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Thailand

Processed Sweet Corn

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Report Highlights:
Modest increase in canned sweet corn and canned baby corn limits the export growth in MY 2002. Canned baby corn, moreover, is challenged by strong competition.

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

MY 2002 canned sweet corn production is forecast at 50,500 metric tons, slightly increased from last year's all-time high due to the flood-affected harvested area of fresh sweet corn in the first quarter of MY 2002. The limited supply of fresh sweet corn production will lead to a slowdown in exports of canned sweet corn despite the continued strong export demand. The export potential of frozen sweet corn is also limited by the supply constraint.

Canned baby corn production is estimated to increase slightly as well in MY 2002 due to the limited fresh baby corn production. Flooding also affected harvested areas of fresh baby corn in the first quarter of MY 2002. Moreover, Thailand, the world's no.1 canned baby corn exporter is challenged by cheaper Chinese and African products, resulting in a modest increase in canned baby corn exports despite the Thai products' high quality.

Section I: Situation and Outlook

Canned Sweet Corn and Frozen Sweet Corn

Production

Canned sweet corn (CSC) production in MY 2002 is forecast to reach only to 50,500 metric tons (mt), just a 12 percent increase from last year's record high of 45,000 mt, following the limited fresh sweet corn output. Fresh sweet corn production is expected to reach only to 180,000 mt (whole cob weight), despite a continued expansion in planted area in major growing areas in response to the relatively more attractive return from corn contract farming as compared to sugar cane, the alternative crop. The major harvested areas, particularly in the Northern region (which covers about 30 percent of total production), were affected by flooding in the first quarter of MY 2002. Trade sources reported that some sweet corn packers had to be shut down in November due to shortages of fresh sweet corn supplies from the Northern region. The limited supply will worsen the current capacity utilization, which is still low, at approximately 50 percent. Moreover, the major growing areas in the Central Plain, which account for over half of total production, are affected by Downy Mildew disease (Peronosclerospora Sorghi). As a result, the average yield of fresh sweet corn will likely be lower at 6-10 mt/hectare, compared with 10-11 mt/hectare in the preceding year. In addition, trade sources reported that the newcomers in CSC industry are paying less attention to expanding their contract farming, leaving a tight supply situation. However, leading producers of Thai CSC continue developing the high-quality varieties to satisfy consumer needs. Current farm prices of fresh sweet corn are approximately U.S.$ 68-90/mt (3-4 baht/kg), compared with an average U.S.$ 67 /mt (3 baht/kg) in the preceding year.

In MY 2001 CSC production has been revised upward significantly, in response to the increase in fresh sweet corn production of the all-time high 160,000 mt. Sweet corn packers increased their sweet corn contracts in response to a strong CSC export demand and provided farmers with hybrid seeds. About 70-80 percent of fresh sweet corn production is used for CSC production, most of which is exported.

Trade

CSC export growth in MY2002 is expected to slow down in line with the limited supply of fresh sweet corn. During Jan-Aug 2002, CSC exports increased by 51 percent from the corresponding period in 2001. Exports to the U.K., Russia, Korea, and Taiwan accounted for the bulk of the strong export growth, contributing approximately 38 percent, with U.K. and Russia, accounting for 18 and 8 percent respectively. Trade sources reported that the major suppliers to these countries, particularly Hungary (of which CSC exports represented about 85 percent of total production), are experiencing tight supplies due to a drought-reduced production by an estimated 40 percent. Demand pressures have increased, as Russian import demand has rebounded from the economic crisis of the late 1990s, and exports to the EU (30 percent of Thai CSC export market) continued the upward trend due to the increasing concerns over the GMO products from the U.S., the world's largest suppliers of CSC. As a result, non-GMO CSC from Thailand is becoming more attractive due to the relatively cheaper export price. Thai CSC export prices are in between the U.S. (U.S.$ 2/case higher) and Hungary (U.S.$ 2 /case lower). However, exports to the U.S. (2 percent of total Thai CSC exports) declined sharply by 24 percent from last year's high levels of 1,212 mt.

