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## **Report Name:** Grain and Feed Update

**Country:** Thailand

**Post:** Bangkok

**Report Category:** Grain and Feed

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### **Report Highlights:**

MY2019/20 rice production is revised down further due to ineffective control of the outbreaks of blast disease on the main rice crop and limited water supplies for off-season rice plantings. Rice exports are revised down to 8.3 million metric tons in 2019. MY2019/20 wheat imports are revised up to 3.3 million metric tons as flour mills built up their wheat grain inventories in anticipation of trade disruption from the government's intention to ban the chemical pesticides.

## **Executive Summary**

MY2019/20 rice production is expected to decline to 19.1 million metric tons, down 6 percent from MY2018/19 due to shrinking main rice crop production and reduced off-season rice acreage.

MY2019/20 main rice crop production is revised down further due to the rice blast outbreaks occurring during the ripening growth stage. Additionally, MY2019/20 off-season rice acreage is expected to decline significantly due to limited water supplies in irrigated areas and dry conditions in non-irrigated areas. Rice exports are revised down to 8.3 million metric tons in 2019 and to 8.5 million metric tons in 2020 due to tighter domestic supplies and the strengthening of the Thai baht. The government agreed to additional domestic support programs to help stabilize domestic prices of MY2019/20 main rice crop during the peak harvesting period.

Post's forecast for MY2019/20 corn production remain unchanged at 4.4 million metric tons, down 22 percent from MY2018/19 due mainly to the fall armyworm outbreaks. The government is considering a Price Guarantee Program for an additional measure to help corn farmers as current market prices are still lower than the target prices under the domestic absorption program that requires feed mills to purchase domestic corn prior to the import of feed wheat at a 3 to 1 absorption ratio.

Post's forecast for MY2019/20 wheat imports are revised up to 3.3 million metric tons. This is a 14 percent increase from MY2018/19 due to an increase in milling wheat imports. Flour mills reportedly built up their wheat grain inventories in anticipation of possible trade disruption from the Thai government's measures to ban three chemical pesticides, which will result in a zero tolerance for the affected pesticide residuals in all agricultural product imports, including wheat grain.

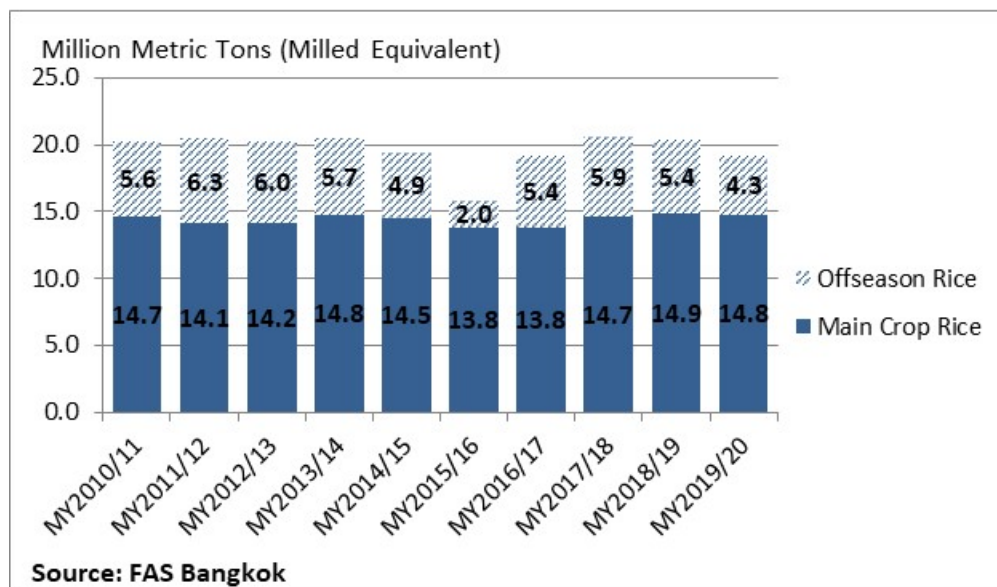
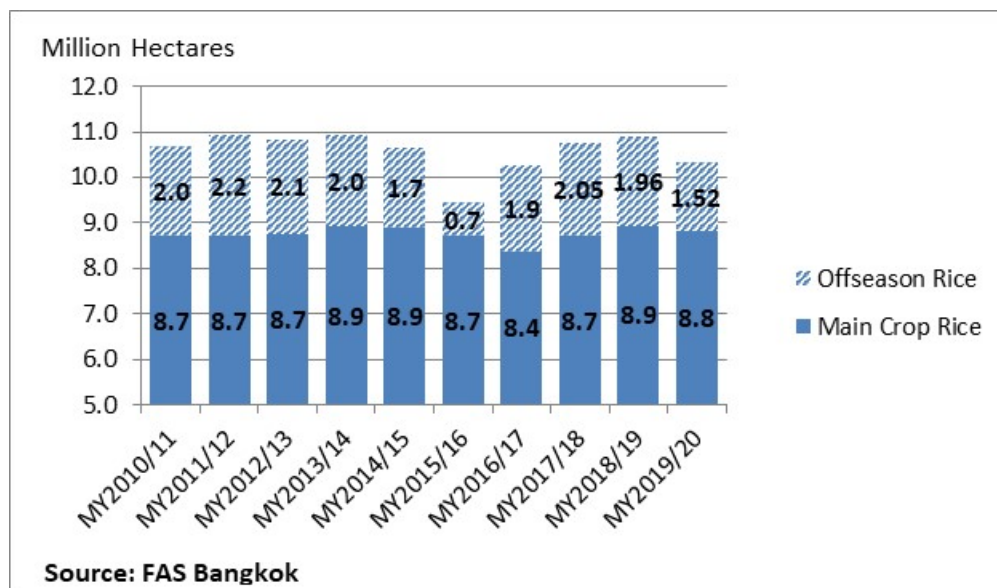
## **1. Rice**

