1.2 Consumption

Despite an upward trend in wheat-based western food consumption, per capita rice consumption should continue to increase in line with the growing population. The official estimate of per capita consumption of rice is 106 kilograms in 2002/03, up slightly from the previous year.

1.3 Trade/Competition

In CY 2003, despite an expected contraction in rice production, rice exports could reach 7.4 million tons, approximately 2 percent higher than the previous year's exports of 7.2 million tons. Trade sources report that rice exports should recover in the second half of the year. Price competition is likely to level out on expectation of a drawdown in Indian rice stocks which were believed to be a major contributing factor in global price depression last year. During January - February 2003, Thai white rice 100% B was averaging at $205 /ton, up slightly from the corresponding period one year earlier

Trade sources reported that exports to African countries could increase slightly in CY 2003. Nigeria would remain a major market for Thai parboil rice despite a revised higher import tariff. Meanwhile, Senegal is expected to be a promising market for fragrant broken rice. However, markets for white rice will likely be smaller in the first half of CY 2003 in anticipation of the competition from cheaper Vietnamese rice.

Fragrant rice exports will continue an upward trend in major markets, particularly China. The authorities aim to export 500,000 metric tons of fragrant rice to China over the next 3 years. In CY 2002, China's imports of fragrant rice totaled 267,728 metric tons. China is the no.1 destination for Thai fragrant rice.

In CY 2002, total rice exports amounted to 7,246,050 metric tons, down 3.4 percent from the previous year. Major markets for Thai rice include countries in Africa, Asia and Middle East. Thailand's no.1 rice importer is Nigeria, amounting to 967,569 metric tons, most of which are parboiled rice (987,380 metric tons). Senegal, the second largest importer, imported 777,632 metric tons, more than half of which is broken rice (437,720 metric tons). Meanwhile, Indonesia, Iran, and Malaysia are major markets for white rice, accounting for about 30 percent of total white rice exports. As for Thai fragrant rice, exports amounted to 1,462,477 metric tons, down 23 percent from the previous year. Thailand's largest fragrant rice importer is China, amounting to 267,728 metric tons, followed by Senegal (214,165 mt), the U.S. (183,289 mt), Hong Kong (172,816 mt) and Ivory Coast (118,819 mt).

The average farm gate price increased 9 percent in 2002 in response to the limited supplies of main paddy crop in 2002/03 and the government intervention program. Also, export prices for most grades of rice increased slightly in the first quarter of 2003. Moreover, fragrant rice export prices increased significantly and trade sources reported that the prices ought to rebound to around $400 /ton this year.

Farm-gate Price								
unit: Baht/Ton								
	1995	1996	1997	1998	1999	2000	2001	2002
Paddy 5%	4,053	5,189	5,472	6,629	5,579	4,808	4,574	4,973

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

1.4 Policy

In 2002/03, government policy continues to focus on the price stabilizing program, in particular the paddy mortgage scheme, along with the government program for rice market support. The 2002/03 mortgage scheme for major paddy, from November 1, 2002 - February 28, 2003, planned to buy 9 million tons of paddy -- 5 million tons of fragrant paddy, 3 million tons of non-fragrant paddy, and 1 million ton of glutinous paddy. As of February 28, 2003, the program had bought 3.4 million tons of main-crop paddy which included 0.7 million tons of fragrant paddy, 2.6 million tons of non-fragrant paddy, and 0.1 million tons of glutinous paddy. In addition, the mortgage scheme for second-crop paddy, starting Mar 20, 2003 – July 31, 2003, set a target of 2 million tons. The program will pay $117 /ton for 100% grade paddy, $115 /ton for 5% grade,
$112 /ton for 10% grade, $110 /ton for 15%, and $106 /ton for 25% grade. Trade sources report that fewer farmers and rice millers are expected to participate in this year's program compared to the previous year due to the current high market prices and more rigorous requirements.

