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Thailand

Oilseeds and Products

Annual

2001

Approved by:
David Kiefner
U.S. Embassy, Bangkok
Prepared by:
Panida R.

Report Highlights:
Thailand's soybean production is forecast to be unchanged in 2001/02. Imports of beans and meal will likely be at a high level. Bio-safty issues related to GMO's remain a trade problem in Thai export products like poultry feed and canned tuna.

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

Executive Summary

Thailand's production of soybeans is forecast at 325,000 tons in MY 2001/02, the same level as in MY 2000/01. The current favorable prices of soybeans will encourage farmers to continue their planting. The comparative advantage remains in favor of alternative crops, especially corn and mungbeans. Tha growing demand for soybeans will depend heavily on imported beans to supply the livestock, poultry, and aquaculture industries' need for an adequate amount of oilmeals. Fishmeal has been a key alternative to soybean meal and an important component of oilmeal use in the feed industry. Thailand will continue to prove an attractive import market for both soybeans and soybean meal over the next several years. The United States is capturing much of the soybean market, but faces stiff competition from Argentina, Brazil, India and Belize in the soybean meal market.

There has been less concern over the use of genetically modified organism (GMOs) in Thai processed foods by the EU customers. But Saudi Arabia and Egypt have questioned the GMO content in soyoil which is being used in Thai canned tuna. Thailand currently does not have policies or regulations governing the import or use of GMOs, except seeds, and the scientific and technical community appears to favor a scientific approach that will not unnecessaily restrict trade.

The palm oil industry continues its expansion as a greater number of palm trees reach full maturity. Production of palm oil currently is sufficient to meet consumer demand for edible vegetable oils. If bio-diesel becomes a well accepted fuel for farm machinery, Thailand's oil imports could continue to grow.

The 2001 import quota and import duty of soy oil and palm oil under WTO are as follows:

Items	Import Quota (M.T.)		Import Duty (Percent)			
	Min. Volume under WTO	Quantity RTG approved	Within Quota		Above Quota	
			WTO	RTG approved	WTO	RTG approved
Soy oil	2,245	2,245	20	20	150.80	158.80
Palm oil	4,783	4,783	20	20	147.80	147.80

Soybean

PSD Table						
Country: Thailand						
Commodity: Soybean						
	2000		2001		2002	
	Old	New	Old	New	Old	New
Market Year Begin		09/1999		09/2000		09/2001
Area Planted	240	232	235	234	0	234
Area Harvested	220	230	225	230	0	230
Beginning Stocks	219	219	159	301	89	226
Production	330	320	320	325	0	325
MY Imports	700	1192	700	1100	0	1100
MY Imp. from U.S.	400	770	400	800	0	800
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1249	1731	1179	1726	89	1651
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	850	850	850	900	0	900
Food Use Dom. Consump.	150	200	150	200	0	200
Feed Waste Dom.Consum.	90	380	90	400	0	400
Total Dom. Consumption	1090	1430	1090	1500	0	1500
Ending Stocks	159	301	89	226	89	151
TOTAL DISTRIBUTION	1249	1731	1179	1726	89	1651
Calendar Year Imports	800	1008	700	1200	0	700
Calendar Yr Imp. U.S.	400	646	400	800	0	400
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PRODUCTION/CROP ASSESSMENT

Soybean production is scattered throughout the northern half of Thailand and some is also in the northeast region. The planted area in MY 2001/02 is forecast to be about the same as the current year since the present price is not attractive enough to stimulate area expansion. Soybean production in MY 2000/01 is forecast at 325,000 tons, a slight increase from 1999/00 as the weather was dry during harvesting of the dry season crop some and small damage occurres in the wet season crop. The alternative field crops remain corn, mung bean and other dry beans which could provide better returns to producers. The inadequate supply of HYV seed continues to be one of the main factors keeping yields at unimpressive levels.

CONSUMPTION

Nearly 60 percent of the soybeans produced (plus 1.1 mmt of imported beans) in MY 2000/01 will be crushed into feed and edible oil, 14 percent will go to food, 26 percent is used for seeds and the remainder utilized as full-fat feed. The zero import duty on soybeans has encouraged feed manufacturers to use more soybeans in their full-fat feed producing. As a result, feed waste domestic consumption could go up to 400,000 tons this year.