### **1.1 Production**

MY2019/20 rice production is revised down to 19.1 million metric tons, which is a second record low after the production recovery from the severe drought in MY2015/16 (Figure 1.1.1). This is a 6 percent reduction from MY2018/19 due to lower than expected main rice crop production and a reduction in off-season rice production caused by critically low water supplies in major reservoirs. So far, more than half of MY2019/20 main rice crop has been harvested. The main rice crop, however, is reportedly threatened by fungus that causes brown spot disease in rice (known as rice blast) due to adverse weather conditions, mainly during the ripening growth stage. The blast infection is estimated to cause a 20 percent yield loss in rice production in the affected areas. While the government is supporting the ban on three chemical pesticides nationwide, farmers are encouraged to control the fungus by microbial pesticides, which are reportedly inefficient during the outbreaks. The Ministry of Agriculture and Cooperatives (MOAC) estimated rice areas affected by the blast outbreak at around 0.5 million rai (80,000 hectares), mostly in the northeastern region, which is a major growing area of fragrant rice. These affected areas account for around 2 percent of the total fragrant rice area. As a result, MY2019/20

main rice crop production is expected to decline slightly to around 14.8 million metric tons, down approximately 1 percent from MY2018/19.

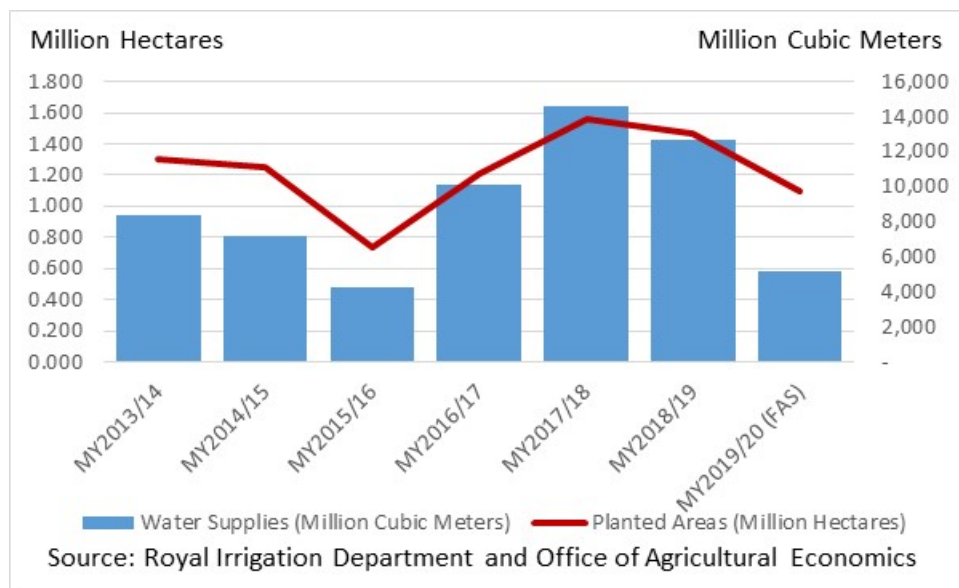
**Figure 1.1.1: Annual Rice Acreage and Production**