Paddy Mortgage Scheme			
Year	Number of Farmers	Paddy Pledges	Value
		(METRIC TONS)	(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 1/	340,458	3,345,505	17,690,000
1/ Data reported as of February 28, 2003			
Source: Bank for Agriculture and Agricultural Cooperatives (BAAC)			

Thailand: Paddy Prices under Price Support Program (Baht/MT)									
		Paddy						Glutinous Paddy	
		Jasmine	100%	5%	10%	15%	25%	long grain	mixed grade
1992/93	Target price	4,200	4,200	4,100	4,000	3,900	3,800	3,450	3,150
	Calculated 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
	Calculated 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
	Calculated 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
	Calculated 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
	Calculated 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
	Calculated 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
	Calculated 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
	Calculated Loan Price	6,495	5,280	5,180	4,995	4,900	4,710	5,890	5,605

		Paddy						Glutinous paddy	
		Jasmine	100%	5%	10%	15%	25%	long grain	mixed grade
2000/01	Target price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Calculated 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.
	Calculated 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.
	Calculated Loan Price	6,800	5,330	5,235	5,045	4,950	4,760	5,900	5,650

Soruce: Department of Internal Trade, Ministry of Commerce

As for import policies, the Ministry of Commerce has announced the annual import quota of rice at 248,435 metric tons for CY 2003, following the WTO agreement on market access. In CY 2002 rice imports totaled 349 metric tons, compared with 159 metric tons in CY 2001. Imports from China accounted for nearly half of total imports.

Year	Paddy	Cargo Rice	Milled Rice	Brokens	Total
	unit: Metric Ton				
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

Source: Department of Foreign Trade, Ministry of Commerce

Statistical Tables

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

PSD Table	PSD Table						
Country	Thailand						
Commodity	Rice, Milled		(1000 HA)	(1000 MT)			
		Revised 2000		Preliminary 2001		Forecast 2002	
		Old	New	Old	New	Old	New
Marketing Year Begin		01/2001		01/2002		01/2003	
Area Harvested		9,920	9,891	9,900	10,125	9,920	9,990
Beginning	Stocks	1,827	1,827	1,833	1,991	1,913	2,477
Milled Production		16,901	17,057	16,500	17,499	16,236	17,124
Rough Production		25,608	25,844	25,000	26,514	24,600	25,945
Milling Rate (.9999)		0.6600	0.6600	0.6600	0.6600	0.6600	0.6600
Total Imports		0	0	0	0	0	0
Jan-Dec Imports		0	0	0	0	0	0
Jan-Dec Imports U.S.		0	0	0	0	0	0
Total Supply		18,728	18,884	18,333	19,490	18,149	19,601
Total Exports		7,500	7,545	7,000	7,246	7,000	7,400
Jan-Dec Exports		7,500	7,545	7,000	7,246	7,000	7,400
Total Dom. Consumption		9,395	9,348	9,420	9,767	9,450	9,922
Ending Stocks		1,833	1,991	1,913	2,477	1,699	2,279
Total Distribution		18,728	18,884	18,333	19,490	18,149	19,601

Table 1.1: Thailand's Production, Supply and Demand Table for Rice (cont.)

PSD Table						
Country	Thailand					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised2001		Preliminary2002		Forecast2003	
	Old	New	Old	New	Old	New
Market Year Begin	01/2002		01/2003		01/2004	
Area Harvested	9990	10125	9920	9990	0	0
Beginning Stocks	1691	1991	1506	2477	656	2279
Milled Production	16500	17499	16500	17124	0	17820
Rough Production	25000	26514	25000	25945	0	27000
MILLING RATE (.9999)	6600	6600	6600	6600	0	6600
TOTAL Imports	15	0	0	0	0	0
Jan-Dec Imports	15	0	0	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	18206	19490	18006	19601	656	20099
TOTAL Exports	7200	7246	7750	7400	0	7500
Jan-Dec Exports	7200	7246	7750	7400	0	75000
TOTAL Dom. Consumption	9500	9767	9600	9922	0	10000
Ending Stocks	1506	2477	656	2279	0	2599
TOTAL DISTRIBUTION	18206	19490	18006	19601	0	20099