Food use of soybeans remains strong in the traditional (soy sauce, soy milk and tofu) as well as vegetarian food sectors. Reasearch to utilize soybeans as a protein substitute in food is still actively underway. As soy milk has gained more popularity over the past decade, some beverage producers have introduced competing products that blend soy milk with UHT (Ultra Heat Treatment) cow's milk. The drink is packaged in tetra-packs as a product that combines the best aspects of soybean and cow's milk. In addition, a product consisting of powdered soybean and powdered milk produced a few years ago has also received more market interest.

PRICES

The average Bangkok wholesale price of soybeans (Grade A) in 2000 was 15.22 baht/kg ($378.96/ton), up 7 percent from last year, 13 percent below the record year at 17.45 baht/kg ($421.91/ton) in 1998, but 17 percent higher than the ten year moving average price due to shortage of supply. Prices remained steady in the first quater of 2000 as crushers agreed to buy mixed quality beans at 11.00 baht/kg delivered at mills. At this price, farmers should receive 10.00 baht/kg based on 13 percent moisture beans. Prices for top grade soybeans remain firm because of limited supply.

Prices Table			
Country: Thailand			
Commodity: Soybean, Grade A			
Year: 2000			
Prices in (currency)	USD/Ton	per (uom)	
Year	1999	2000	% Change
Jan	432.09	419.55	-2.9%
Feb	431.73	423.29	-2.0%
Mar	405.05	397.39	-1.9%
Apr	386.56	385.94	-0.2%
May	372.34	385.94	3.7%
Jun	351.16	367.76	4.7%
Jul	352.21	361.04	2.5%
Aug	350.31	361.04	3.1%
Sep	342.29	361.04	5.5%
Oct	325.98	361.04	10.8%
Nov	340.85	361.04	5.9%
Dec	392.31	361.04	-8.0%

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Avg.
	----------Wholesale Price of Soybean, Grade A in local Currency (Baht/Kg)----------										
Avg.	10.64	10.54	10.66	11.24	11.48	14.7	13.62	17.45	14.1	15.22	12.97

TRADE

Due to strong local demand for soybeans and with the shortage of domestic bean supply, imports increased sharply from 189,957 tons in CY 1995 to 869,398 tons in 1997, declined to 687,256 tons in 1998 due to the economic crisis and reached a peak of 1,320,400 tons in 2000 when economic conditions had gradually picked up. The U.S. has remained the major bean supplier for the past several years. The long-term prospects for soybean imports will grow along with the anticipated economic recovery. As the Thai government had signed an MOU with Saudi Arabia in 2000 to have Thai canned tuna manufacturers issue certificates of soyoil to be free from GMO to Saudi buyers, crushers indicated that they lost half of the soy oil market share to sunflowerseed oil. In addition, Egypt has also requested an MOU with Thai government on the same issue, but has not yet has the agreement signed. Trade currently made through the agreements between Egyptian buyers and Thai canned tuna sellers. The introduction of the GSM-102 program in late 1997 facilitated U.S. sales throughout 1998 and into 1999. However, the current local interest rate is more attractive than that offered through the GSM program. Soybean exports have remained at insignificant levels during the past several years.

Import Trade Matrix			
Country: Thailand		Units: M.T.	
Commodity: Soybean			
Time period: Jan-Dec			
Imports for	1999		2000
U.S.	645,938	U.S.	777,299
Others		Others	
Argentina	261,306	Argentina	372,790
Brazil	70,817	Brazil	155,161
Belize	20,288	Belize	7,866
Cambodia	4,505	Canada	4,730
Canada	3,931	Australia	2,148
China	1,172	China	360
Taiwan	22	Taiwan	46
Norway	5		
Total for Others	362,046		543,101
Others not listed			
Grand Total	1,007,984		1,320,400

Export Trade Matrix			
Country: Thailand		Units: M.T.	
Commodity: Soybean			
Time period: Jan-Dec			
Exports for	1999		2000
U.S.	14	U.S.	43
Others		Others	
Laos	442	Cambodia	216
Philippines	125	Singapore	141
Hong Kong	100	Philippines	108
Maldives	43	Maldives	78
Mali	21	Japan	13
Moldova	10	Taiwan	12
Japan	9	Canada	3
		Hong Kong	2
		Swaziland	1
Total for Others	750		574
Others not listed	15		1
Grand Total	779		618

POLICY

The Thai government liberalized the import of soybeans on Nov 1, 1996 by eliminating the quota and the tariff for soybeans. Imports increased to a record at 1,320,400 tons (59 percent U.S. beans) in CY 2000 due to strong local demand. In order to stabilize the price of local soybeans, the Thai government put a limitation on imports of beans at 1.2 mmt in CY 2001. As a result, imports cannot be greater than the controlled level.