In MY 2001, CSC exports are revised upward to a record high of 44,359 mt, up sharply 51 percent from the preceding year, in response to the strong import demand from the U.K., Korea, Russia and Taiwan. Asian countries (particularly Korea, Japan, Taiwan, and Philippines) are major markets for Thai CSC exports, representing about 44 percent of total Thai CSC exports, followed by the EU (especially the U.K. and Germany), with 25 percent.

Imports of CSC in CY 2001 were insignificant at 8 tons. All of the imports were from the U.S.

Frozen sweet corn (FSC) MY 2002 production is expected to increase only slightly due to the limited fresh sweet corn production. During Jan-Aug 2002, FSC exports declined by approximately 10 percent from the corresponding period in 2001, mainly reflecting the shortage of fresh sweet corn supply, most of which is used for CSC. However, exports to major markets, particularly Australia and Belgium (70 percent of total Thai FSC export market), still are growing at 8 and 16 percent respectively. Many CSC packers are interested in expanding their business to FSC in the near future with the likelihood of corn contract farming expansion.

The government's import policy on sweet corn remains unchanged at 30% ad valorem or 25 baht/kg (whichever is higher) tariff rate, plus 7% value added tax assessed on total import costs.

Canned Baby Corn

Production

Canned baby corn (CBC) production in MY 2002 is also forecast to increase only slightly due to the limited fresh baby corn production. The major planted areas in the Central Plain and the North, which accounted for about 50 and 30 percent of total planted area respectively, were affected by heavy rain-triggered floods in the first quarter of MY 2002. However, fresh baby corn production is expected to recover in line with anticipated growing CBC export demand as fresh baby corn is grown year-round with a high average yield of about 5-8 mt/hectare.

In MY 2001, CBC production is revised upward in line with the upward revision of CBC exports. Trade sources reported that about 80-90 percent of fresh baby corn production is used for CBC production. Most CBC production is exported, as domestic consumption is almost exclusively in the form of fresh baby corn.

Trade

CBC exports in MY 2002 are estimated to increase slightly despite anticipated strong competition, particularly from China and countries in Africa. Export prices from these countries are reported to be cheaper by approximately U.S.$ 1/case, compared to Thai CBC export prices. Trade sources expected that average Thai CBC export prices in 2002 will likely decline by 5 percent from the average of U.S.$ 10/case in CY 2001. However, Thailand still holds the dominant share of about 70 percent of the world market. During Jan-Aug 2002, CBC exports declined by 6 percent from the corresponding period in 2001. Exports to the U.S., which is the largest market for Thai CBC contracted by 10 percent due to strong competition from the cheaper Chinese and African products.

In CY 2001, CBC exports increased by 13 percent due mainly to high quality at low prices.

The bulk of this increase is on account of the exports to the U.S. which continued to grow by 7 percent, and European countries, in particular Netherlands, Germany, and the U.K. which expanded sharply by 48, 24, and 21 percent respectively .

The Thai Government does not provided any subsidies for the production or export of CBC.

Section II: Statistical Tables

Table 1: Thailand’s Production, Supply and Demand for Canned Sweet Corn

Commodity: Canned Sweet Corn (METRIC TONS)						
THAILAND	Revised 2000		Prelim 2001		Forecast 2002	
	old	new	old	new	old	new
Market Year Begin	07/2000		07/2001		07/2002	
Beg. Stocks	9845	9845	5350	7367	0	6521
Production	26000	28000	28000	45000	0	50500
Net Production	20800	20800	21600	36000	0	40400
Imports	3	3	5	13	0	5
TOTAL Supply	35848	37848	33355	52380	0	57026
Exports	29398	29381	30000	44359	0	50000
Domestic Consump.	1100	1100	1150	1500	0	1600
Ending Stocks	5350	7367	2205	6521	0	5426
TOTAL Distribution	35848	37848	33355	52380	0	57026

