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Report Highlights:

FAS Bangkok (Post) expects soybean imports to rebound in Marketing Year (MY) 2022/23 and further increase to around 4 million metric tons in MY2023/24, driven by strong demand for poultry and swine feed. Soybean meal imports in MY2022/23 and MY2023/24 are expected to fluctuate after the surge in MY2021/22, when full fat soybean supplies were tight. Palm oil consumption is expected to rebound in MY2022/23 and further increase in MY2023/24, driven by the increase in mandatory blend rate of biodiesel.

Executive Summary

Post forecasts soybean imports to rebound to 3.9 million metric tons in MY2022/23 and further increase to around 4 million metric tons in MY2023/24 from the shrinking soybean imports in MY2021/22, mainly due to strong demand in poultry and swine feed following expected growing poultry production and the recovery in swine production. Demand for soybean in the food industry is also expected to continue to grow in line with the economic recovery, driven by the increase in foreign tourists to the levels prior to the pandemic. Meanwhile, domestic demand for soybean cooking oil in MY2022/23 is expected to decline to normal consumption levels, compared to the unusual high demand for soybean cooking oil in MY2021/22 when palm oil prices surged to the historical high levels. However, imports of soybean meal in MY2021/22 increased significantly despite a reduction in swine production which was caused by the African Swine Fever (ASF) outbreak. Poultry and swine farmers substituted soybean meal with full fat soybean in their feed rations in MY2021/22 due to tight supplies of full fat soybeans caused by the shortage of container shipments, especially from the United States.

Palm oil production is expected to continue the upward trend to 3.4 million metric tons in MY2022/23 and 3.5 million metric tons in MY2023/24 due to continued increase in harvesting areas. Domestic consumption of palm oil will likely rebound in MY2022/23 and continue to grow in MY2023/24 in anticipation of the increase in biodiesel production after palm oil prices eased in the second half of 2022. The government began to increase the mandatory blend rates to 7 percent since October 2022 from a minimum blend rate of 5 percent during February - September 2022, when palm oil prices reached record high.

Section 1: Oilseed Situation and Outlook

1.1 Soybean Production

Table 1.1.1: Thailand's Soybean Production, Supply and Distribution

Oilseed, Soybean Market Year Begins	2021/2022		2022/2023		2023/2024	
	Sep 2021		Sep 2022		Sep 2023	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	32	32	32	32	0	32
Area Harvested (1000 HA)	32	32	32	32	0	32
Beginning Stocks (1000 MT)	491	491	180	110	0	246
Production (1000 MT)	52	52	52	52	0	52
MY Imports (1000 MT)	3243	3243	4100	3900	0	3980
Total Supply (1000 MT)	3786	3786	4332	4062	0	4278
MY Exports (1000 MT)	1	1	1	1	0	1
Crush (1000 MT)	2500	3000	2800	2830	0	2950
Food Use Dom. Cons. (1000 MT)	260	275	285	285	0	295
Feed Waste Dom. Cons. (1000 MT)	845	400	950	700	0	750
Total Dom. Cons. (1000 MT)	3605	3675	4035	3815	0	3995
Ending Stocks (1000 MT)	180	110	296	246	0	282
Total Distribution (1000 MT)	3786	3786	4332	4062	0	4278
Yield (MT/HA)	1.625	1.625	1.625	1.625	0	1.625
(1000, (1000 MT), (MT/HA))						

Soybean production is marginal at 50,000 – 60,000 metric tons. Farmers have no incentive to expand soybean acreage due to unattractive returns compared to other field crops like corn and cassava. Also, the Thai government still bans the cultivation of all transgenic or biotech plants, including soybeans. Moreover, the government did not provide any direct financial assistance, especially for the price guarantee program that other field crops receive, other than the domestic purchase requirement for those who want to import soybeans.

1.2 Soybean Consumption

1.2.1 Crushing Demand

Around 70 percent of soybeans are crushed for cooking oil. There are four active soybean crushers in Thailand, which are (1) Thai Vegetable Oil (TVO), (2) Thanakorn Vegetable Oil Products (TVOP), (3) Porn Amnuay Sup Vegetable Oil, and (4) Industrial Enterprise Co., Ltd. Besides the sales of cooking oil products, the largest portion of crushers' revenue is the sales of byproducts from the soybean crushing process, especially for soybean meal for animal feed.

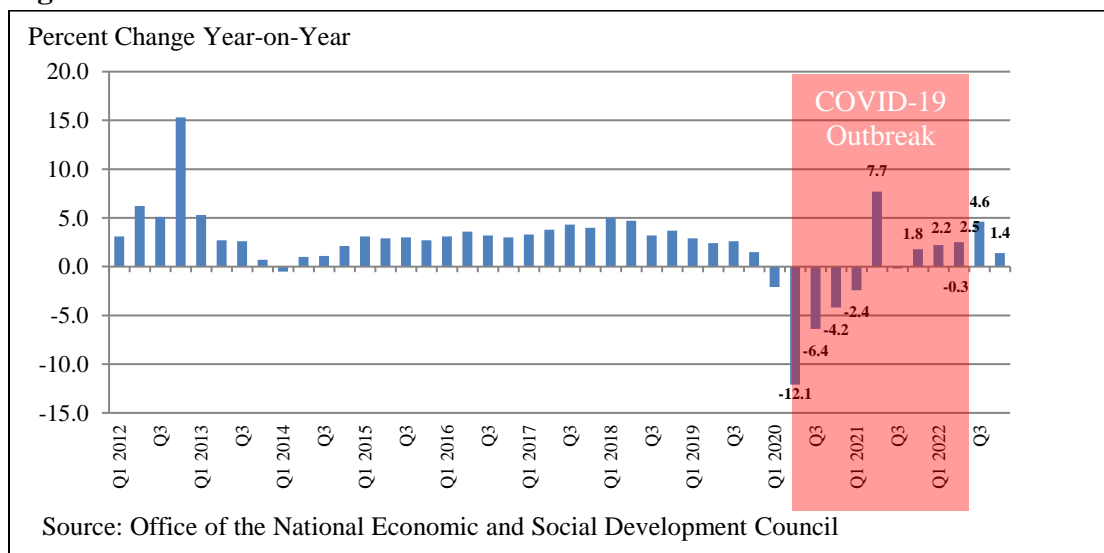
Post forecast MY2023/24 soybean crushing demand to increase around 4 percent in anticipation of growing domestic consumption of cooking oil and demand for soybean meal in poultry and swine feed in line with recovery in hotel and service sector. The government forecast the Thai economy to grow by 3.6 percent in 2023 and 3.8 percent in 2024, driven by expected increase in foreign tourists to 28 million

in 2023, and 35 million in 2024, which are close to 40 million foreign tourists prior to the COVID outbreak in 2019.