Soybean Meal

PSD Table						
Country: Thailand						
Commodity: Soybean Meal						
	2000		2001		2002	
	Old	New	Old	New	Old	New
Market Year Begin		09/1999		09/2000		09/2001
Crush	850	850	850	900	0	900
Extr. Rate	0.782353	0.782353	0.782353	0.777778	ERR	0.777778
Beginning Stocks	279	0	194	348	159	448
Production	665	665	665	700	0	700
MY Imports	900	1433	950	1200	0	1200
MY Imp. from U.S.	200	160	200	200	0	200
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1844	2098	1809	2248	159	2348
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	1650	1750	1650	1800	0	1850
Total Dom. Consumption	1650	1750	1650	1800	0	1850
Ending Stocks	194	348	159	448	159	498
TOTAL DISTRIBUTION	1844	2098	1809	2248	159	2348
Calendar Year Imports	1000	1331	950	1200	0	1200
Calendar Yr Imp. U.S.	200	245	200	200	0	200
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PRODUCTION

Soybean meal production is forecast to be flat for the next two years, until in MY 2001/02, mainly due to limited domestic soybean production.

CONSUMPTION

The current slight growth in the poultry sectors in response to an increase in local consumption of poultry meat, as well as firm exports, along with a slight pick up in swine production; will result in a slight upward trend in meal consumption. Since Thailand's shrimp production continues to gradually increase in 2000 and 2001, consumption of soy meal could be up somewhat this year.

PRICES

The average price of 46 percent protein soymeal increased slightly to 9.83 baht/kg ($244.75/ton) in 2000 as a result of smaller imports of soymeal. Prices of local meal during the first quarter of 2001 are pretty steady and could be about the same as last year in the latter part of this year as the livestock industry tends to substitute soymeal with full-fat soy, due to the advantage of zero import duty of soybeans.

Price Table			
Country: Thailand			
Commodity: Soybean Meal (46% Protein)			
Year: 2000			
Prices in (currency): USD/Ton			
Year	1999	2000	% Change
Jan	300.63	236.54	(0.21)
Feb	296.82	236.54	(0.20)
Mar	253.27	236.54	(0.07)
Apr	252.66	236.54	(0.06)
May	256.62	242.27	(0.06)
Jun	257.38	231.81	(0.10)
Jul	256.00	242.77	(0.05)
Aug	250.13	242.77	(0.03)
Sep	238.21	243.51	0.02
Oct	240.63	251.98	0.05
Nov	245.03	263.68	0.08
Dec	248.82	272.65	0.10
Exchange Rate	45.32	(Local currency/US $)	
Date of Quote	16-May-01	(MM/DD/YY)	

Year	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	10 Yr Avg.
	---------- Bangkok Wholesale Price of SBM in Local Currency (Bht/Kg) ----------										
Avg.	8.71	8.95	8.96	8.96	8.52	9.97	10.54	12.00	9.75	9.83	9.62

TRADE

The continuation of 5-7 percent growth in the overall livestock industry, especially poultry and shrimp production, brought soybean imports to increase sharply in CY 2000 because of the zero import duty. As a result, oilmeal imports dropped slightly in CY 2000. Argentina (36%), India (26%) and Brazil (23%) were the main suppliers of soymeal followed by the United States (12%)

with the balance coming from Belize and Taiwan. The United States normally cannot consistently compete with Argentina and Brazil because of higher freight costs and Thailand's preference for smaller cargoes. US soymeal currently is not price competitive with Argentine and Brazilian meal. The current US soymeal is over $10/ton higher than Brazilian meal at the same level of protein.