Table 2: Exports of Canned Sweet Corn in 2001 and 2002

Export Trade Matrix			
Country	Thailand		
Commodity	Canned Sweet Corn		
Time period	Jan - Dec	Units:	Metic Ton
Exports for:	2001		2002
U.S.	1739	U.S.	916
Others		Others	
South Korea	7060	South Korea	5918
United Kingdom	4451	United Kingdom	6555
Germany	2427	Germany	2132
Taiwan	2391	Taiwan	3096
Japan	2212	Japan	448
Argentina	2130	Argentina	1448
Chaina	1682	China	406
Philippines	1640	Philippines	1185
Russia	1382	Russia	2946
Sweden	582	Sweden	925
Total for Others	25957		25059
Others not Listed	8152		10892
Grand Total	35848		36867
Note: Export figures in 2002 cover January - August 2002			

Source: Thai Customs Department

Table 3: Thailand's Production, Supply and Demand for Frozen Sweet Corn

Commodity: Frozen Sweet Corn (METRIC TONS)						
THAILAND	Revised 2000		Prelim 2001		Forecast 2002	
	old	new	old	new	old	new
Market Year Begin	07/2000		07/2001		07/2002	
Beg. Stocks	128	128	142	142	0	130
Production	1300	1300	1500	1250	0	1300
Imports	39	39	30	26	0	30
TOTAL Supply	1467	1467	1672	1418	0	1460
Exports	1195	1195	1400	1148	0	1200
Domestic Consump.	130	130	140	140	0	150
Ending Stocks	142	142	132	130	0	110
TOTAL Distribution	1467	1467	1672	1418	0	1460

Table 4: Exports of Frozen Sweet Corn in 2001 and 2002

EXPORT TRADE MATRIX			
Country	Thailand		
Commodity	Frozen Sweet Corn		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	2001		2002
U.S.	24	U.S.	21
Others		Others	
Australia	333		273
S. Korea	167		20
U.K.	109		36
Belgium	334		275
Denmark	28		14
Netherlands	20		20
Japan	6		64
Tiwan	49		45
Italy	20		10
Argentina	69		20
Total for Others	1135		777
Others not Listed	46		30
Grand Total	1205		828
Note: Export figures in 2002 cover January - August 2002			

Source: Thai Customs Department

Table 5: Thailand's Production, Supply and Demand for Canned Baby Corn

Commodity: Canned Baby Corn (METRIC TONS)						
THAILAND	Revised 2000		Prelim 2001		Forecast 2002	
	old	new	old	new	old	new
Market Year Begin	07/2000		07/2001		07/2002	
Beg. Stocks	7085	7085	3500	3481	0	3476
Production	58000	58000	56000	59000	0	60000
Imports	0	0	0	0	0	0
TOTAL Supply	65085	65085	59500	62481	0	63476
Exports	61185	61204	56000	58555	0	60000
Domestic Consump.	400	400	450	450	0	500
Ending Stocks	3500	3481	3050	3476	0	2976
TOTAL Distribution	65085	65085	59500	62481	0	63476

Table 6: Exports of Canned Baby Corn in 2001 and 2002

EXPORT TRADE MATRIX			
Country	Thailand		
Commodity	Canned Baby Corn		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	2001		2002
U.S.	21345	U.S.	13903
Others		Others	
Japan	3549	Japan	2435
Netherlands	6194	Netherlands	3608
Germany	4313	Germany	2630
Australia	3319	Australia	2228
Canada	3792	Canada	2436
United Kingdom	1919	United Kingdom	1403
Israel	1821	Israel	623
Sweden	1314	Sweden	1297
Hong Kong	1450	Hong Kong	765
France	1334	France	903
Total for Others	29005		18328
Others not Listed	11111		8354
Grand Total	61461		40585
Note: Export figures in 2002 cover January - August 2002			

Source: Thai Customs Department