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Thailand

Poultry

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Report Highlights:
Despite the strong export growth, Thai broiler production in 1988 and 1999 may register only a minimal increase as domestic consumption is seriously affected by the economic turmoil. Egg production is estimated to drop in 1998, and then should recover somewhat in 1999.

Includes P.D. changes: Yes
Includes Trade Matrix: Yes
Annual Report
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Executive Summary

Despite the strong export growth, Thai broiler production in 1998 and 1999 is estimated to register only a minimal increase as domestic consumption is seriously affected by the economic turmoil. Exports may grow at least 25 percent in 1998 due to increased competitiveness following the sharp baht devaluation and the EU's continued ban on Chinese broiler meat. Meanwhile, domestic consumption may drop by 7-8 percent in 1998. Total poultry production should continue to grow, but at a limited pace, in anticipation of the low growth in exports and consumption.

Egg production in 1998 is estimated to drop, in line with domestic consumption. Meanwhile, egg exports are likely to reach 150 tons, against 50 tons in 1997, due to a cooperation among traders to export surplus egg supplies to Hong Kong. Production should recover somewhat in 1999.

Poultry Meat

PSD Table						
Country:	Thailand					
Commodity:	Poultry, Meat, Total					
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1997		01/1998		01/1999
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	25	25	35	33	50	48
Production	955	955	1020	960	0	980
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	980	980	1055	993	50	1028
Whole, Exports	1	1	1	1	0	1
Parts, Exports	196	198	226	244	0	264
Intra EC Exports	47	48	56	71	0	81
Other Exports	0	0	0	0	0	0
TOTAL Exports	197	199	227	245	0	265
Human Consumption	738	738	763	685	0	695
Other Use, Losses	10	10	15	15	0	15
Total Dom. Consumption	748	748	778	700	0	710
TOTAL Use	945	947	1005	945	0	975
Ending Stocks	35	33	50	48	0	53
TOTAL DISTRIBUTION	980	980	1055	993	0	1028
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

PSD Table						
Country:	Thailand					
Commodity:	Plty, Meat, Chicken -16 wks					
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1997		01/1998		01/1999
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	25	25	35	33	50	48
Production	900	900	960	910	0	930
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	925	925	995	943	50	978
Whole, Exports	0	0	0	0	0	0
Parts, Exports	190	192	220	240	0	260
Intra EC Exports	46	47	55	70	0	80
Other Exports	0	0	0	0	0	0
TOTAL Exports	190	192	220	240	0	260
Human Consumption	690	690	710	640	0	650
Other Use, Losses	10	10	15	15	0	15
Total Dom. Consumption	700	700	725	655	0	665
TOTAL Use	890	892	945	895	0	925
Ending Stocks	35	33	50	48	0	53
TOTAL DISTRIBUTION	925	925	995	943	0	978
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Production

Thai broiler production in 1998 has been revised downward from the last estimate, as domestic consumption is seriously affected by the economic turmoil. As a result, total broiler production in 1998 represents only one percent growth over the 1997's level. Trade sources reports that the poultry cartel, a group consisting of major integrated feed manufacturers and chick producers, have reduced the amount of chick production among their cartel members again in early 1998 in order to prevent an over-supply situation. The production forecast of 930,000 tons in 1999 is in line with the anticipation of growing exports and a recovery in domestic consumption.

Although productivity on breeding farms and broiler farms continued to improve in general due to greater utilization of evaporative cooling facilities, broiler production in some areas has been recently afflicted by a mysterious broiler disease, similar to 1996. Affected broiler flocks suffer from stunted growth and higher mortality. However, the disease has been reportedly not so serious as the outbreak in 1996. The feed conversion ratio (FCR) for broiler production in Thailand in normal circumstance is around 1.8-2.0.

Thailand has improved their technology in the broiler industry, from farming to processing. It is claimed that the standard of Thai broiler industry is now equivalent to that in U.S. and other developed countries. More than 10 broiler processing plants in Thailand are widely approved by several countries, including Japan, and most European countries. Nearly all processing plants now have certificates on ISO 9000 and HACCP standard. In addition, Thailand successfully developed new products for export in recent years, from frozen uncooked products to semi-cooked and cooked products.

Productive Factors

The baht devaluation in mid 1997 improved Thailand’s cost competitiveness significantly. While the sharply depreciated Thai baht (about 40-50 percent) led to rising costs of imported ingredients (such as feed grains/meals, genetics, and health products), and indirectly of domestic feed stuffs, the average U.S. dollar cost of raising broilers and processing apparently dropped sharply. This U.S. dollar-term cost is believed to be the lowest among Thai competitors, including the United States.