Import Trade Matrix			
Country: Thailand			
Commodity: Soybean Meal			
Time period: Jan-Dec		Units: Metric Ton	
Imports for :	1999		2000
U.S.	244,614	U.S.	161,370
Others		Others	
Argentina	551,547	Argentina	469,520
Brazil	334,705	India	345,232
India	147,043	Brazil	301,667
Belize	36,584	Belize	19,700
Peru	14,850	Taiwan	2,000
UAE	1,755		
Total for Others	1,086,484		1,138,119
Others not listed			
Grand Total	1,331,098		1,299,489

Export Trade Matrix			
Country: Thailand			
Commodity: Soybean Meal			
Time period: Jan-Dec		Units: Metric Ton	
Exports for :	1999		2000
U.S.		U.S.	
Others		Others	
		Cambodia	11
Total for Others	0		11
Others not listed			
Grand Total	0		11

POLICY

As a result of the Uruguay Round agreement, Thailand liberalized imports of soymeal since November, 1996. The import duty on soymeal remains at 5 percent ad valorem.

MARKETING

While there is a large demand in Thailand for imported soymeal, it remains difficult for the U.S. to sell in this market because of competition from Argentina, Brazil and India, which have lower prices and can ship the smaller cargoes preferred by Thailand. The GSM-102 credit did not play vital role for U.S. soy meal to enter Thailand in 1999 and 2000 due to cheaper local bank interest rates.

Fish Meal

PSD Table						
Country	Thailand					
Commodity	Meal, Fish	(1000 MT)(PERCENT)				
	Revised2000		Preliminary2001		Forecast2002	
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Catch For Reduction	NA	NA	NA	NA	NA	NA
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	0	0	0	0	0	0
Production	450	370	360	380	0	380
MY Imports	50	100	90	100	0	100
MY Imp. from U.S.	1	0	1	1	0	1
MY Imp. from the EC	10	2	2	2	0	2
TOTAL SUPPLY	500	470	450	480	0	480
MY Exports	2	9	2	10	0	10
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	498	461	448	470	0	470
TOTAL Dom. Consumption	498	461	448	470	0	470
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	500	470	450	480	0	480
Calendar Year Imports	50	100	90	100	0	100
Calendar Yr Imp. U.S.	1	0	1	1	0	1
Calendar Year Exports	2	2	2	2	0	2
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PRODUCTION

The Burmese government has imposed a fishing ban for Thai fishermen in their Andaman Sea territorial waters since 1999. Fish meal production is forecast to be about 380,000 metric tons in MY 2002, the same level as in MY 2001. Catches of trash fishes decrease sharply in the Andaman Sea, but will likely be up in the Gulf of Thailand, based on favorable water temperature conditions which bring fertility to the sea. However, some raw materials that are left over from manufacturing of Surimi and canned tuna currently are being used in the fish meal industry to offset smaller volume of trash fish being caught and bring fish meal output to a slightly a higher level than last year.

In order to protect its fish resources during the spawning season, the Thai Government maintains a no fishing season in the Eastern coastal waters from mid-February through April.

CONSUMPTION

Fish meal accounts for about 30-40 percent of the shrimp feed formula, 10-15 percent of the poultry feed formula and about 5-7 percent of the swine formula. The mixture ratio depends mainly on the comparative prices of soymeal and fish meal. However, major feed manufacturers tend to reduce fish meal in their poultry feed, as required by the European market.

PRICES

The average price of local fish meal in 2000 was 17.74 baht/kg (usd 441.71/ton), down 8 percent from last year's level. Prices have tend to be firm this year in response to lower production while demand remains strong by shimp feed manufacturers. In order to assist feed millers to lower their costs, the import surcharge was eliminated on Jan 1, 1997.

Prices Table			
Country	Thailand		
Commodity	Meal, Fish		
Prices in	USD/Ton	per uom	
Year	1999	2000	% Change
Jan	582.99	415.57	-28.72%
Feb	488.41	360.04	-26.28%
Mar	492.71	407.85	-17.22%
Apr	488.41	427.27	-12.52%
May	511.37	433.99	-15.13%
Jun	503.99	487.77	-3.22%
Jul	518.31	466.86	-9.93%
Aug	586.77	448.18	-23.62%
Sep	577.76	497.98	-13.81%
Oct	473.90	444.20	-6.27%
Nov	435.76	443.21	1.71%
Dec	443.32	467.36	5.42%
Exchange Rate	45.32	Local currency/US $	