MY2022/23 soybean crushing demand is expected to decline around 6 percent from MY2021/22, in anticipation of reduced domestic consumption of soybean cooking oil. Consumers began to shifted to palm oil in the first half of MY2022/23 as palm oil prices fell to normal levels which were 25 percent cheaper than soybean oil. The Ministry of Industry’s Office of Industrial Economics (OIE) reported that soybean oil consumption in the first five months of MY2022/23 declined 28 percent from the same period last year.

MY2021/22 soybean crushing demand for cooking oil increased around 3 percent, which was well above the slow economic recovery of 1.6 percent in 2021 and 2.6 percent in 2022 (Figure 1.2.1), due to strong domestic demand for soybean cooking oil. Consumers substituted soybean oil for palm oil as domestic prices of palm oil reached the record high in the first half of 2022 due to global tight supplies caused by the Russia’s invasion of Ukraine. According to the OIE, palm oil consumption in MY2021/22 declined 12 percent from MY2020/21.

Figure 1.2.1: Thailand’s Economic Growth



1.2.2 Food Use

Soybeans used in beverage and processed food production is trending upwards, especially for soymilk and soy sauces. Demand for food-quality soybeans in beverage and processed food account for approximately 8 percent of total soybean consumption. Soy milk reportedly accounts for 30-40 percent of total UHT milk market, up from around 15 percent over the past two decades, following the healthy drink trend. Industrial sources expect Thailand’s soymilk per capita consumption to be 12 liters, compared to 18 liters for cow’s milk, which is far below the global per capita average of 113 liters of cow’s milk.

MY2022/23 and MY2023/24 food-quality soybean demand for beverage and processed food production is expected to grow around 4 percent annually, driven by strong exports of soy sauces and recovery in domestic soymilk consumption in line with the domestic and global economic recovery from the COVID-19 outbreak. Also, one of the largest soymilk manufacturers reportedly expanded the production capacity of soymilk by approximately 20 percent in 2023. Meanwhile, MY2021/22 food-quality soybean demand increased around 2 percent. This is lower than expected due to reduced exports of soy sauces by 22 percent in MY2021/22, which hindered consumption growth of soybean in soymilk production which grew by around 3 percent.

1.2.3 Feed Use

Soybeans can be processed through cooking and roasting to make full fat soybeans. Full fat soybeans are usually used in feed rations when the costs of full fat soybeans are less expensive than the combined costs of soybean meal and oil ingredients. Post forecasts MY2022/23 and MY2023/24 full fat soybean demand to rebound to average annual demand of 700,000 – 800,000 metric tons due to continued growing poultry production and anticipated increase in swine farming after the African Swine Fever (ASF) outbreak over the past years. The Thai Feed Mill Association expects the swine feed demand to increase by 15 percent in 2023 as swine farmers become more optimistic and expand their production after the new ASF outbreak reduced the pig population substantially. The Department of Livestock Development reported to the World Organization for Animal Health on January 2023 that only 7 new ASF outbreaks were detected between November 16 and December 25, 2022. As of January 5, 2023, a total of 114 outbreaks have been reported in 35 out of 77 provinces since January 2022.

MY2021/22 full fat soybean demand declined significantly due to reduced swine production caused by ASF outbreak. The demand for full fat soybeans in poultry feed, which grew by 3 percent in MY2021/22, also declined significantly as farmers substituted soybean meal with full fat soybean. Full fat soybean prices in MY2021/22 were 26 percent higher than soybean meal due to high freight costs and tight container supplies, especially for full fat soybean shipments from the United States. Average import prices of full fat soybean in MY2021/22 increased 23 percent from the previous year, compared to those of soybean meals which increased at a lesser degree by around 11 percent.

1.3 Soybean Trade and Policy

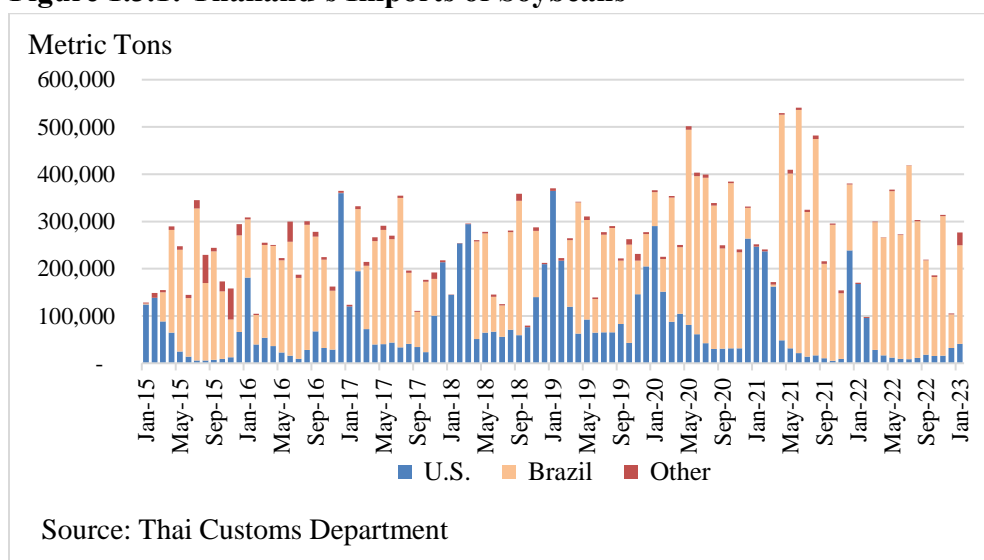
Thailand relies heavily on imported soybeans to meet domestic demand for vegetable oil, food, and animal feed as domestic soybean production is marginal. According to Thailand's commitment with World Trade Organization (WTO), soybean imports are subject to a Tariff-Rate Quota of 10,922 metric tons with a 20 percent in-quota tariff and an 80 percent out-of-quota tariff. However, the government always allows unlimited duty-free imports of soybeans every year from WTO member countries due to insufficient domestic production. The government approved unlimited imports of duty-free soybeans

between 2023 and 2025 on November 29, 2022. However, the government allowed only 16 food processing companies and importers who are members of eight trade associations to import¹.