Table 1.2: Wholesale Prices for Rice

Prices Table			
Country	Thailand		
Commodity	Rice, Milled		
Prices in	Baht/Kg	per uom	
	(Wholesale Price in Bangkok for New Crop WR 100 B)		
Year	2001	2002	% Change
Jan	7.55	8.07	6.89%
Feb	7.48	8.25	10.29%
Mar	7.29	7.87	7.96%
Apr	7.16	7.97	11.31%
May	7.2	8.33	15.69%
Jun	7.4	8.28	11.89%
Jul	7.43	7.82	5.25%
Aug	7.24	7.67	5.94%
Sep	7.29	7.63	4.66%
Oct	7.19	7.82	8.76%
Nov	7.41	7.77	4.86%
Dec	7.52	7.77	3.32%
Exchange Rate	42.9	Local currency/US $	
Date of Quote	03/18/2003	MM/DD/YYYY	

Source: Department of Internal Trade, Ministry of Commerce

Table 1.3: Thailand's Rice Exports

Export Trade Matrix			
Country	Thailand		
Commodity	Rice, Milled		
Time period	Jan-Dec	Units:	Metric Tons
Exports for:	2001		2002
U.S.	285454	U.S.	282444
Others		Others	
Nigeria	1496571	Nigeria	967596
Senegal	814688	Senegal	777632
Indonesia	446971	Indonesia	697352
Iran	321955	Iran	397441
Ivory Coast	305143	Ivory Coast	343492
South Africa	343160	South Africa	317198
China	254842	China	299473
Hong Kong	266913	Hong Kong	268051
Malaysia	348697	Malaysia	266159
Singapore	290884	Singapore	254265
Total for Others	4889824		4588659
Others not Listed	2324290		2374947
Grand Total	7499568		7246050

Source: Department of Foreign Trade, Ministry of Commerce

Table 1.4: Thailand's Rice Imports

Import Trade Matrix			
Country	Thailand		
Commodity	Rice, Milled		
Time period		Units:	Metric Tons
Imports for:	2001		2002
U.S.	17	U.S.	17
Others		Others	
Netherlands	43	China	161
Laos	1	Australia	54
Pakistan	32	Pakistan	44
Japan	1	Japan	42
India	61	India	22
Italy	3	Italy	9
Total for Others	141		332
Others not Listed	1		0
Grand Total	159		349

Source: Thai Custom Department

2. Corn Section

2.1 Production

Corn production for MY 2003/04 is estimated to increase to 4.4 million tons, up 0.2 million tons from Ministry of Agriculture latest estimate of 4.2 million tons in MY 2002/03 in anticipation of an attractive price-led expansion in areas planted. Harvested area is forecast to reach 1.2 million hectares, reflecting the shift from crops with unattractive returns like sugar cane. Also, the average yield is expected to increase to 3.8 tons per hectare, following normal weather conditions.

In MY 2002/03, corn production is revised upward to 4.2 million tons, but still remains lower than the previous year's production of 4.5 million tons. The upward revision reflects the excellent second corn crop. Harvested area declined by approximately 4 percent, due mainly to dry conditions and a shift towards crops with better returns, like tapioca and sugar cane. The dry conditions also lowered average yields to 3.7 tons/hectare, as compared with 3.8 tons/hectare in MY 2001/02.

2.2 Consumption

Domestic consumption in MY 2003/04 is forecast to increase 3 – 4 percent in response to the recovery in livestock production, particularly for poultry, which covers about 60-70 percent of total demand for feed corn. Trade sources pointed that Thai chicken meat exports could maintain its competitive position in the world market, even vis a vis China.

In MY 2002/03, domestic consumption for corn is estimated to decline by 4 – 5 percent, due mainly to the anticipated contraction of chicken meat exports and changes in feed ration. The decline in chicken meat exports reflected the more stringent food safety standards in overseas markets, particularly in the EU (about 30 percent of Thai chicken meat exports). The banned antibiotic, nitrofuran, was found in a shipment of Thai products to the EU in April 2002. Due to a sharp increase in domestic corn prices, which were at 4.7 baht/kg ($109 /ton) in the first half of MY 2002/03 (Jul-Dec 02), as compared with 4.4 baht/kg ($97.6 /ton) in the corresponding period of the previous year, most feedmills and livestock producers have replaced a portion of their corn use with broken rice and tapioca products in the feed rations, especially in swine feed.