TRADE

Thailand has reversed its role from a net exporter of fish meal to that of a net importer. Export volume increased sharply to 8,970 metric tons, valued at $3.26 million, while import quantity

was also up significantly to 100,651 metric tons, valued at $45.91 million in 2000. India was the major outlet, taking 42 percent while Taiwan, the regular main buyer took 36 percent of total Thai fish meal exports. Other purchasers were Malaysia and China. An increase in shrimp production along with limited production of fish meal, caused imports of fish meal to go up 13 percent in 2000. The major sources are Peru, Chile and Denmark. Some small quantities come from Indonesia, Burma, Japan and Malaysia. Expansion of shirmp aquaculture tends to stimulate higher fish meal imports in 2001 as local production is likely to be inadequate.

Export Trade Matrix			
Country	Thailand		
Commodity	Meal, Fish		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	1999		2000
U.S.		U.S.	38
Others		Others	
Taiwan	1,847	India	3,782
Indonesia	1,138	Taiwan	3,271
Malaysia	745	Malaysia	915
Vietnam	294	China	460
India	272	Philippines	260
Japan	131	Bangladesh	121
China	54	New Zealand	39
New Zealand	54	Singapore	38
Total for Others	4,535		8,886
Others not Listed	93		46
Grand Total	4,628		8,970

Import Trade Matrix			
Country	Thailand		
Commodity	Meal, Fish		
Time period	Jan-Dec	Units:	Metric Ton
Imports for:	1999		2000
U.S.		U.S.	
Others		Others	
Peru	50,888	Peru	90,884
Chile	26,797	Chile	4,511
US Pacific Isl.	4,572	Denmark	2,383
Indonesia	1,720	Indonesia	572
Denmark	1,302	Japan	515
Burma	1,090	Burma	494
Malaysia	1,078	Malaysia	429
Puerto Rico	713	Taiwan	235
Austria	308	Panama	208
France	291	India	185
Total for Others	88,759		100,416
Others not Listed	35		235
Grand Total	88,794		100,651

Soybean Oil

PSD Table						
Country: Thailand						
Commodity: Soybean Oil						
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		09/1999		09/2000		09/2001
Crush	850	850	850	900	0	900
Extr. Rate	0.169412	0.169412	0.169412	0.17	ERR	0.17
Beginning Stocks	12	12	20	0	24	18
Production	144	144	144	153	0	153
MY Imports	5	4	5	5	0	5
MY Imp. from U.S.	1	1	1	1	0	1
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	161	160	169	158	24	176
MY Exports	14	42	10	20	0	25
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	2	50	3	50	0	52
Food Use Dom. Consump.	125	68	132	70	0	75
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	127	118	135	120	0	127
Ending Stocks	20	0	24	18	24	24
TOTAL DISTRIBUTION	161	160	169	158	24	176
Calendar Year Imports	5	40	5	20	0	5
Calendar Yr Imp. U.S.	1	1	1	1	0	1
Calendar Year Exports	10	30	10	30	0	10
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PRODUCTION

Production of soybean oil has been on an upward trend over the past few years, mainly due to increases in the supply of imported soybeans from the United States and South America.

CONSUMPTION

Post revised the industrial and food domestic consumption of soy oil to 50 and 70 tmt, respectively in MY 2000/01 and both are expected to increase slightly in 2001/02. The economic crisis is forcing people to eat out less and to switch to lower-priced oils. Most of the soybean oil

produced in Thailand is sold as cooking oil, while some 25-30 tmt are utilized in the tuna packing industry. Another 25-30 tmt of refined oil is for industrial uses, especially resin. All imported hydrogenated soyoil is utilized by the food industry. Advertising campaigns focusing on nutrition as well as increased health consciousness generally have led Thais to be more selective in choosing their cooking oil. However, retail food outlets and snack food manufacturers tend to use more palm oil because of its cheaper cost.

TRADE

RTG's restrictions on soyoil and palm oil imports through the use of import licenses were replaced by a tariff rate quota system under GATT negotiations in 1995. This situation did not encourage many import market opportunities as only 4,010 tons of soy oil entered the Thai market in 2000. Exports of soyoil increased sharply from 24,683 in 1999 to 30,262 tons in 2000, since the domestic crushing capacity expanded with a large volume of imported soybeans. Vietnam became the major outlet followed by India. Malaysia, the Philippines and Burma are the regular customers, while Hong Kong is a new buyer.