Industry sources reported that prices for commercial poultry feed increased by 25-30 percent since July 1, 1997. However, the average chick prices during the seven months of 1998 (Jan-Jul) decreased by 7 percent from the same period of 1997 to 8.10 baht/bird. All in all, the average cost in raising broilers climbed significantly from about 23-25 baht/kg in mid-1997 to about 30-31 baht/kg (live weight) in early 1998. The current cost of production is about 31-32 baht/kg (33-34 cents/pound), which is roughly a sum of costs of a one-day chick (6.50 baht), feed (20-21 baht), vaccination and drug (1.50 baht), labor (1.50 baht), and other costs (2.00 baht), respectively.

The cost of production in late 1998 and early 1999 is likely to decline, in anticipation of cheaper supplies of domestic corn and broken rice and weakened world prices for major feed ingredients.

Consumption

Although chicken is the most popular meat for Thais, the economic turmoil has affected the intake of chicken meat seriously. An economic depression, resulting from a crackdown in financial markets, is expected to cause the unemployment of 3 million employees by the end of 1998 and reduce real income among working people. This factor, together with high inflation (about 10 percent), are forcing nearly all Thais to reduce their meat intake in 1998. As a result, the estimate of domestic consumption of broiler meat in 1998 has been revised downward from 725,000 tons to 655,000 tons. It is the first time in recent history that total broiler meat consumption registers the decline (about 6 percent from 1997's level). Broiler meat consumption is forecast to witness a marginal growth (1-2 percent) in 1999, in line with an anticipated slight recovery in Thai economy.

Reflecting the higher baht-cost of production, wholesale prices for live broilers reported by the Ministry of Commerce in the first seven months of 1998 (Jan-Jul) increased by 21 percent from the same period of 1997 to 31.80 baht/kg. Likewise, the average retail prices for chicken boneless breast meat at Bangkok, reported by the Ministry of Commerce, also firmed to 70.04 baht/kg, as opposed to 68.53 baht/kg during Jan-Jul, 1997.

Price Table for Wholesale Prices for Live Broilers at Bangkok:

Prices Table					
Country:					
Commodity:					
Year:	1998				
Prices in (currency)	Baht	per (uom)	Kilogram		
Year	1997	1998	% Change		
Jan	25.82	30.50	18.1%		
Feb	24.39	30.50	25.1%		
Mar	26.21	30.41	16.0%		
Apr	28.29	31.50	11.3%		
May	25.69	31.06	20.9%		
Jun	25.54	33.34	30.5%		
Jul	27.86	35.29	26.7%		
Aug	29.45				
Sep	27.82				
Oct	27.02				
Nov	29.50				
Dec	30.63				

Price Table for Retail Prices for Skinless Boneless Breast Meat at Bangkok:

Prices Table			
Country:	Thailand		
Commodity:	Plty, Meat, Chicken -16 wks		
Year:	1998		
Prices in (currency)	Baht	per (uom)	Kilogram
Year	1997	1998	% Change
Jan	68.50	69.00	0.73
Feb	67.05	69.00	2.91
Mar	68.09	69.00	1.34
Apr	69.00	69.00	0.00
May	69.00	69.33	0.00
Jun	69.00	71.48	1.40
Jul	69.00	73.45	6.45
Aug	69.00		
Sep	69.00		
Oct	69.00		
Nov	69.00		
Dec	69.00		
Exchange Rate	41.8	(Local currency/US $)	
Date of Quote Aug-18-1998			

Trade

Due to the sharp baht devaluation which favors Thailand's competitiveness, all Thai packers are enjoying bright exports of frozen broiler meat, both uncooked and cooked, throughout the year of 1998. In addition to the currency factor, Thailand is gaining higher market share in such major markets as Japan and European countries at the expense of China, following the continued ban on imports of Chinese broiler meat by the European Union (EU) and the recent regulation by the Japanese government to declare the origin of import. Given the quality concern, Japanese consumers reportedly prefer Thai broiler meat to Chinese meat. According to the Thai Broiler Processing Exporters Association, exports of total broiler meat (including uncooked, semi-cooked, and cooked products) in the first half of 1998 (Jan-Jun) increased 47 percent to 127,449 tons. This stems from the high growth in exports of uncooked broiler meat (44% to 101,032 tons) and further processed broiler meat (62% to 26,417 tons). Based on the figures above and the continued favorable outlook on exports, total exports of broiler meat in 1998 are estimated to reach 240,000 tons, with the composition of 180,000 tons for uncooked meat and 60,000 tons for further processed meat (semi-cooked and cooked meat). Trade sources believe that total exports should continue to grow in 1999, but at a slower pace, due to a lack of liquidity among integrated operations and the uncertainty in the Chinese government's policy toward its currency.