Post forecasts MY2022/23 and MY2023/24 soybean imports to rebound from MY2021/22 to 3.9 and 4.0 million metric tons, respectively, mainly due to strong demand for soybeans in poultry and swine feed following continued growing broiler production and expected recovery in swine production. Also, demand for soybean in food industry is likely to continue to grow in line with the economic recovery, driven by the increase in foreign tourists to the levels prior to the pandemic.

Soybean imports in the first five month of MY2022/23 totaled 1.1 million metric tons, down 9 percent from the same period in the previous year. Soybean imports from Brazil, which accounted for 86 percent of total soybean imports, increased 23 percent from the same period last year. Meanwhile, imports of U.S. soybean, which accounted 11 percent of total soybean imports, declined 72 percent from the same period last year due mainly to the reduced imports of full fat soybeans that more than offset the increased U.S. food-quality soybean import demand, following the tight supplies of container shipments.

Figure 1.3.1: Thailand’s Imports of Soybeans



MY2021/22 soybean imports totaled 3.2 million metric tons. This is a 22 percent reduction from MY2020/21 due to reduced import demand for feed-quality soybean caused by the African Swine Fever (ASF) outbreak in swine production. Also, farmers shifted to soybean meals which were relatively cheaper than full fat soybean. The reduced feed-quality soybean for full fat soybean production more than offset the increased soybean import demand from crushing and food processing industry. Soybean imports from Brazil which accounted for 80 percent of total soybean imports declined 12 percent from MY2020/21 due to reduced full fat soybean that offset the increased soybean imports for cooking oil

¹ The eight permitted trade associations are the Soybean Oil and Rice Bran Oil Association, the Thai Feed Mill Association, the Feedstuff Users Promotion Association, the Thai Livestock Association, the Association of Agricultural Trade with Neighboring Countries, the Association of Agricultural Trade and Processing Industries, Food Processors Association, and Thai Beverage Association.

production. Import demand for U.S. soybean declined to a larger degree by 46 percent as U.S. soybeans continued to lose the market share to Brazilian soybeans from 27 percent in MY2020/21 to 19 percent in MY2021/22, especially for full fat soybeans, caused by the shortage supplies of container shipments from the United States to Thailand. The reduced imports of U.S. full fat soybeans more than offset import demand for U.S. food-quality soybeans which increased slightly from MY2020/21. The U.S. food-quality soybean accounted for around 70 percent of total food-quality soybean imports in MY2021/22.

Section 2: Oil Meals

2.1 Soybean Meal

2.1.1 Production

Figure 2.1.1.1: Thailand’s Soybean Meal Production, Supply and Distribution

Meal, Soybean Market Year Begins	2021/2022		2022/2023		2023/2024	
	Sep 2021		Sep 2022		Sep 2023	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	2500	3000	2800	2830	0	2950
Extr. Rate, 999.9999 (PERCENT)	0.7776	0.7783	0.7793	0.7774	0	0.7797
Beginning Stocks (1000 MT)	40	40	61	327	0	117
Production (1000 MT)	1944	2335	2182	2200	0	2300
MY Imports (1000 MT)	3077	3077	2800	2400	0	2700
Total Supply (1000 MT)	5061	5452	5043	4927	0	5117
MY Exports (1000 MT)	125	125	100	110	0	110
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	4875	5000	4850	4700	0	4900
Total Dom. Cons. (1000 MT)	4875	5000	4850	4700	0	4900
Ending Stocks (1000 MT)	61	327	93	117	0	107
Total Distribution (1000 MT)	5061	5452	5043	4927	0	5117

(1000 MT), (PERCENT)

Soybean meal production is the byproduct from cooking oil extraction using mostly imported soybeans due to limited supplies of domestic soybean production. Locally produced soybean meal is reportedly more premium than imported soybean meal due to greater freshness with higher quality standards. Feed mills normally pay 1-2 percent higher for local soybean meal. However, prices of locally produced soybean meal in 2022 and in the first two months of 2023 were respectively 7 percent and 5 percent higher than imported soybean meal due to the disadvantage of imported soybean meal from high freight costs. Post forecasts locally produced soybean meal to increase around 5 percent in MY2023/24 due to increased cooking oil production and growing demand for soybean meal in livestock feed, especially for broiler and swine production which is recovering from the ASF outbreak.

MY2022/23 soybean meal production is expected to decline to 2.2 million metric tons. This is a 6 percent reduction from MY2021/22 due to reduced production of cooking oil. Soybean oil production in

the first five months of MY2022/23 declined 24 percent from the same period last year. Consumers shifted to relatively cheaper palm oil when palm oil prices fell to normal levels.

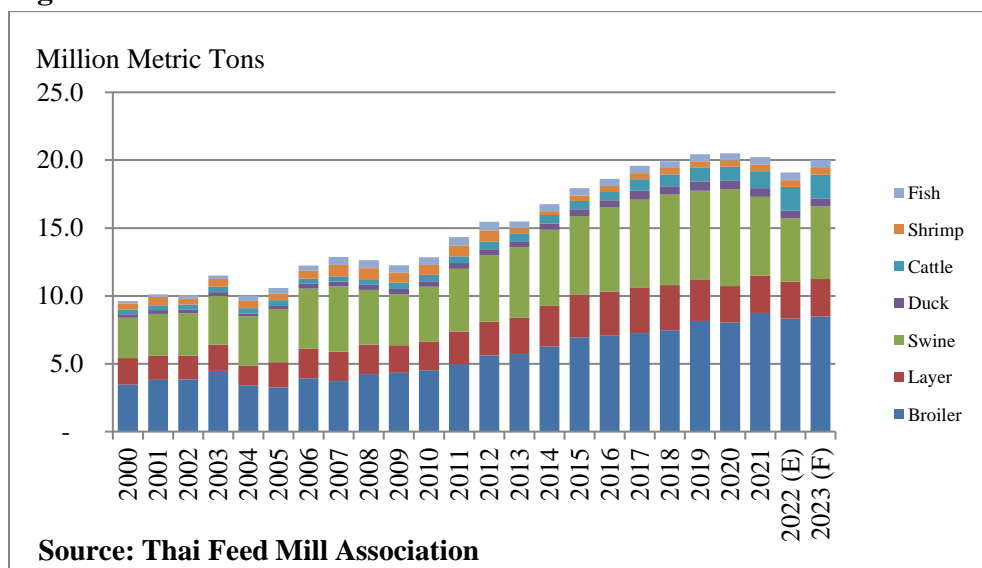
MY2021/22 soybean meal production increased around 3 percent from MY2020/21. This is well above the slow economic recovery of 1.6 percent in 2021 and 2.6 percent in 2022, due to strong domestic demand for soybean cooking oil to substitute for palm oil while palm oil prices were under upward pressure in MY2021/22 due to global tight supplies caused by the Russia's invasion of Ukraine.

