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## Thailand

### Trade Policy Monitoring

### Thai Food Price Control Systems

**2008**

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**Report Highlights:**

Since last year, rising fuel and commodity prices have prompted the use of price control mechanisms in Thailand. The organization with primary responsibility for controlling prices is the Central Commission on Prices (CCP), which currently administers prices for 35 food and consumer products. Supporting the CCP is the Department of Internal Trade, which monitors prices for 200 food and consumer products.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Trade Report  
Bangkok [TH1]  
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For more than thirty years, the Department of Internal Trade (DIT), Ministry of Commerce, has actively monitored retail prices for a list of food and consumer products. However, in 1999 the Royal Thai Government passed the Prices of Goods and Services Act, B.E. 2542, which more stringently controls prices for many of the DIT monitored products. These two mechanisms have been used more aggressively in the past year as rising petroleum and global agricultural prices have put upward pressure on a range of food and consumer products.

### **The Enforcement of the Act**

The Central Commission on Prices of Goods and Services (CCP) is responsible for enforcing the Prices of Goods and Services Act. CCP members include the Minister of Commerce (MOC) as Commission Chairman, the Permanent Secretary of MOC as a Vice President, and representatives from different government agencies as members. Under the Act, the CCP will/may:

- 1) Issue notifications determining certain goods and services as controlled for up to one year;
- 2) Develop measures governing controlled goods and service;
- 3) Order a producer or a distributor of controlled goods and service to provide information as requested;
- 4) Develop rules, procedures and conditions for displaying prices of goods and services;
- 5) Develop rules, procedures and conditions to prevent unreasonable pricing and price fluctuations; and
- 6) Supervise and monitor controlled goods and service to ensure sufficient supplies to meet the public need.

Price ceiling controls are applied to all controlled products, while other measures are applied differently across products. Determined ceiling prices are communicated to relevant manufacturers only, not to the public. Manufacturers or distributors seeking to adjust ceiling prices based on changes in production costs must submit their request to the MOC and provide all information needed to justify their request. The MOC reviews the request and makes a final decision.

The Commission's latest notification, endorsed on January 21, 2008, listed 35 items as controlled products of which 12 items are food and agriculture-related products, including rice (milled and un-milled), cooking oil, sugar, non-dairy creamer, ready-to-drink milk and yogurt, raw milk and milk powder, pork meat, semi-cooked food in container, any foods in sealed container, fertilizer, pesticides, and concentrated and complete feed.

### **Administrative Measures**

The Department of Internal Trade, Ministry of Commerce, has declared 200 items of food and consumer products as "Monitored Products". DIT is the primary monitoring mechanism for CCP controls and seeks manufacturer participation in voluntary price ceilings. Manufacturers have the right to raise prices, but run the risk of greater scrutiny from the DIT, and possible escalation to CCP controls. Consequently, most manufacturers work with the DIT in determining voluntary price ceilings, as well as working cooperatively on price increases.

Of the 200 items on the list, 22 are fresh/raw food products and 40 items are processed foods and drinks. Following are examples of a product list:

Fresh/raw foods: uncooked chicken meat, eggs, beef, pork, shrimp, certain items of fish, certain items of vegetable, fresh rice noodle, mussel, etc.

Processed foods and drinks: packaged rice, milk powder, ready-to-drink milk, yogurt, soy milk, condensed milk, non-dairy sweet creamer, coffee mix, ice, bottled water, bottled soft drink, fruit juice in sealed container, coffee drink, packaged fruits and vegetables, salt, sugar, vegetable oil, fish sauce, soy sauce, vinegar, tomato sauce, MSG, wheat flour, tapioca flour, dried noodle, vermicelli, semi-cooked foods in sealed container, cooked food in sealed container, etc.

### **Recent Actions from the Industries**

The government recently expressed concern about a sharp increase in retail pork prices from about 100 baht/kg (\$ 1.42/pound) to 115-120 baht/kg (\$1.63-1.70/pound) in a few weeks and called a meeting between the Ministry of Commerce (MOC) and pork producers (including integrated livestock producers) to resolve the problem. Most pork producers voiced their disagreement with the government idea of intervention and proved that current high prices reflect actual production costs. In the pork producers' view, any effort by the government to curb price increase without dealing with production cost is not justified. They believe that pork prices will soften if the government helps pork producers reduce the cost of production. Thai Feed Mill Association proposed the MOAC last week to reduce import tariffs for several feed ingredients including soybean meal, rapeseed meal, sunflower seed meal, peanut meal, and distiller dried grains with soluble (DDGS). All of these raw materials are subject to 4-10 percent import duties.

The government price control policy has affected the wheat-based food industries. Trade sources reported that several manufacturers of instant noodles and biscuits switched from medium-to-high quality domestic flour to less expensive imported flour, especially from China. As a result, wheat flour imports almost doubled to 179,026 metric tons in 2007 and Chinese wheat flour accounted for 52 percent of total imports. In the turn, wheat flour milling industry has been negatively affected. All flour mills are reportedly running at approximately 10 percent below regular production capacities and they are keeping their stocks at a below-normal level.

End of Report.