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POLICY

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Thai Cabinet Agrees on Unlimited Quota for Soybeans for 2010

Report Categories:

Trade Policy Monitoring

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Report Highlights:

TH9175. The Thai Cabinet agreed on November 17, 2009 to grant an unlimited amount of soybean quota for 2010. Thailand's import quota policy has not changed , including the domestic absorption requirement. However, in order for its implementation to take place, the Minister of Commerce must sign the Ministerial Notification on the Tariff Rate Quota (TRQ) for Soybean Imports 2010. Trade sources believe that the notification should be endorsed within the first half of December

On November 17, 2009, the Thai Cabinet agreed to grant an unlimited amount of soybean quota for 2010 as proposed by Committee on Oilseed and Vegetable Oil. 13 associations and individual food processors are eligible for this import quota but are required to sign a contract with the relevant government agencies to purchase domestic soybean production at determined prices. This cabinet approval reflects Thailand's import quota has not changed in recent years, including domestic absorption requirements. The following are details of the Cabinet's decision:

- An unlimited amount of import quota for soybean in 2010 and not subject to an import window period. The in-quota imports are subject to a zero tariff rate as opposed to 20 percent for the out-of-quota imports. Thailand's WTO tariff-rate-quota (TRQ) is 10,922 mt, with 20 percent tariff rate for in-quota imports and 80 percent tariff for out-of-quota imports.
- The Cabinet granted quotas to 13 trade associations and individual food processors, including: 1) Soybean and Rice Bran Oil Association, 2) Thai Feed Mill Association, 3) The Feedstuff Users Promotion Association, 4) Thai Livestock Association, 5) Broiler Raiser for Exporting Association, 6) Thai Broiler Processing Exporters Association, 7) Green Spot Co., Ltd., 8) Lactasoy Co., Ltd., 9) Thai Theparos Food Products Co., Ltd., 10) Dairy Plus Co., Ltd., 11) Thai Chim Co., Ltd., 12) Kikoken Co, Ltd., and 13) Agricultural Product Traders with Neighboring Countries Association. A request for new eligible importer will be reviewed by the Sub-Committee of Soybean Administration and then proposed to Committee on Oilseeds and Vegetable Oil for approval.
- Eligible importers must cooperate in purchasing domestic soybeans from farmers at market prices but not lower than determined prices as follows: 1) Soybean oil crushers are required to buy domestic soybeans Grade 3 at their factory at no less than 13.00 baht/kg (or 12.25 baht/kg at farm); 2) Feed manufacturers must buy soybeans Grade 2 at factory at no less than 13.25 baht/kg (or 12.50 baht/kg at farm); 3) Food processors must buy domestic soybeans Grade 1 at factory at no less than 15.25 baht/kg (14.50 baht/kg at farm).
- Eligible importers must sign a domestic-soybean-purchase contract with the Ministry of Agriculture and Agricultural Cooperatives and the Ministry of Commerce regarding their commitment to purchase domestic soybean.
- Sub-Committee of Soybean Administration will be responsible for monitoring imports and domestic purchase of soybeans to comply with the policy.

Despite the Cabinet's import quota approval, the implementation of the policy will not be in place until Minister of Commerce endorses Ministerial Notification Concerning the Tariff Rate Quota (TRQ) for Soybean Imports in 2010. Trade sources believe that the notification should be endorsed within the first half of December.