Japan and the EU remain the major markets for Thai broiler meat in 1998. Japan usually buys uncooked meat in forms of boneless breast meat (BB), boneless leg meat (BL), special cut meat in stick (Yakitori). It also buy made-to-order meat which is processed or prepared by heat (such as grilling, steaming, boiling, and etc.). Some of these cooked meat products are puffed or seasoned (with salt, Japanese sauce, and etc.). The EU normally buys uncooked meat in form of skinless boneless breast meat (SBB), and semi-cooked or cooked meat in made-to-order style. In the first half of 1998, Japan accounted for 72 percent of uncooked meat exported from Thailand, and 60 percent of further processed meat. Meanwhile, the EU accounted for 25 percent of uncooked meat, and 40 percent of further processed meat exports, respectively.

According to trade sources, the C&F price quotation of Thai broiler meat has improved from that in early 1998, due mainly to limited supply availabilities from Thailand and the EU's continued import ban on Chinese broiler meat. Prices for BL meat exported to Japan have firmed from 1,600-1,700 US$/ton in the first quarter of 1998 to currently 1,900-2,000 US$/ton (for shipment in the third quarter). Meanwhile, the SBB meat prices, quoted for the shipments in the third quarter of 1998, are currently 2,700-2,800 US$/ton, increasing sharply from 2,100-2,200 US$/ton in early 1998.

In order to illustrate the export situation clearer, FAS/Bangkok decided to use the export data reported by the Thai Broiler Processing Exporters Association (TBPEA) as an official source. As a result, this report will no longer utilize the trade data on broiler meat reported by the Customs Department. Following is Thailand's broiler meat exports, including both uncooked and cooked meat products) which are derived from the TBPEA:

Trade Matrix for Thailand's broiler meat exports in 1997 (Jan-Dec):

COUNTRY	UNCOOKED BROILER MEAT	COOKED&SEMI-COOKED MEAT	TOTAL EXPORTS
UNITED STATES	0	0	0
ASIA:	111,252	32,702	143,954
Japan	96,397	32,537	128,934
Singapore	6,302	19	6,321
China	1,701	0	1,701
Hong Kong	2,448	1	2,449
S. Korea	1,818	132	1,950
Malaysia	2,568	2	2,570
Others	18	11	29
EUROPE:	38,979	8,412	47,391
EUROPEAN UNION	38,367	8,400	46,767
Belgium	444	48	492
Germany	15,648	1,366	17,014
Netherlands	15,049	4,294	19,343
U.K.	3,639	2,592	6,231
Others	3,587	100	3,687
OTHER EUROPE	612	12	624
MIDDLE EAST	840	0	840
AFRICA & OTHERS	49	0	49
TOTAL	151,120	41,114	192,234

Trade Matrix for Thailand's broiler meat exports in 1998 (Jan-Jun):

COUNTRY	UNCOOKED BROILER MEAT	COOKED&SEMI-COOKED MEAT	TOTAL EXPORTS
UNITED STATES	0	0	0
ASIA:	72,909	15,754	88,663
Japan	61,736	15,627	77,363
Singapore	3,432	48	3,480
China	4,146	0	4,146
Hong Kong	1,136	0	1,136
S. Korea	823	78	901
Malaysia	1,619	0	1,619
Others	17	1	18
EUROPE:	26,973	10,663	37,636
EUROPEAN UNION	24,969	10,663	35,632
Belgium	256	16	272
Germany	12,021	1,941	13,962
Netherlands	8,081	5,516	13,597
U.K.	2,982	3,189	6,171
Others	1,629	1	1,630
OTHER EUROPE	2,004	0	2,004
MIDDLE EAST	1,057	0	1,057
AFRICA & OTHERS	93	0	93
TOTAL	101,032	26,417	127,449

Policy

Price Intervention

Due to prevailing high domestic prices, the RTG has not launched any price intervention in recent years. Also, there has not been any change in the rebates for chicken meat exporters since the latest Annual and Semi-annual reports.

Quality, Safety & Health Regulation

Shortly after a private Japanese party detected the Vancomycin Resistance Enterococcus (VRE) in frozen broiler meat imported from Thailand, France, and Norway, the Thai authority responded immediately by discussing the issue with all Thai packers. Acknowledging that the VRE may be related to the use of growth promoter substance, called Apopacin, in chicken feed, the Ministry of Agriculture recently banned the imports of Apopacin.