Corn currently accounts for about 50 percent of the ration for broiler and layer feed, as opposed to 20-25 percent for swine feed. Trade sources reported that total feed production (including all kinds of livestock and aquaculture feed) is forecast at 10.7 million tons in CY 2003.

2.3 Trade

Despite an increase in domestic corn consumption, corn imports will likely be only 5,000 metric tons in MY 2003/04 in anticipation of increased domestic supplies.

In MY 2002/03, corn imports have been revised downward to 10,000 metric tons in response to a downward revision of domestic consumption for corn. For the first 7 months of MY 2002/03 (Jul 2002 – Jan 2003), imports of corn amounted to only 3,748 metric tons, of which 1,222 metric tons are imported from the U.S. However, the market for U.S. corn in Thailand is still limited due mainly to the relatively cheaper corn prices of competitors and domestic corn.

Corn exports are forecast to continue on a downward trend to reach 100,000 metric tons in MY 2003/04, following the recovery in domestic corn consumption. The major markets for Thai corn are ASEAN countries. In MY 2002/03, corn exports have been revised upward to 200,000 metric tons. For the first 7 months of MY 2002/03, exports of corn totaled 133,011 metric tons.

2.4 Policy

The government policy continues to focus on the domestic price stabilizing program, including a mortgage scheme and the administration of a minimum tariff rate quota.

The MY 2002/03 mortgage scheme remained unchanged from the previous year. The target amount of mortgaged corn is 500,000 tons of grained corn (or 650,000 tons of cob corn). The loan rates for corn (moisture level not exceeding 14.5 percent) is 4.19 baht/kg (roughly \$98 /ton). Meanwhile, loan rates for cob corn (with 14.5 % moisture content) is 3.27 Baht/kg (\$76 /ton). Trade sources pointed that few farmers were expected to participate in this year's program due to current high market prices.

As for policy on corn imports, following the WTO agreement the import quota in 2003 is 54,411 metric tons at a 20 percent in-quota tariff rate for shipment during Mar 1 – Jun 30, 2003. Meanwhile, the out of-quota imports are subject to a 73.8 percent tariff rate with a surcharge of 180 baht/ton. The non-WTO countries, on the other hand, are subject to 2.75 baht/kg and a special charge of 11.43% (sum of both duties is close to 73.8 percent) plus a surcharge of 180 baht/kg.

Statistical Tables

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

PSD Table						
Country	Thailand					
Commodity	Corn			(1000 HA)(1000 MT)		
	Revised2001		Preliminary2002		Forecast2003	
	Old	New	Old	New	Old	New
Market Year Begin	07/2001		07/2002		07/2003	
Area Harvested	1180	1180	1120	1134	0	1150
Beginning Stocks	399	591	249	422	159	232
Production	4500	4500	3900	4200	0	4400
TOTAL Mkt. Yr. Imports	10	6	10	10	0	5
Oct-Sep Imports	10	5	10	10	0	5
Oct-Sep Import U.S.	0	2	0	0	0	0
TOTAL SUPPLY	4909	5097	4159	4632	159	4637
TOTAL Mkt. Yr. Exports	285	275	100	200	0	100
Oct-Sep Exports	184	178	100	172	0	70
Feed Dom. Consumption	4275	4350	3800	4150	0	4300
TOTAL Dom. Consumption	4375	4400	3900	4200	0	4350
Ending Stocks	249	422	159	232	0	187
TOTAL DISTRIBUTION	4909	5097	4159	4632	0	4637

Table 2.2: Wholesale Prices of Corn

Prices Table			
Country	Thailand		
Commodity	Corn		
Prices in	Baht	per uom	Metric Ton
Year	2001	2002	% Change
Jan	4550	4380	-3.74%
Feb	4360	4480	2.75%
Mar	4310	4850	12.53%
Apr	4370	4950	13.27%
May	4410	5120	16.10%
Jun	4320	5030	16.44%
Jul	4200	4810	14.52%
Aug	4310	4440	3.02%
Sep	4360	4400	0.92%
Oct	4490	4540	1.11%
Nov	4450	4630	4.04%
Dec	4310	4560	5.80%
Exchange Rate	42.94	Local currency/US $	
Date of Quote	03/18/2003	MM/DD/YYYY	