MARKETING

European concern over the use of GMOs in food products currently has become less of a problem for Thailand. Although Thailand does not yet have labeling or other GMO-related regulations, an MOU has been signed with the Saudi Arabian government to provide certificates for using non-GMO soy oil in canned tuna that exported to Saudi Arabia. Egypt also has made the same request, but has not yet signed an MOU with the Thai government for the same type of certification. Only verbal confirmations are made with Egyptian buyers that the vegetable oils used are from local non-GMO soybeans.

Import Trade Matrix			
Country: Thailand		Units: M.T.	
Commodity: Soybean Oil			
Time period: Jan-Dec			
Import for	1999		2000
U.S.	1,174	U.S.	1,362
Others		Others	
Taiwan	1,859	Taiwan	1,326
Malaysia	766	Germany	502
Singapore	550	Korea, Rep.	496
Germany	236	Singapore	148
Korea, Rep.	112	United Kingdom	108
United Kingdom	96	S. Africa	48
S. Africa	96	Japan	14
Total for Others	3,715		2,642
Others not listed	38		6
Grand Total	4,927		4,010

Export Trade Matrix			
Country: Thailand		Units: M.T.	
Commodity: Soybean Oil			
Time period: Jan-Dec			
Export for	1999		2000
U.S.	253	U.S.	269
Others		Others	
Malaysia	12,003	Vietnam	8,517
Vietnam	5,500	India	5,031
India	3,060	Philippines	3,996
Philippines	1,500	Malaysia	3,800
Burma	1,329	Hong Kong	3,352
Cambodia	675	China	2,752
Loas	256	Burma	2,261
China	57	Laos	148
Total for Others	24,380	Total for Others	29,857
Others not listed	50	Others not listed	136
Grand Total	24,683	Grand Total	30,262

Palm Oil

PSD Table						
Country: Thailand						
Commodity: Oil, Palm						
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	200	225	200	240	0	248
Area Harvested	190	200	190	216	0	224
Trees	0	0	0	0	0	0
Beginning Stocks	46	177	56	136	56	136
Production	520	520	520	550	0	600
MY Imports	20	16	20	20	0	15
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	586	713	596	706	56	751
MY Exports	30	87	30	60	0	70
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum.	210	200	210	210	0	210
Food Use Dom. Consump.	230	240	240	250	0	260
Feed Seed Waste Dm.Cn.	60	50	60	50	0	60
Total Dom. Consumption	500	490	510	510	0	530
Ending Stocks	56	136	56	136	56	151
TOTAL DISTRIBUTION	586	713	596	706	56	751
Calendar Year Imports	20	16	20	20	0	15
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	30	87	30	60	0	70
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PRODUCTION/CROP ASSESSMENT

Production of palm oil is expected to be up slightly this year in response to favorable rainfall in southern Thailand in 2000, but still be far below the record output of 707 tmt in 1999. However, yields in Thailand remain relatively low when compared with Malaysia due to limited technical knowledge and planting material of dubious origin. While optimal oil extraction is considered to be 20 percent of the total FFB weight, Thai crude palm oil averages only 16-18 percent. The current oil extraction rate is reported to be 17 percent this year due to adequate moisture. Since prices of rubber declined significantly, oil palm areas in the southern region have gained slightly. A very small quantity of seeds are currently being imported from Papua New Guinea and Congo since Thailand produces a nearly sufficient quantity of its own seedlings.

CONSUMPTION

Local demand for palm oil and palm kernal oil is rising along with the demand for oil-based products: soap, margarine, shortening, non-dairy coffee creamer (NDCC), edible fats, chocolate wafers, and biscuits. The bulk of Thailand's palm and palm kernel oil is used in the food processing industry (cooking oil, 55%; NDCC, 10%; margarine and shortening, 9%; instant noodles, snack food and condensed milk 15%). Some 4 percent is used by the soap industry and the balance goes to animal feed.

PRICES

A continuing sharp drop in FFB prices since the second quarter of 1999 have drawn the price of Thai refined palm oil down significantly. An expected higher supply of oil palm could bring the price of the local FFB as well as palm oil to a below average normal price in the latter part of this year. Prices of FFB declined sharply to 1.00 baht per kilo ($24.28/ton) during the first quarter of 2001. The Government intervention program should have a positive impact to strengthen the price of FFB in the latter part of this year.