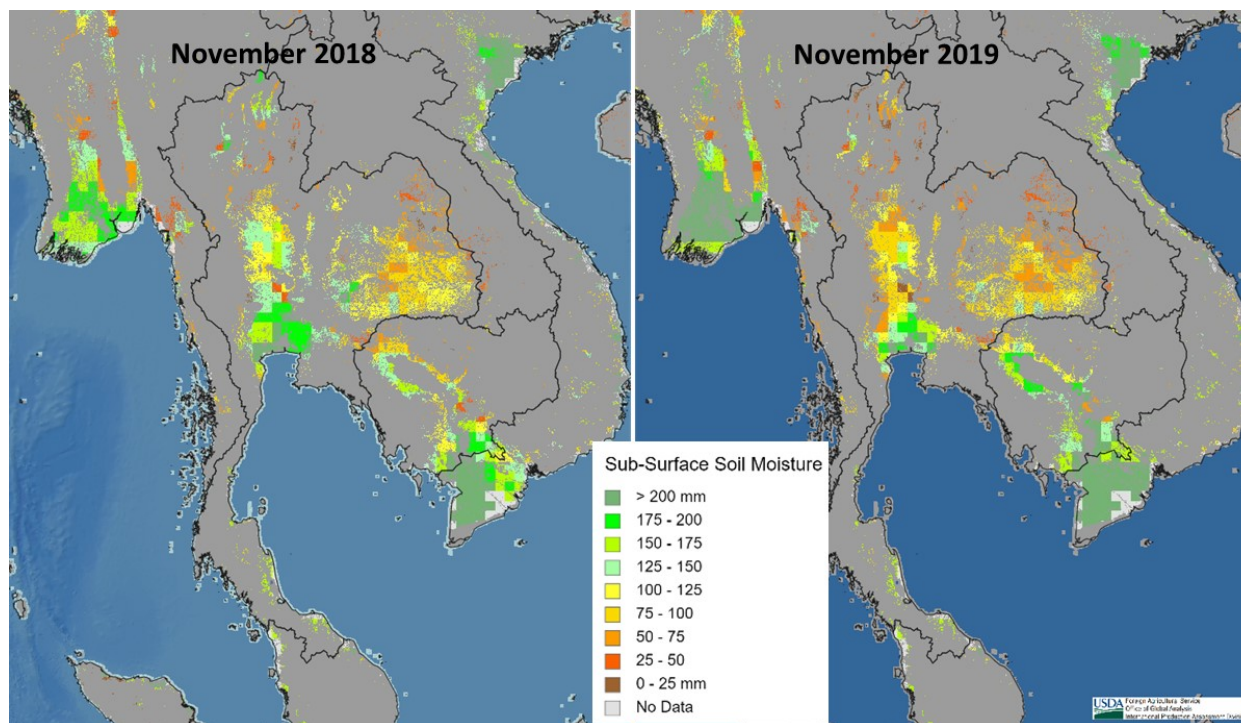
MY2019/20 off-season rice production is revised down to 4.3 million metric tons. This is a 20 percent reduction from MY2018/19 due to limited water supplies in irrigated areas and dry conditions in non-irrigated areas. As of November 18, 2019, the Royal Irrigation Department reported that water supplies in major reservoirs in the northern region is 59 percent lower than the previous year's levels (Figure 1.1.2). The government has alerted rice farmers about irrigation restrictions for MY2019/20 off-season rice planting as current water supplies are only 22 percent above the lowest levels in 2015 when the government strictly controlled irrigation for MY2015/16 offseason rice cultivation. In addition, due to

current dry sub-surface soil moisture (Figure 1.1.3), farmers in non-irrigated areas reportedly shifted from rice and corn plantings to alternative short growing duration crops like mung beans that requires less water than rice and corn.