In addition, trade sources reported that the Danish Government would also ban the imports of chicken meat which is raised in farms using Virginiamycin as growth promoter. However, most Thai packers cited that they never use this drug in their feed. It is likely that the Ministry of Agriculture may ban the use/imports of this substance in the near future.

Other

According to trade sources, the Department of Livestock Development (DLD), in cooperation with private companies, continues to seek an approval for export eligibility of frozen chicken from potential importing countries. Although Canada already approved Thailand’s eligibility to export frozen cooked meat in the last few years, there has been no exports to Canada thus far. Meanwhile, Thailand’s request for eligibility to export frozen broiler meat to some countries (including the U.S., Australia, and Taiwan) is still pending.

Marketing

There has not been any change on marketing since the FAS/Bangkok’s latest Annual and Semi-annual reports.

Eggs

PSD Table						
Country:	Thailand					
Commodity:	Poultry, Eggs					
		1997		1998		1999
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1997		01/1998		01/1999
Layers	42	42	43	40	0	41
Beginning Stocks	0	0	150	150	50	100
Production	8900	8900	9000	8500	0	8600
Hatch Eggs, Imports	0	0	0	0	0	0
Shell Eggs, Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	8900	8900	9150	8650	50	8700
Hatch Eggs, Exports	0	0	0	0	0	0
Shell Eggs, Exports	50	50	100	150	0	100
Other Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
TOTAL Exports	50	50	100	150	0	100
Hatch Eggs,Consumption	0	0	0	0	0	0
Shell Eggs, Human	8700	8700	9000	8400	0	8500
Shell Eggs,OT.Use/Loss	0	0	0	0	0	0
Other Dom. Consumption	0	0	0	0	0	0
Total Dom. Consumption	8700	8700	9000	8400	0	8500
TOTAL Use	8750	8750	9100	8550	0	8600
Ending Stocks	150	150	50	100	0	100
TOTAL DISTRIBUTION	8900	8900	9150	8650	0	8700
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Production

Due to huge losses among egg/layer chick producers and a decline in domestic consumption, egg production in 1998 is estimated to drop by 6 percent from the 1997's level. Layer chick producers who faced huge losses due to increasing costs against lower prices for chick layers were forced to cull their breeding layer stocks in early 1998. In addition, the unfavorable economic situation caused many layer farms to be in financial trouble, with the result that they need to scaledown their operations. Following improving prices for egg and layer chick/hen and a forecast recovery in consumption after the end of this year, egg production in 1999 should grow to some degree.

Consumption

Like the other livestock commodities, an economic downturn has led to decreased consumption of egg, even though egg is considered one of the cheapest protein sources for humans. Domestic consumption is estimated to drop 3-4 percent in 1998, and is forecast to recover somewhat in 1999.

Egg prices dropped to the level below a break-even point in early 1998, due to surplus egg supplies. Prices have firmed in recent months, when supply availabilities are balanced with consumer demand. However, average prices in the first seven months of 1998 (Jan-Jul) increased sharply from 1.28 baht/piece during Jan-Jul, 1997 to 1.62 baht/piece (27 percent), reflecting a tremendous increase in cost of production. Trade sources reported that the current production cost for egg is around 1.70-1.80 baht/piece.

Trade

In an effort to boost domestic egg prices, a group of large layer farms cooperated in late 1997 and early 1998 to export surplus egg supplies to Hong Kong. During that time period, export prices for Thai eggs have been competitive due to the sharp baht devaluation. Accordingly, total exports of egg may reach 150 tons in 1998. However, trade sources reported that increasing egg prices in recent months also encourage some smuggling of eggs from Malaysia. Egg exports in 1999 should be about 100 tons, based on the assumption that large suppliers may cooperate to export egg surplus from time to time to stabilize domestic prices.

Policy

In an effort to lift egg prices, the Aid for Farmers Committee, a government arm, allocated a no-interest loan of 50 million baht in February, 1998 to egg producer cooperatives and an egg trader association. The loan would be divided into two parts, i.e., 20 million baht being administrated by the Department of Internal Trade and 30 million baht by the Department of Cooperative Promotion. The loan is provided for the purpose of buying domestic egg and storing it as a buffer stock. Only 30 million baht, which is managed by the Department of Cooperative Promotion, has been utilized, as domestic egg prices rose to the level beyond the target price of 1.35 baht/piece.