2.1.2 Consumption

Soybean meal is mainly used for livestock feed with a small portion being used for soybean sauce and curd production. Post forecasts MY2023/24 soybean meal consumption to increase 4 percent from MY2022/23 in line with continued growing poultry production and anticipated full recovery in swine production from the ASF outbreak. This is driven by strong domestic demand for chicken and pork meat following the growing local economy from the recovery in hotel and service sector as foreign tourists are likely to increase to normal levels prior to the COVID-19 outbreak.

MY2022/23 soybean meal consumption is expected to decline 4 percent from the unusually high levels in MY2021/22 despite growing poultry and anticipated recovery in swine production. Poultry and swine farmers are likely to use full fat soybeans in their feed rations as average import prices of full fat soybean leveled off in the first half of MY2022/23 after a surge by 25 percent in MY2021/22. The Thai Feed Mill Association expected total feed demand to increase 5 percent in 2023 (Figure 2.1.2.1), mainly driven by increased swine feed demand in 2023 by 15 percent from the ASF-triggered reduction in swine feed demand by 20 percent in 2022.

Figure 2.1.2.1: Feed Demand in Thailand



MY2021/22 soybean meal consumption is forecast to increase around 4 percent from MY2020/21. This is far above the average annual feed demand in 2022 which declined approximately 6 percent from 2021, as poultry and swine farms substituted soybean meal with full fat soybean in their feed rations. Full fat soybean prices in MY2021/22 were 26 percent higher than soybean meal due to high freight costs and tight container supplies, especially for full fat soybean shipments from the United States. Demand for soybean meal in poultry feed accounts for 70 percent of total soybean meal demand in feed rations in 2022, which increased from 65 percent in 2021, followed by 23 percent in swine feed which declined from 30 percent in 2021.

Feed mills rely on imported alternative feed ingredients depending on the availability of locally produced corn and duty-free imported corn from neighboring countries. The reduced import demand for imported alternative feed ingredients, especially for feed wheat, DDGS, and barley, is due to surge in prices in 2022 caused by disruption from Russia's invasion of Ukraine, a shortage in supplies of container shipments, and high freight costs. Soybean meal and alternative feed ingredients are substitutable to a certain degree depending on the digestibility, which is different by livestock species. However, soybean remains the essential protein sources for livestock in Thailand (Table 2.1.2.1).

Table 2.1.2.1: Thailand's Protein Meal Use (Soy Meal Equivalent)

Unit: Thousand Metric Tons

	MY2020/21	MY2021/22	MY2022/23 (Estimate)	MY 2023/24 (Forecast)
Soybean	4,800	5,000	4,700	4,900
Sunflower Seed	63	65	68	70
Rape Seed	255	285	295	310
Copra	-	-	-	-
Cotton Seed	-	-	-	-
Palm Kernel	230	250	253	258
Peanut	-	-	-	-
Fish	385	376	397	412
Corn Gluten Meal	-	-	-	-
DDGS	275	120	120	120
Total	6,008	6,096	5,833	6,070
% Change	1.2	1.5	-4.3	4.1

2.1.3 Trade and Policy

Imported soybean meal is mostly used for feed. Post forecast MY2023/24 soybean meal imports to rebound to 2.7 million metric tons. This is a 12 percent increase from a 22 percent reduction in MY2022/23 in line with continued growing poultry production and anticipated recovery in swine production. Also, soybean crushers are expected to have normal carry-over stocks of soybean meal following normal market demand for soybean oil and palm oil.

MY2022/23 soybean meal imports are expected to decline to 2.4 million metric tons, down 22 percent from MY2021/22. Soybean meal import demand in the first five months of MY2022/23 declined around 10 percent from the same period last year due to available supplies of locally produced soybean meals. Soybean crushers had large carry-over stocks of soybean meals in MY2021/22 which increased 20 percent from the previous year, following strong demand for soybean oil. Increased domestic production of cooking oil created larger supplies of domestically produced soybean meal.

MY2021/22 soybean meal imports increased to 3.1 million metric tons. This is a 15 percent increase from MY2020/21 despite reduced feed demand by 6 percent in 2022 due to reduced supplies of full fat soybeans. Soybean meal imports from Brazil which accounted for 89 percent of total soybean meal imports increased 20 percent from MY2020/21. Also, imports of U.S. soybean meals which accounted for 3 percent of total soybean meal imports increased significantly from MY2020/21.

Soybean meal imports are subject to a 230,559 metric ton TRQ with a 20 percent in-quota tariff and a 119 percent out-of-quota tariff rate, according to Thailand's WTO commitments. However, the government lowered the in-quota tariff rate to 2 percent with unlimited imports since 2009 to help reduce production costs for the livestock industry. On October 6, 2020, the Cabinet continued to allow unlimited in-quota imports of soybean meal for three years (2021 – 2023). The in-quota tariff rate remains unchanged at 2 percent. The Thai government still limits import permits to 11 trade

associations.² The Ministry of Commerce's Department of Internal Trade continues to require eligible soybean meal importers to purchase locally produced soybean meal at prices not below 14.58 baht per kilogram (U.S. \$470/MT) in 2023, the same level as in 2022.

On October 20, 2020, the Cabinet agreed to maintain the importation of soybean meal for food processing under the quota allocation basis with a 10 percent in-quota tariff rate. That is the same rate that was set in March 2018 when the Cabinet first approved importation of soybean meal for food processing. The out-of-quota tariff rate is 133 percent. This policy intends to provide Thai processors of soybean sauce and curd with sufficient raw material supplies when domestic availability is low. The maximum quota of soybean meal for food processing is set at 230,559 metric tons per annum for three years (2021 – 2023). On January 20, 2023, the Ministry of Commerce's Department of Foreign Trade announced the import quota allocation of 8,000 metric tons of soybean meal to two food processors in 2023.