**Figure 1.1.2: Annual Off-Season Rice Acreage in Irrigated Area and Available Water Supplies (as of November 18)**



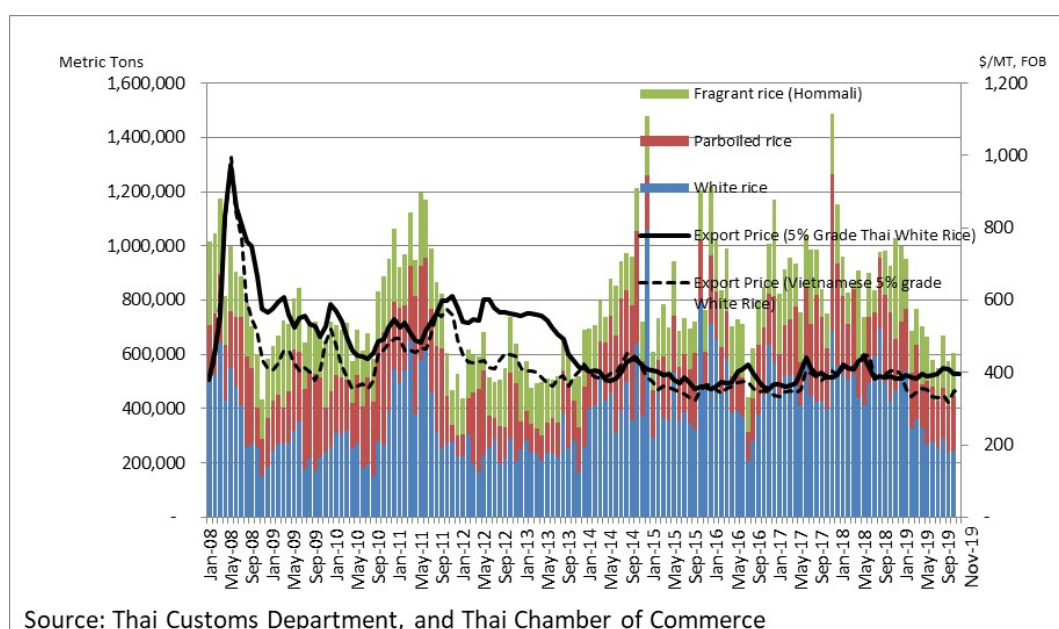
**Figure 1.1.3: Sub-Surface Soil Moisture in Rice Growing Area**



## 1.2 Trade

Post's forecasts for Thai rice exports are revised down to 8.3 million metric tons in 2019 and 8.5 million metric tons in 2020 due to shrinking domestic supplies. According to the Thai Customs Department, Thai rice exports during January – October 2019 totaled around 6.5 million metric tons, down 24 percent from the same period in 2018 due mainly to reduced white and parboiled rice exports. White rice exports totaled around 3.2 million metric tons, down 39 percent from the same period last year due to limited supplies of low-quality white rice after the government sold all of its intervention stocks in 2018. Additionally, the Thai baht further appreciated from 30.40 baht/U.S. \$1.00 in September 2019 to 30.19 baht/U.S. \$1.00 in October 2019. Presently, Thai white rice exports remain uncompetitive. Thai rice export prices are still U.S. \$50/MT higher than Vietnamese rice, which is a major competitor in African markets. Also, exports of parboiled rice during January – October 2019 declined to around 2 million metric tons, down 15 percent from the same period last year due to price competition from Indian rice, which is U.S. \$30-35/MT cheaper.