Source: Thai Feed Mill Association

Table 2.3: Thailand's Corn Imports

Import Trade Matrix			
Country	Thailand		
Commodity	Corn		
Time period	Jan - Dec	Units:	Metric Ton
Imports for:	2001		2002
U.S.	2824	U.S.	2068
Others		Others	
South Africa	1204	South Africa	1655
Lao Rep.	2620	Lao Rep.	1117
Total for Others	3824		2772
Others not Listed	1		78
Grand Total	6649		4918

Source: Thai Custom Department

Table 2.4: Thailand's Corn Exports

Export Trade Matrix			
Country	Thailand		
Commodity	Corn		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	2001		2002
U.S.	1	U.S.	1
Others		Others	
Malaysia	227734	Malaysia	69200
Taiwan	19614	Taiwan	25042
Singapore	26100	Singapore	4480
Indonesia	179493	Indonesia	31150
Sri Lanka	1698	Sri Lanka	3964
Egypt	14000	Burma	958
Hong Kong	6745	Hong Kong	2304
China	13700	China	80
		Lao Rep.	2380
Total for Others	489084		139558
Others not Listed	1766		6490
Grand Total	490851		146049

Source: Thai Custom Department

3. Wheat Section

3.1 Production

Thailand produces a very small amount of wheat, approximately 500-600 metric tons in MY 2003/04. The production is constrained by climatic conditions, low quality, and unattractive returns. Major planted areas are in the Northern region, particularly Mae Hong Son province, which accounts for nearly 80 percent of the total planted area (160 hectares). However, varieties of seeds remained limited to only Samoeng 2 and Fang 60 types with an average yield of about 150-180 kg/rai (0.9 - 1.1 tons/hectare).

3.2 Consumption

In MY 2003/04, total wheat consumption is forecast to reach 860 thousand metric ton in response to a recovery in feed demand and growing human consumption. The demand for feed, which accounts for about 30 percent of total wheat consumption, is forecast to recover from the previous year. Trade sources expect that feed consumption should increase by about 7-10 percent in line with the recoveries in shrimp and chicken exports. As a result, wheat demand for shrimp feed is expected to increase significantly. According to trade sources, shrimp feed, of which about 30 percent is wheat-based, accounts for about 6 percent of total animal feed consumption. Also, human consumption of wheat will likely continue to grow in line with the increasing trend of western style consumption and the expansion in number of modern trade outlets and bakery products.

Total wheat and flour consumption in MY 2002/03 has been revised downward to 810 thousand metric tons, declining slightly from the previous year. The contraction is mainly from a reduction in demand for feed consumption in accordance with a sharp decline in shrimp exports. For the first half of MY 2002/03 (Jul - Dec 02), shrimp exports (which cover about 90 percent of total production) decreased by 27 percent from the corresponding period in MY 2001/02, due to stringent food safety standards in the major export markets, including Japan and the U.S. Trade sources reported that the current sales of wheat for shrimp feed only reached 10 percent of normal trade levels.

However, wheat demand for human consumption, accounting for about 60-70 percent of total wheat consumption, may increase only moderately in response to slowdowns in consumption of domestic bakery, noodle and biscuit products. These products covers approximately 30-40 percent of total wheat demand. Trade sources reported that higher flour and bakery prices resulted in a decline in consumption, particularly in the middle-income group. Meanwhile, noodle consumption growth should continue at 4 percent, the same rate as it has been over the past three years.

The current wholesale prices of wheat flour increased by 40 percent due to the higher import prices of wheat. Prices of bread flour (13.5-14.0% protein content) are about 500 baht/22.5 kg. bag (24 U.S. cents/pound), followed by 500-530 baht/bag (24-25 U.S. cents/pound) for cake flour, and 400 baht/bag (19 U.S. cents/pound) for all purpose flour.

3.3 Trade

Thailand's wheat consumption relies heavily on importation of wheat and wheat flour. In MY 2003/04, wheat imports should grow in line with the wheat demand for human and feed consumption. Trade sources point out that wheat grain imports will continue to be supplied by the U.S., Australia, and Canada due to their superior quality compared to cheaper Indian wheat. Wheat flour imports from AFTA member countries generally cannot fulfill the requirement to be at least 30% local content.