The Cabinet lifted a long-standing export ban on soybean meal since April 2016. On November 1, 2022, the Ministry of Commerce's Department of Foreign Trade allocated an export quota of 396,821 metric tons of soybean meal in 2023 to four soybean oil crushers in the following amounts: (1) 206,443 metric tons for Thai Vegetable Oil Public Company Limited; (2) 169,607 metric tons for Thanakorn Vegetable Oil Products Co., Ltd.; (3) 15,405 metric tons for Sime Darby Oils Morakot Public Company Limited; and (4) 5,367 metric tons for PAS Produce Export and Silo Co., Ltd.

² The 11 permitted trade associations include (1) Thai Livestock Association, (2) Thai Broiler Processing Exporters Association, (3) Thai Feed Mill Association, (4) Association of Broiler Raisers for Export, (5) Association of Duck Raisers for Trade and Export, (6) National Swine Raisers Association, (7) Poultry Promotion Association of Thailand, (8) Feedstuff Users Promotion Association, (9) Agricultural Produce Traders Association, (10) Association of Agricultural Trade and Processing Industries, and (11) Thai Federation of Dairy Cooperatives of Thailand.

2.2 Fish Meal

2.2.1 Production

Table 2.2.1.1: Thailand’s Fish Meal Production, Supply and Distribution

Meal, Fish Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jan 2022		Jan 2023		Jan 2024	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction (1000 MT)	1100	1150	1100	1150	0	1170
Extr. Rate, 999.9999 (PERCENT)	0.3182	0.3043	0.3091	0.3043	0	0.3162
Beginning Stocks (1000 MT)	8	8	9	14	0	15
Production (1000 MT)	350	350	340	350	0	370
MY Imports (1000 MT)	48	48	55	56	0	55
Total Supply (1000 MT)	406	406	404	420	0	440
MY Exports (1000 MT)	132	132	125	130	0	140
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	265	260	270	275	0	285
Total Dom. Cons. (1000 MT)	265	260	270	275	0	285
Ending Stocks (1000 MT)	9	14	9	15	0	15
Total Distribution (1000 MT)	406	406	404	420	0	440
(1000 MT), (PERCENT)						

The production of fish meal depends on Surimi and canned tuna production waste and bycatch. The production from Surimi and canned tuna production waste accounts for around two-thirds of total fish meal production. The remaining third are from bycatch products, the supply which is trending downward due to depleted fish supplies in both the Gulf of Thailand and the Andaman Sea. Post forecasts fish meal production in 2024 to increase around 6 percent in anticipation of the increased Surimi and canned tuna production waste in line with growing canned fish production. Meanwhile, fish meal production in 2023 is expected to remain unchanged from 2022 as the increased Surimi and canned tuna production waste is likely to be offset by reduced bycatch products.

2.2.2 Consumption

Post forecasts fish meal demand to increase 6 percent in 2023 and continue to increase 4 percent in 2024 in line with growing poultry and swine production, following the economic recovery from anticipated increase in foreign tourists to the levels prior to the pandemic. Demand for fish meal in poultry feed rations accounts for around half of total fish meal consumption. Also, fish meal demand in shrimp and fish feed rations, which account for around 20 percent of total fish meal consumption, is forecast to continue the upward trend, especially for fish.

In 2022, domestic demand for fishmeal declined 3 percent from 2021 due to reduced swine production caused by the ASF outbreak. The reduced fish meal demand in swine feed rations, which account for around 30 of total fish meal consumption, is expected to offset growing demand for fish meal in poultry and fish feed rations.

2.2.3 Trade and Policy

Thailand exports low-protein fish meal and imports high-protein fish meal. Post forecasts fish meal exports in 2024 to increase 8 percent in anticipation of larger exportable supplies of fish meal from growing canned tuna production. Meanwhile, fish meal exports in 2023 are expected to decline 2 percent from 2022 due to strong domestic demand for fish meal from growing poultry production and the recovery in swine production.

Fish meal exports in 2022 increased 7 percent due to larger exportable supplies of fish meal from growing canned tuna production. Also, domestic demand for fish meal used for animal feed declined due to reduced swine production, caused by the ASF outbreak. Fish meal exports to China, which accounted for 73 percent of total fish meal exports, increased 9 percent from 2021. Exports of fish meal to Japan, which accounted for 13 percent of total fish meal exports, increased 20 percent from 2021.

Post forecasts fish meal imports in 2024 to decline 2 percent due to expected increase in local supplies of fish meal driven by growing canned tuna production for exports. Meanwhile, fish meal imports in 2023 is expected to increase around 17 percent due to strong poultry and swine feed demand while the local supplies of fish meal are likely to be tight.

Fish meal imports in 2022 declined 35 percent from 2021 due to an 11 percent increase in local supplies of fish meal driven by a recovery in canned tuna production for exports. Imports of fish meal from Burma, which accounted for half of total fish meal imports, declined 22 percent from 2021, followed by Vietnam (30%), which accounted for 29 percent of total fish meal imports.

Imports of high-protein fish meal (more than 60 percent protein content) are not subject to import permit requirements or quantity limitations. Meanwhile, imports of low-protein fishmeal (below 60 percent) are subject to import permit requirements. In both cases, the applied import duties are 15 percent. Fish meal imports under the ASEAN Free Trade Area (AFTA), Thai-Australian FTA, Thai-New Zealand FTA, ASEAN-China FTA, and ASEAN-Australia-New Zealand FTA, and Japan-Thailand Economic Partnership Agreement, and Thai-Peru FTA are duty free.

