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Thailand

Grain and Feed

Update PSD Rice

2004

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Report Highlights:

MY 2004/05 rice production forecast is revised downward to 17.4 million tons due to a drought-triggered reduction in yield potential. Rice exports will likely shrink to 8.3 million tons in response to anticipated improvements in the supply situation of major producing countries and importing countries. As for MY 2003/04, rice production is revised up to 18.0 million tons, following a better-than-expected second crop. However, stocks will likely be at low levels due to strong export demand, expected to reach a record 9.7 million tons.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Bangkok [TH1]
[TH]

PSD Table

Country Thailand

Commodity Rice, Milled

(1000 HA)(1000 MT)

Market Year Begin	2002		2003		2004	
	Revised		Estimate		Forecast	
	USDA	Post	USDA	Post	USDA	Post
	Official	Estimate	Official	Estimate	Official	Estimate
	[Old]	[New]	[Old]	[New]	[Old]	[New]
	01/2003		01/2004		01/2005	
Area Harvested	10158	10158	10636	10315	10640	10213
Beginning Stocks	3116	2477	3212	2618	1712	1459
Milled Production	17198	17198	18000	18011	17600	17374
Rough Production	26058	26058	27273	27289	26667	26324
MILLING RATE (.9999)	6600	6600	6600	6600	6600	6600
TOTAL Imports	0	0	0	0	0	0
Jan-Dec Imports	0	0	0	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	20314	19675	21212	20629	19312	18833
TOTAL Exports	7552	7597	9800	9700	8250	8250
Jan-Dec Exports	7552	7597	9800	9700	8250	8250
TOTAL Dom.	9550	9460	9700	9470	9850	9480
Consumption						
Ending Stocks	3212	2618	1712	1459	1212	1103
TOTAL DISTRIBUTION	20314	19675	21212	20629	19312	18833

Production

MY 2004/05 rice production is revised downward to 17.4 million tons, down 3.4 percent from the previous year. Despite a domestic price-triggered expansion in cultivated area and better rainfall this year during the seeding and crop development stages of the main crop, the lack of rain during the reproductive stage dampened yield potential. The Thai Agricultural Ministry's preliminary estimate of drought-affected area amounted to 8.9 million rai (1.4 million hectares), of which 7.6 million rai (1.2 million hectares) were main crop paddy. However, the recent estimate of damaged area was expected to be 5.7 million rai (0.9 million hectares), including the damage from flooding in the early stage of cultivation in some areas. The northeastern provinces, which account for about 60 percent of total main crop planted area, were most affected by the drought. MY 2004/05 main crop production is forecast at 20.3 million tons (13.4 million tons milled equivalent), down 2.3 percent from the previous year. Meanwhile, second crop production is estimated at 6 million tons (4 million tons milled equivalent), down slightly from the previous year, as expansion in cultivation will likely be limited by the drought-impacted lower level of water. Farmers are expected to expand second crop cultivation, as long as domestic prices are attractive, regardless the concerns over the water shortage.

MY 2003/04 rice production is revised up to 18 million tons due mainly to better-than-expected second crop production. The Thai Agricultural Ministry's estimate for second crop production has been recently revised upward to 6.3 million tons of paddy (4.2 million tons milled equivalent) in response to attractive domestic prices, leading to expansion in cultivated area up to 9.4 million rai (1.5 million hectares), just under the previous year's record of 9.5 million rai. Also, the government adjusted intervention prices upwards for

second crop paddy by about 700 Baht/ton (roughly US\$ 17/MT) from the initial intervention prices.

Trade

MY 2004/05 rice exports are forecast at 8.3 million tons, down somewhat from the previous year's exceptional levels, in response to anticipated improvements in the supply situation of the major producing countries, particularly China. Also, Thai white rice exports to some major importing countries, Indonesia and the Philippines, will likely level off due to more available domestic supplies in these countries. Also, Thai rice export potential is expected to be limited by the strengthening Thai Baht and the high domestic prices (resulting from overshooting intervention prices). Intervention prices were set higher than the previous year's levels by about 25-30 percent, as compared to the 18 percent increase in MY 2003/04 white rice average export prices. The situation will likely be even worse for fragrant rice (Thai Hom Mali rice), as MY 2003/04 export prices contracted unexpectedly by about 3 percent due to competition from Pathumthani fragrant rice (around US\$ 100/mt less than Thai Hom Mali rice), the new Thai fragrant rice variety which can produce three crops a year in the central plain.

MY 2003/04 rice exports will likely reach a record 9.7 million tons, due mainly to strong demand from foreign buyers unable to secure rice from Vietnam and India, Thailand's major competitors. Thai parboiled rice exports to African countries are expected to increase significantly due to limited exportable supplies of other major suppliers. Nigeria's imports of Thai parboiled rice amounted to 697,396 tons during January – October 2004, up significantly from 431,707 tons in the previous year. Also, white rice import demand from China was extraordinary high, following its tight supply situation. During January – October 2004, Thai white rice exports to China reached 415,216 tons, as compared to 9,671 tons in the previous year. Meanwhile, China's regular imports of Thai fragrant rice continued to increase by 8 percent to 118,632 tons. In addition, Thai white rice exports to the Middle East increased significantly, particularly to Iraq and Iran, more than compensating for a sharp drop in exports to Indonesia, which continued to impose an import ban throughout the year.

Stock

MY 2004/05 rice stocks will likely be at low levels for a second consecutive year due to the anticipated reduction in domestic production resulting from the drought. Also, rice exports are expected to remain high.

MY 2003/04 rice stocks are forecast at around 1.5 million tons, down significantly from the normal stock levels of the previous year. The contraction reflected the exceptional export demand. It is expected that old crop fragrant rice stocks will likely be so high that they could be sold until the first half of next year. Meanwhile, old crop white rice stocks are expected to be tight, due to aggressive export demand in African and Middle East countries in the second half of the year.

Export Trade Matrix

Country Thailand
Commodity Rice, Milled

Time Period **Jan. - Oct** Units:
 Exports for: **2003** **2004**
 U.S. **234906** U.S. **281372**
 Others Others

Nigeria	432209	Nigeria	697671
Senegal	494096	Senegal	483030
Indonesia	533445	Indonesia	142422
Iran	409881	Iran	487392
Iraq	158563	Iraq	521891
Cote D'Ivoire	300054	Cote D'Ivoire	323018
South Africa	351991	South Africa	702624
China	125695	China	560771
Hong Kong	231071	Hong Kong	230254
Malaysia	228089	Malaysia	389643
Total for	3265094		4538716
Others			
Others not	2517947	3545669	
Listed			
Grand Total	6017947		8365757

End of Report.