**Figure 1.2.1: Monthly Thai Rice Exports by Variety**

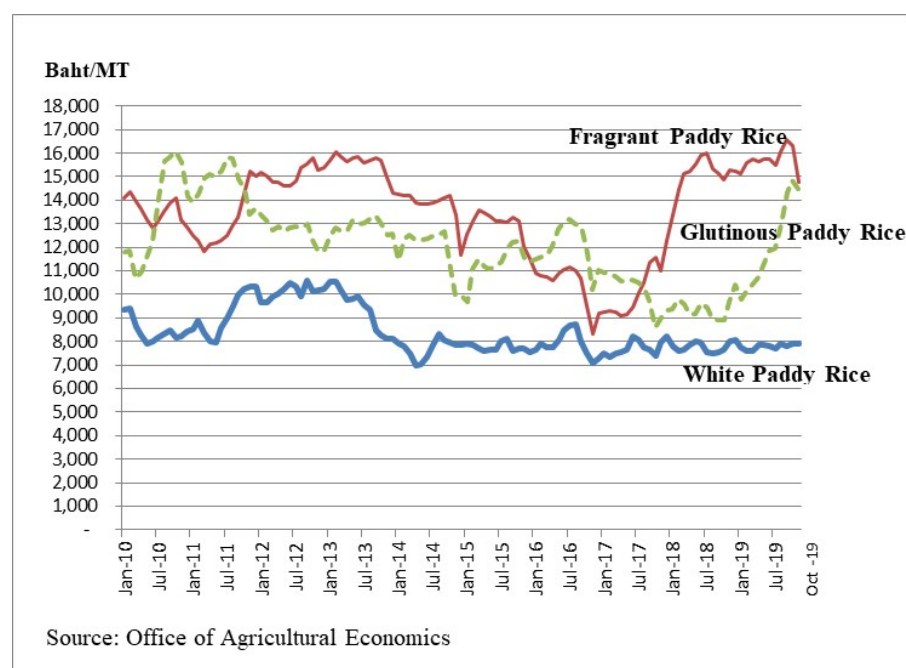


## 1.3 Policy

The government agreed to a 2,572 million baht (U.S. \$92 million) budget for additional domestic support programs to help stabilize domestic prices of MY2019/20 main rice crop production, particularly for fragrant paddy rice (Hom Mali fragrant rice). Farm-gate prices of fragrant paddy rice are under downward pressure as supplies of main rice crop approached their peak (Figure 1.3.1). However, farmers who planted Hom Mali fragrant rice did not receive compensation under the current MY2019/20 Paddy Rice Price Guarantee Program as the market prices are still higher than guarantee prices since October 15, 2019, when the program began to pay compensation for farmers (Table 1.3.1).

The approved domestic support programs consist of (1) the Paddy Rice Pledging program for fragrant and glutinous paddy rice (1,500 million baht (U.S. \$50 million)); (2) a Soft Loan Program for Farmer Institutions to purchase paddy rice (562 million billion baht (U.S. \$19 million)); and (3) Interest Rate Compensation Program for rice millers to hold paddy rice stocks for 2-6 months (510 million baht (U.S. \$17 million)) with the combined target of 6.5 million tons of paddy rice. The government set the loan rates for fragrant and glutinous paddy rice 30-40 percent lower than current market prices (Table 1.3.2). Additionally, famers participating in the pledging program will receive a storage cost subsidy of 1,500 baht per metric ton (U.S. \$50/MT). The pledging program target is set at one million metric tons of paddy rice. These additional domestic support programs will be proposed for Cabinet approval on December 3, 2019.

**Figure 1.3.1: Monthly Farm-gate Prices of Rice Paddy**



**Table 1.3.1: Paddy Rice Price Guarantee for MY2019/20 Main Rice Crop**

Paddy Rice Varieties	Guarantee Price (Baht/Metric Ton)	Eligible Tonnage (Metric Ton)
White Paddy Rice	10,000	30
Fragrant Paddy Rice (Hom Mali)	15,000	14
Pathumthani Fragrant Paddy Rice	11,000	25
Provincial Fragrant Paddy Rice	14,000	16
Glutinous Paddy Rice	12,000	16

Source: Ministry of Commerce



**Table 1.3.2: On-Farm Pledging Program for MY2019/20 Paddy Rice**

Rice Paddy Varieties	Target	Loan Rate (Baht/Metric Ton)		Market Price
	(Metric Ton)	MY2018/19	MY2019/20	(Baht/Metric Ton)
Hom Mali Fragrant Rice	1	11,800	11,000	14,776
Provincial Fragrant Rice		-	9,900	14,500
Glutinous Rice		10,200	8,700	14,468
Source: Ministry of Commerce				

## 2. Corn

Post's forecast for MY2019/20 corn production remains unchanged at 4.4 million metric tons. This is a 22 percent reduction from MY2018/19 due to the infestation of fall army worm and a dry spell during June - July 2019.

The government is considering the details of the Price Guarantee Program to help corn farmers. Farm-gate prices of corn in November 2019 were around 7,600 baht per metric ton (U.S. \$253/MT), which declined around 9 percent from the same period last year (Figure 2.1). This is lower than the minimum purchase prices, which were set at 8,000 baht per metric ton (U.S. \$267/MT) under the government's domestic absorption program that requires feed mills to purchase domestic corn prior to the import of feed wheat at a 3 to 1 absorption ratio.