Section 3: Vegetable Oils

3.1 Soybean Oil

3.1.1 Production

Table 3.1.1.1: Thailand's Soybean Oil Production, Supply and Distribution

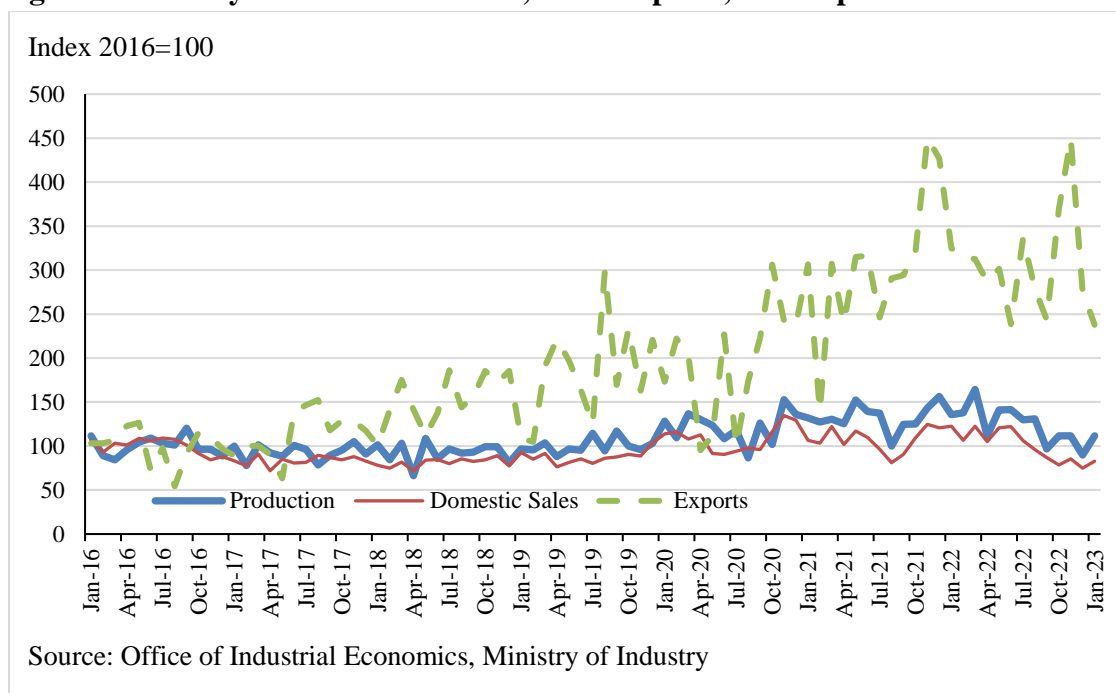
Oil, Soybean Market Year Begins	2021/2022		2022/2023		2023/2024	
	Sep 2021		Sep 2022		Sep 2023	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	2500	3000	2800	2830	0	2950
Extr. Rate, 999.9999 (PERCENT)	0.194	0.1783	0.1793	0.1784	0	0.178
Beginning Stocks (1000 MT)	70	70	43	43	0	39
Production (1000 MT)	485	535	502	505	0	525
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	555	605	545	548	0	564
MY Exports (1000 MT)	160	160	145	145	0	150
Industrial Dom. Cons. (1000 MT)	52	62	50	64	0	66
Food Use Dom. Cons. (1000 MT)	300	340	290	300	0	310
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	352	402	340	364	0	376
Ending Stocks (1000 MT)	43	43	60	39	0	38
Total Distribution (1000 MT)	555	605	545	548	0	564
(1000 MT), (PERCENT)						

Post forecasts MY2023/24 soybean oil production to increase around 4 percent in line with growing domestic economy in 2023 and 2024 which will be driven by the recovery in hotel and food service sectors in anticipation of the increase of foreign tourists to the levels prior to the pandemic. Also, the demand for soybean meal, which is the byproduct of soybean oil production, is expected to be the primary source of revenue in soybean crushing business in line with continued growing poultry production and anticipated recovery in swine production.

MY2022/23 soybean oil production is expected to decline 6 percent from MY2021/22. This is a reduction from an unusual high production of soybean oil in MY2021/22. The OIE's industrial economic survey reported that soybean oil production in the first five months of MY2022/23 declined 24 percent from the same period last year in response to the reduced domestic consumption and exports of soybean oil when domestic and global prices of palm oil eased.

MY2021/22 soybean oil production increased 3 percent from MY2020/21. This is well above the slow economic recovery due to strong demand for soybean oil to substitute palm oil during the surge in palm oil prices caused by the disruption in global supply and trade of sunflower oil when Russia's invasion of Ukraine began in February 2022.

Figure 3.1.1.1 Soybean Oil Production, Consumption, and Exports



3.1.2 Consumption

Post forecasts MY2023/24 soybean oil consumption to increase around 4 percent from MY2022/23. The consumption increase is in line with growing economy, driven by anticipated recovery in hotel and food service sector in 2023 and 2024.

MY2022/23 soybean oil consumption is expected to decline 12 percent from MY2021/22. This is a reduction from the unusual high demand for soybean oil during the surge to a record high of palm oil prices in MY2021/22.

MY2021/22 soybean oil consumption increased 3 percent from MY2020/21 despite the slow economic recovery from the COVID-19 outbreak. The strong domestic demand for soybean oil reflected the substitution of soybean oil for palm oil. Prices of palm oil increased to the record high in the second half of MY2021/22, up around 68 percent from the same period last year due to the disruption in global supply and trade of sunflower oil when Russia's invasion of Ukraine began in February 2022.

3.1.3 Trade and Policy

Post forecasts MY2023/24 soybean oil exports to increase around 3 percent from MY2022/23. The increase is in line with expected economic recovery of trading partners. Meanwhile, soybean oil exports in MY2022/23 are expected to decline 9 percent from MY2021/22 due to competition from palm oil. Soybean oil exports in the first five months of MY2022/23 declined 4 percent from the same period last year. Export of soybean oil to ASEAN countries, which accounted for 72 percent of total soybean oil exports, declined 26 percent. Exports to Vietnam, in particular, declined 35 percent. The reduction in

soybean oil exports to ASEAN countries more than offset the significant increase in soybean oil exports to India, which accounted for 18 percent of total soybean oil exports.

MY2021/22 soybean oil exports totaled 160,007 metric tons. This is a 19 percent increase from MY2020/21 due to tight supplies of palm oil caused by the disruption of trade and supplies of sunflower oil in Ukraine. Exports of soybean oil to ASEAN countries, which accounted for 93 percent of total soybean oil exports, increased 27 percent from MY2020/21. Soybean oil exports to Vietnam, which is Thailand's largest market destination and accounting for 36 percent of total soybean oil exports, increased 42 percent from MY2020/21, followed by Cambodia (34%), the Philippines (12%), and Indonesia (10%) with a combined market share of 42 percent.