In MY 2002/03, wheat import demand is estimated to decline to 830,000 metric tons, of which 750,000 metric tons are grain. This mainly reflects the sluggish demand for feed consumption and the high level of beginning stocks, coupled with a sharp rise in international prices. Current import prices of U.S. HRW is US$230 C&F per ton, compared to US$180 C&F per ton at the beginning of MY 2002/03. In the first half of MY 2002/03, imports of U.S. wheat accounted for about 37 percent of total wheat imports of 461,704 metric tons, followed by Australia and Canada in an amount of 149,386 metric tons and 104,141 metric tons, respectively. The market share of U.S. wheat imports continued to increase to 43 percent of total wheat imports in CY 2002, compared to 39 percent in CY 2000.

As for wheat flour, the imports in the first half of MY 2002/03 amounted to 28,283 metric tons (38,744 metric tons grain equivalent). Major suppliers are Japan, accounting for 31 percent of total wheat flour imports, followed by Singapore (21 percent), Malaysia (15 percent) and Australia (14 percent). Imports from China increased significantly due to relatively cheaper prices, but trade sources reported that quality is quite low. According to trade sources, Singapore has the potential to expand exports due to successive improvements in flour quality. Meanwhile, Malaysian wheat flour quality remains low.

3.4 Policy

The import duty for wheat grain remains at 1.00 baht/kg (about 15 percent on C&F prices equivalent). Taking into account 25-30 percent loss in milling process, the effective import duties are approximately 20-22 percent on C&F prices. This rate is quite high compared with 5 percent import duties for AFTA member countries. However, the countries eligible for 5 percent import duties must meet the requirement of at least 30 percent local content. Thai authorities did not implement this requirement until the end of 2002. Therefore, some countries, in particular Malaysia, still have to pay a tariff rate of 32 percent for wheat flour imports in CY 2003, following the WTO agreement.

Statistical Tables

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

PSD Table						
Country	Thailand					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised2001		Preliminary2002		Forecast2003	
	Old	New	Old	New	Old	New
Market Year Begin	07/2001		07/2002		07/2003	
Area Harvested	0	0	0	0	0	0
Beginning Stocks	284	331	306	408	276	420
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	950	910	950	830	0	850
Jul-Jun Imports	950	910	950	830	0	850
Jul-Jun Import U.S.	0	337	0	300	0	310
TOTAL SUPPLY	1234	1241	1256	1238	276	1270
TOTAL Mkt. Yr. Exports	78	13	80	8	0	10
Jul-Jun Exports	78	13	80	8	0	10
Feed Dom. Consumption	330	330	350	270	0	280
TOTAL Dom. Consumption	850	820	900	810	0	860
Ending Stocks	306	408	276	420	0	400
TOTAL DISTRIBUTION	1234	1241	1256	1238	0	1270

Table 3.2: Thailand’s Wheat Grain Imports

Import Trade Matrix			
Country	Thailand		
Commodity	Wheat	(WHEAT GRAIN)	
Time period	Jan - Dec	Units:	Metric Ton
Imports for:	2001		2002
U.S.	336369	U.S.	379709
Others		Others	
Australia	233407	Australia	285234
Canada	215479	Canada	208489
India	26365	India	3318
Total for Others	475251		497041
Others not Listed			419
Grand Total	811620		877169

Source: Thai Custom Department

Table 3.3: Thailand's Wheat Flour Imports

Import Trade Matrix			
Country	Thailand		
Commodity	Wheat	(WHEAT FLOUR)	
Time period	Jan - Dec	Units:	Metric Ton
Imports for:	2001		2002
U.S.	19	U.S.	7
Others		Others	
Singapore	5537	Singapore	14519
Japan	17653	Japan	16890
Australia	8084	Australia	10011
Malaysia	15415	Malaysia	7751
Belgium	2973	Belgium	4314
France	218	Vietnam	2359
Korea	114	China	1468
Total for Others	49994		57312
Others not Listed	1067		649
Grand Total	51080		57968

Source: Thai Custom Department

4. Bean Section

4.1 Production

The official forecast for pulse production (mung bean and black matpe) is 250,000 metric tons in MY 2003 in line with the expansion in planted area, reflecting attractive returns. In MY 2002, production is estimated at 230,000 metric tons. However, trade sources reported that the quality of beans was quite low in 2002 (more than half of total production) due to excessive rainfalls.