**Figure 2.1: Monthly Farm-gate Prices of Corn**



### 3. Wheat

MY2019/20 wheat imports are revised up to 3.3 million metric tons. This is a 14 percent increase from MY2018/19 mainly due to an increase in milling wheat imports. Flour mills reportedly built up their wheat grain inventories in anticipation of possible trade disruption from the Thai government's measures to ban three agricultural pesticides, which will result in a zero tolerance for pesticide residuals (paraquat, glyphosate, and chlorpyrifos) for all agricultural product imports, including wheat grain. The government aims to enact the pesticide ban on December 1, 2019, with a grace period of 30 days (please see [TH2019-0111: Update on the Ban on Three Active Ingredients](#)). Farmers and related food and agricultural industries voiced their concerns with the government about the economic impacts of approximately 1.7 trillion baht (U.S. \$57 billion) on Thai agricultural business if the ban is instituted. Meanwhile, Post's forecast for MY2019/20 feed wheat imports are expected to remain unchanged at 1.7 million metric tons, up 11 percent from MY2018/19. Despite the concerns about trade disruption from the government's ban on chemical pesticides, the feed mills' ability to build up their feed wheat inventories is limited due to the government's restrictions on feed wheat imports that require feed mills to purchase locally produced corn, which is currently in short supplies caused by the fall armyworm outbreak.



## Appendix Tables

**Table 1: Thailand’s Rice Production, Supply and Demand**

Rice, Milled	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10756	10756	10830	10830	10900	10320
Beginning Stocks	4238	4238	3009	2940	3699	4380
Milled Production	20577	20577	20340	20340	20500	19130
Rough Production	31177	31177	30818	30818	31061	28985
Milling Rate (.9999)	6600	6600	6600	6600	6600	6600
MY Imports	250	200	250	200	250	200
TY Imports	250	200	250	200	250	200
TY Imp. from U.S.	4	0	0	0	0	0
Total Supply	25065	25015	23599	23480	24449	23710
MY Exports	11056	11075	8200	8300	8500	8500
TY Exports	11056	11075	8200	8300	8500	8500
Consumption and Residual	11000	11000	11700	10800	11400	11000
Ending Stocks	3009	2940	3699	4380	4549	4210
Total Distribution	25065	25015	23599	23480	24449	23710
Yield (Rough)	2.8986	2.8986	2.8456	2.8456	2.8496	2.8086

(1000 HA) ,(1000 MT) ,(MT/HA)

**Table 2: Thailand’s Rice Production by Crop**[illegible]

**Table 3: Thailand's Corn Production, Supply and Demand**

Corn	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1125	1,124	1300	1296	1190	1180
Beginning Stocks	143	143	144	166	273	1045
Production	5000	5000	5600	5625	5200	4365
MY Imports	700	700	700	1200	900	700
TY Imports	700	700	900	1200	900	700
TY Imp. from U.S.	4	0	0	0	0	0
Total Supply	5843	5843	6444	6991	6373	6110
MY Exports	199	177	171	146	100	50
TY Exports	223	202	111	146	100	50
Feed and Residual	5400	5400	5900	5700	6000	5700
FSI Consumption	100	100	100	100	100	100
Total Consumption	5500	5500	6000	5800	6100	5800
Ending Stocks	144	166	273	1045	173	260
Total Distribution	5843	5843	6444	6991	6373	6110
Yield	4.4444	4.4484	4.3077	4.3403	4.3697	3.6992
(1000 HA) ,(1000 MT) ,(MT/HA)						

**Table 4: Thailand's Wheat Production, Supply and Demand**

Wheat	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0	0	0
Beginning Stocks	805	805	671	716	495	590
Production	0	0	0	0	0	0
MY Imports	3173	3168	2899	2899	3100	3300
TY Imports	3173	3168	2899	2899	3100	3300
TY Imp. from U.S.	666	578	719	680	0	800
Total Supply	3978	3973	3570	3615	3595	3890
MY Exports	257	257	275	275	250	280
TY Exports	257	257	275	275	250	280
Feed and Residual	1850	1700	1600	1400	1600	1500
FSI Consumption	1200	1300	1200	1350	1225	1390
Total Consumption	3050	3000	2800	2750	2825	2890
Ending Stocks	671	716	495	590	520	720
Total Distribution	3978	3973	3570	3615	3595	3890
Yield	0	0	0	0	0	0
(1000 HA) ,(1000 MT) ,(MT/HA)						

End of Report.

**Attachments:**

No Attachments