Soybean oil imports are marginal as the imports of both crude and refined oil are subject to a tariff-rate quota under Thailand's commitment with WTO. In addition, non-transparent import permit administration discourages imports totaling less than 1,000 metric tons annually. The import quota for soybean oil is limited to 2,281 metric tons with a 20 percent in-quota tariff rate and a 146 percent out-of-quota tariff rate.

3.2 Palm Oil

3.2.1 Production

Table 3.2.1.1: Thailand's Palm Oil Production, Supply and Distribution

Oil, Palm Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jan 2022		Jan 2023		Jan 2024	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	990	984	1000	992	0	1000
Trees (1000 TREES)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	380	380	200	416	0	301
Production (1000 MT)	3150	3376	3260	3415	0	3500
MY Imports (1000 MT)	2	1	2	1	0	0
Total Supply (1000 MT)	3532	3757	3462	3832	0	3801
MY Exports (1000 MT)	825	1031	650	1060	0	1070
Industrial Dom. Cons. (1000 MT)	1283	1375	1350	1510	0	1550
Food Use Dom. Cons. (1000 MT)	1189	925	1250	950	0	980
Feed Waste Dom. Cons. (1000 MT)	35	10	35	11	0	12
Total Dom. Cons. (1000 MT)	2507	2310	2635	2471	0	2542
Ending Stocks (1000 MT)	200	416	177	301	0	189
Total Distribution (1000 MT)	3532	3757	3462	3832	0	3801
Yield (MT/HA)	3.1818	3.4309	3.26	3.4425	0	3.5

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

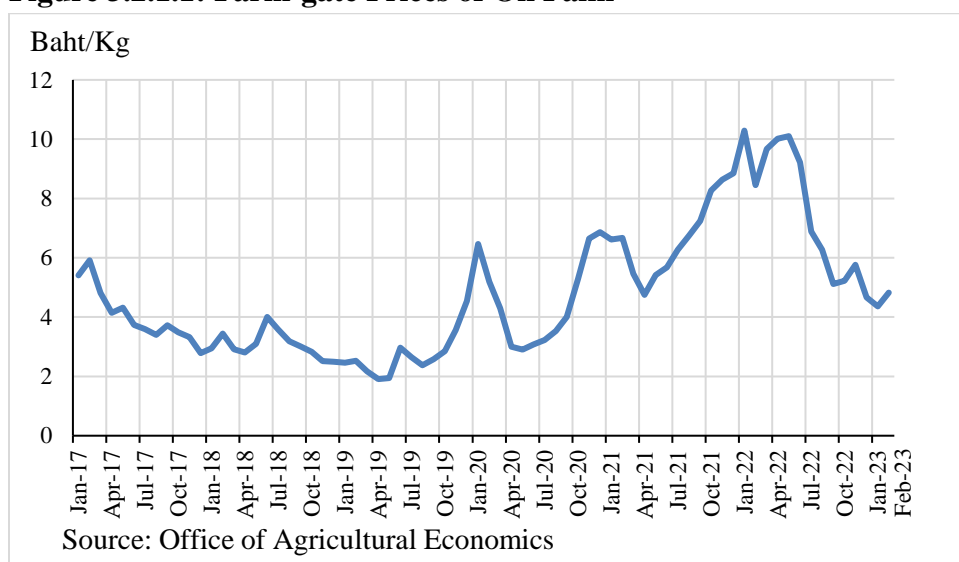
Post forecasts MY2023/24 palm oil production to continue the upward trend to 3.5 million metric tons, up 3 percent from MY2022/23 due to a continued increase in harvesting areas since 2018 with palm oil plantations replaced rubber plantations. The Thai Meteorological Department (TMD) expects normal precipitation in 2023. The TMD reported that cumulative precipitation between January and February

2023 was 80 percent above normal in major growing areas in the southern region and expected precipitation to be close to normal in major oil palm planting areas until May 2023.

MY2022/23 palm oil production is expected to increase to 3.4 million metric tons, up around one percent from MY2021/22 due to favorable weather conditions. Average yield of fresh fruit bunches (FFB) and oil extraction rate is expected to further increase from MY2021/22. The TMD reported precipitation in 2022 was 39 percent above normal precipitation in major growing areas in the southern region, driven by the La Nina phenomenon.

In MY2021/22, palm oil production increased to 3.38 million metric tons, up 14 percent from MY2020/21 due to increased harvesting areas and favorable weather conditions. Average precipitation in 2021 was 15 percent higher than the previous year’s levels and 11 percent above normal. Average yield of fresh fruit bunches (FFB) and oil extraction rate increased significantly following increased uses of fertilizer due to attractive returns. Average farm-gate prices of FFB in 2022 increased to record 7.89 baht per kilogram (\$225/MT), up 22 percent from 2021 (Figure 3.2.1.1).

Figure 3.2.1.1: Farm-gate Prices of Oil Palm



3.2.2 Consumption

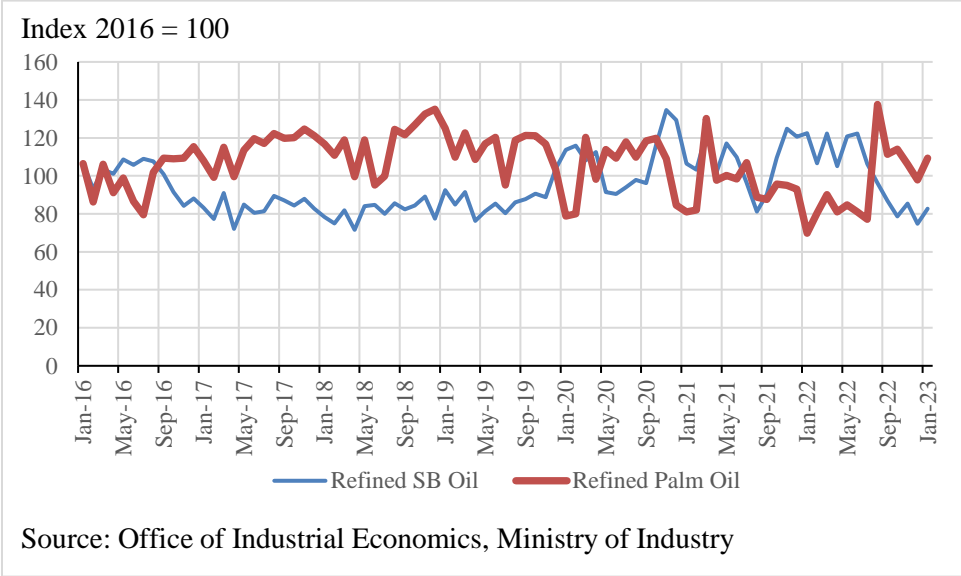
Palm oil is used for food processing, which mainly includes cooking oil, margarine, and non-dairy creamer, as well as for biodiesel production, consumer products like soap and cosmetics, and medical products. Post forecasts MY2023/24 palm oil consumption to increase around 3 percent from MY2022/23 in line with growing food and consumer product industry and strong demand of biodiesel following the economic recovery from the pandemic.