4.2 Consumption

In MY 2003 bean consumption will likely continue to increase up from the previous year in line with the growing population and economy. Also, Mung bean consumption is popular among organic consumers. Mung beans are the raw material for bean flour and cake, vermicelli, bean sprouts, and various other confectionaries. Trade sources point out that vermicelli covers about 60-70 percent of Mung bean utilizations.

Current prices of Mung bean have softened due to rain-reduced crop quality. As of January 2003, farm gate prices of Mung bean were at 10,350 Baht/ton ($241 /ton), down 24 percent from the corresponding period in 2002.

4.3 Trade

Mung bean exports are forecast to increase in MY 2003 despite price competition from China and Burma. Exports of Mung bean reached 23,839 metric tons in 2002, up 32 percent from the previous year. Trade sources pointed out that export growth is limited by the rain-reduced crop quality. Major markets are India, accounting for about 21 percent of total Thai Mung bean exports, followed by Sri Lanka (16 percent), and the U.S. (12 percent).

4.4 Policy

Thai government has not intervened or subsidised Mung bean production and/or marketing because it is considered as a minor crop compared to other field crops or paddy.

Statistical Tables

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

PSD Table						
Country	Thailand					
Commodity	Beans				(1000 HA)(1000 MT)	
	Revised2001		Preliminary2002		Forecast2003	
	Old	New	Old	New	Old	New
Market Year Begin	01/2001		01/2001		01/2001	
Area Harvested	250	250	270	270	0	285
Beginning Stocks	12	12	19	19	19	19
Production	210	210	230	230	0	250
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	222	222	249	249	19	269
TOTAL Mkt. Yr. Exports	18	18	35	24	0	35
Jul-Jun Exports	20	22	30	20	0	30
Feed Dom. Consumption	5	5	5	5	0	5
TOTAL Dom. Consumption	185	185	195	206	0	215
Ending Stocks	19	19	19	19	0	19
TOTAL DISTRIBUTION	222	222	249	249	0	269

Table 4.2: Farm Gate Prices of Mung Beans

Prices Table			
Country	Thailand		
Commodity	Beans		
Prices in	Baht	per uom	Metric Ton
Year	2001	2002	% Change
Jan	15770	13650	-13.44%
Feb	14980	13860	-7.48%
Mar	16180	14100	-12.86%
Apr	15600	13200	-15.38%
May	15520	13540	-12.76%
Jun	14710	12110	-17.68%
Jul	15980	12910	-19.21%
Aug	16830	12960	-22.99%
Sep	16300	13370	-17.98%
Oct	15160	12280	-19.00%
Nov	13730	11110	-19.08%
Dec	13450	10530	-21.71%
Exchange Rate	42.94	Local currency/US $	
Date of Quote	03/18/2003	MM/DD/YYYY	

Note: Price indicated above are Mung bean prices (mixed grade) received by farmers

Source: Office of Agricultural Economic, Ministry of Agriculture

Table 4.3: Thailand's Mung Bean Exports

Export Trade Matrix			
Country	Thailand		
Commodity	Beans		
Time period	Jan - Dec	Units:	Metric Ton
Exports for:	2001		2002
U.S.	2209	U.S.	2761
Others		Others	
Cambodia	4447	Cambodia	1620
Hongkong	1466	Hongkong	1604
U.K.	434	India	5092
Indonesia	140	Indonesia	575
Japan	1287	Japan	1389
Malaysia	626	Malaysia	618
Pakistan	1685	Pakistan	1481
Philippines	870	Philippines	1187
Singapore	1131	Singapore	1111
Sri Lanka	2156	Sri Lanka	3839
Total for Others	14242		18516
Others not Listed	1631		2562
Grand Total	18082		23839

Source: Thai Custom Department