Prices Table			
Country: Thailand			
Commodity: Refined Oil, Palm			
Year:	2000		
Prices in (currency)	USD/M.T.	per (uom)	
Year	1999	2000	% Change
Jan	1,097.29	452.67	-58.7%
Feb	1,010.52	431.00	-57.3%
Mar	924.83	374.98	-59.5%
Apr	686.70	411.33	-40.1%
May	676.59	445.69	-34.1%
Jun	577.56	493.50	-14.6%
Jul	536.53	465.61	-13.2%
Aug	504.70	454.41	-10.0%
Sep	466.35	408.10	-12.5%
Oct	432.93	389.67	-10.0%
Nov	392.85	382.70	-2.6%
Dec	458.93	386.43	-15.8%

TRADE

Thai palm oil exports continue to go up sharply from 65,359 in 1999 to 87,166 tons in 2000 of which 48,031 tons went to Burma, followed by 19,340 tons to India. Thailand could eventually become an import market for Asian palm oil, depending upon the progress of the Asian Free Trade Area Agreement (AFTA) . Under the AFTA agreement, Thailand will have to reduce the import duty of palm oil to 0-5 percent by 2003.

Export Trade Matrix			
Country: Thailand		Units: Metric Ton	
Commodity: Oil, Palm			
Time period:	Jan-Dec		
Exports for	2000		2001
U.S.		U.S.	
Others		Others	
Burma	48,031		
India	19,340		
Malaysia	13,467		
United Kingdom	2,200		
Laos	1,571		
Cambodia	1,249		
Iraq	894		
China	199		
Pakistan	178		
Total for Others	87,129		0
Others not listed	37		
Grand Total	87,166		0

Import Trade Matrix			
Country: Thailand		Units: Metric Ton	
Commodity: Oil, Palm			
Time period:	Jan-Dec		
Imports for	2000		2001
U.S.	1	U.S.	
Others		Others	
Malaysia	12,849		
Singapore	3,429		
Indonesia	113		
Cambodia	20		
Australia	8		
Japan	4		
Total for Others	16,423		0
Others not listed	0		
Grand Total	16,424		0

POLICY

A new five-year plan (2001-05) has been introduced to replant new oil palm to replace the trees that are over 20 years old. The RTG intends to maintain area planted to oil palm during 2001-2005. Small producers who own less than 50 rai are eligible to join the program by registering with district officials. Assistance will be provided in kind, including young plants, fertilizer and herbicide that costs 4,100 bht/rai (about $14.50/ha.) for three consecutive years. The total target areas is 600,000 rai (96,000 ha.).

Due to a significant drop in FFB prices caused by a huge carry-over supply of crude palm oleine (CPO) in 1999-2000, the government intervened in buying a total 15,000 and 50,000 tons of CPO at 12.50 and 10.27 bht/kg during Oct'00-Jan'01 and Mar-Aug'01, respectively. Crushers were forced, in return, to pay small producers 1.79 and 1.50 bht/kg FFB (17 percent oil) during each period. Greater output of FFB during the first quarter of 2001 brought prices well below the normal level and they will likely be lower than the average of last year's price.

MARKETING

Thailand's annual palm oil crushing capacity is currently estimated to be about 1.0 MMT in 2001, with 21 moderate-sized (30-60 tons of FFB/hr) crushing plants. An additional of a total 143

FFB/hr capacity could be utilized from 24 small crushers. Present actual crushing capacity is about 75 percent of the total. Most of the large palm oil refinery plants have their own fractionation facilities. From crushing mills, crude palm oil (CPO) is transported in tankers to Bangkok refineries. The CPO is then refined, bleached, deodorized and fractionated to obtain palm oleine and palm sterene at 70 and 30 percent, respectively. The oleine goes to cooking oil and the food industry, while sterene is manufactured into margarine, shortening, feed and soap.

Due to continually rising gas prices, bio-diesel has been introduce to be used in agricultural machinery. It is reported that some 10 percent of palm oil mixed with diesel could lower fuel costs at farms by 30 percent and cause no harm to the machinery.