MY2022/23 palm oil consumption is expected to increase around 7 percent from MY2021/22. This increase is well above the average annual economic growth in 2022 and 2023 as palm oil prices had declined since the second half of 2022. Wholesale prices of refined palm oil in March 2023 declined 33

percent from the same period last year. Demand for palm oil in industrial uses is expected to increase around 10 percent due mainly to the increase in biodiesel production following the increase in mandatory blend rates to 7 percent since October 2022 from a minimum of 5 percent during the surge in palm oil prices in the first half of 2022.

Palm oil consumption in MY2021/22 further declined 3 percent from MY2020/21 due to the surge in palm oil prices to a historical high in 2022. Demand for palm cooking oil declined 12 percent in 2022 as consumers shifted to soybean cooking oil (Figure 3.2.2.1). Also, demand for biodiesel declined further in 2022 by around 20 percent as the government reduced the biodiesel mandatory blend rate from 10 percent to 7 percent since the beginning of 2022. In addition, the mandatory blend rates went down further to a minimum of B5 for diesel fuel to help curb retail prices of diesel between February and September 2022. The reduced demand for palm oil in diesel fuel offset the growing palm oil demand in food processing and consumer product industry, which increase significantly from 2021, driven by strong export demand.

Figure 3.2.2.1: Domestic Consumption of Refined Soybean and Palm Cooking Oil



3.2.3 Trade

Thailand's imports of palm oil are marginal as the government protects domestic palm oil producers by allowing only the state-owned Public Warehouse Organization to bring in imports. Nearly all the imports are refined, bleached, and deodorized crude palm oil (RBD).

Post forecasts palm oil exports to further increase by 3 percent in 2023 and around one percent in 2024, due to strong demand from India, driven by trade and supply disruption in sunflower oil in Ukraine. In 2022, palm oil exports increased by 70 percent from 2021, mainly to India totaling 823,222 metric tons which accounted for 85 percent of total palm oil exports.

3.2.4 Stocks

Post forecasts palm oil stocks to decline to around 300,000 metric tons in MY2023/24, and down further to around 200,000 metric tons in MY2022/23 due to strong demand for domestic consumption and exports. This is close to the safety stocks of 250,000 – 300,000 metric tons set by the government.

3.2.5 Policy

On January 17, 2023, the Cabinet approved a budget of 6,128 million baht (U.S. \$175 million) for the price guarantee program to cover MY2022/23 palm oil production between September 2022 and August 2023. The guaranteed prices remain unchanged from the previous year's program at 4 baht per kilogram (U.S. \$114/MT) with a maximum acreage of 25 rai (4 hectares) per household. The guaranteed price is calculated from the production cost of 2,800 baht per metric ton (U.S. \$80/MT), and transportation cost of 250 baht per metric ton (U.S. \$7/MT) with a profit margin of 932 baht per metric ton (U.S. \$27/MT). Farmers eligible for the program will receive compensation under this program when the market prices are lower than the guaranteed price. In MY2021/22, the price guarantee program did not pay any compensation to farmers as market prices were at 8.67 baht per kilogram (\$248/MT), which were above the guaranteed prices.

The upward price pressure on palm oil prices and the surge in crude oil prices in October 2021 to three-year record \$81.4/barrel prompted the government to reduce the B10 mandatory blend rate of biodiesel in diesel fuel to curb retail prices of diesel at 30 baht/liter (\$3.48/gallon). The new mandated blend rates will have multiple blend rates of B7 and B20 (specifically for large trucks) between 2022 and 2023.

Then, B7 will be the only mandatory blend rate for diesel fuel from 2024 onward. However, the government set the range of the biodiesel blend rate at 5-7 percent for B7, 5-10 percent for regular high-speed diesel, and 5-20 percent for B20 during February 5 -March 31, 2022. The minimum blend rate of biodiesel could be reduced to 3 percent, depending on global palm oil prices and local supplies of palm oil available for cooking oil purposes, which is the main priority of the government.

Appendix Tables

Table 1: Thailand's Palm Kernel Oil Production, Supply and Distribution

Oil, Palm Kernel Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jan 2022		Jan 2023		Jan 2024	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	838	900	868	910	0	930
Extr. Rate, 999.9999 (PERCENT)	0.4594	0.4556	0.4551	0.456	0	0.457
Beginning Stocks (1000 MT)	26	26	63	44	0	49
Production (1000 MT)	385	410	395	415	0	425
MY Imports (1000 MT)	15	0	15	0	0	0
Total Supply (1000 MT)	426	436	473	459	0	474
MY Exports (1000 MT)	100	112	140	120	0	125
Industrial Dom. Cons. (1000 MT)	180	190	180	195	0	200
Food Use Dom. Cons. (1000 MT)	83	90	85	95	0	98
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	263	280	265	290	0	298
Ending Stocks (1000 MT)	63	44	68	49	0	51
Total Distribution (1000 MT)	426	436	473	459	0	474
(1000 MT), (PERCENT)						

Table 2: Thailand's Palm Kernel Meal Production, Supply and Distribution

Meal, Palm Kernel Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jan 2022		Jan 2023		Jan 2024	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	838	900	868	910	0	930
Extr. Rate, 999.9999 (PERCENT)	0.4893	0.4889	0.4896	0.489	0	0.4892
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	410	440	425	445	0	455
MY Imports (1000 MT)	235	197	240	210	0	220
Total Supply (1000 MT)	645	637	665	655	0	675
MY Exports (1000 MT)	5	7	5	5	0	5
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	640	630	660	650	0	670
Total Dom. Cons. (1000 MT)	640	630	660	650	0	670
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	645	637	665	655	0	675
(1000 MT), (PERCENT)						

End of report.

Attachments:

No Attachments