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# GAIN Report

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Voluntary  Public

**Date:** 1/18/2017

**GAIN Report Number:** TH7011

## **Thailand**

**Post:** Bangkok

### **Rice Market and Policy Changes over the Past Decade**

**Report Categories:**

Grain and Feed

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**Report Highlights:**

This report is a helpful reference for those seeking to understand the history of Thailand's price support programs. It summarizes how Thailand's rice policies have changed over the past decade. These changes have impacted production, trade, consumption, and stocks in the world market.

## **Executive Summary:**

Rice is widely produced in Thailand, accounting for approximately 45 percent of total arable land or around 24 million hectares. Rice farmers account for around half of farm households. Most of them are small farmers with average land holdings of around 20 rai (3.2 hectares) per household. Although Thailand typically produces 3 to 5 percent of the world's rice, it accounts for a quarter of global trade. Except for a few recent years, Thailand has generally been the largest exporter by volume, and thus the price for Thai 100B is generally regarded as a key benchmark for world rice prices. The policies that the government adopts can have a significant impact on the world rice situation. In late 2016, the Thai government issued a series of rice pledging programs to prevent falling farm-gate prices of fragrant rice, white rice, and glutinous rice even though the government is investigating the previous government's rice pledging programs. However, the current government rice pledging programs differ from previous rice pledging programs as the pledged target is limited and intervention prices are lower than market prices. These programs are in addition to the interest-rate subsidy program that encourages the private sector to store a portion of the harvest until later in the year to stabilize prices. These policies are in contrast to some of the more market intervention policies that were adopted by previous regimes that had a direct impact on its supplies, prices, and exports. This report summarizes the key factors influencing the Thai rice situation over the past decade, plus examines current policies and market situation.

## **Policies**

Between 1981 and mid-2014, the Thai government's rice policy was primarily carried out through a series of "paddy pledging programs," which provided price support to rice producers with the aim of allowing farmers to avoid selling their crop immediately after harvest when seasonal prices are at their lowest. The majority of Thai farmers are small-holders with fewer than 5 hectares and dependent on the earnings from their crop. Under the paddy pledging programs, the producer obtained a loan from the government, equal to a government-announced paddy loan price times the volume of rice sold or stored. After three months, participants could either repay the loan with interest and gain possession of their rice to sell in the open market, or they could forfeit their rice to the government as full repayment of the loan. Thus, the loan rate effectively became a price floor which supported producers (see [April 2015 USITC rice report](#)).

In 2008, the Thai government's Paddy Mortgage Scheme (PMS) continued to purchase rice at intervention prices, which were above market prices (see [Thailand Grain and Feed Annual 2009](#)). Given the high costs of the program, however, in October 2009, the Thai government replaced it with the Price Insurance Scheme (PIS), a support program of direct payments to farmers based on a government-established price insurance (see [Thailand Price Insurance Starts to Replace Mortgage Scheme](#)).

The new PIS for the marketing year (MY) 2009/10<sup>1</sup> main rice crop reduced the government's budget by more than half of the amount allocated during the same period for MY2008/09. The government paid around \$1.5 billion for compensation to farmers, as compared to the buy-in cost of the MY2008/09 Paddy Mortgage Scheme of \$3.8 billion. The Price Insurance Scheme was designed to provide a direct payment to eligible farmers based on the difference between insured prices and a benchmark price.

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<sup>1</sup> Note: USDA defines MY2009/10 as January 1 – December 31, 2010.

The PIS relieved the government from accumulating the large volume of intervention stocks which resulted in market distortions for two decades under the PMS. Although the government implemented a Direct Purchase Program of up to 4.0 million tons of paddy as a measure to stabilize domestic prices in tandem with the PIS for MY2009/10 main crop and off-season crop, only 150,000 tons were purchased by the government (see [Thailand Grain and Feed Annual 2010](#)). The government released over 5 million tons of intervention stocks in MY 2009/10 and MY 2010/11 for exports through public tenders to exporters and government-to-government contracts. Some prices were below acquisition, apparently in part reflecting deteriorated quality from long-term storage (see [Thailand Grain and Feed Annual 2011](#)).

With the MY2011/12 crop, the Thai government replaced the PIS with the Paddy Pledging Program (PPP). At the time of the program's implementation, intervention prices were set approximately 50 percent higher than market prices for white rice, and 30 percent higher for fragrant rice. No limits were imposed on the pledged amount. The MY2011/12 main-crop pledges accounted for 31.5 percent of the expected MY2011/12 main-crop production, totaling 6.8 million tons of paddy (4.5 million tons milled equivalent) with a total cost of approximately \$3.3 billion. When taking into account the operating and storage costs, the cost increases to \$4.7 billion. The farmer participation rate for the Paddy Pledging Program was 34 percent, much lower than 95 percent participation rate of the PIS, mostly due to logistical challenges, especially for small-farm households in the Northeastern Region. The Thai government extended this Paddy Pledging Program for the off-season crop (see [Thailand Grain and Feed Annual 2012](#)).

The Paddy Pledging Program continued through MY 2012/13, with large quantities of rice pledged through the program. During this year, the challenges associated with limited financial resources continued to grow. The Thai government urged the Ministry of Commerce to speed up additional rice stock sales in order to generate funds to repay the BAAC for current and future Paddy Pledging Programs (see [Thailand Grain and Feed Annual 2013](#)). The total costs of the MY2011/12 and MY2012/13 rice pledging programs were estimated to be nearly \$22 billion; with another \$6 billion for the MY2013/14 main crop. Financial issues persisted into the MY 2013/14 program year, when the majority of farmers did not get paid in a timely fashion for their pledged main-crop rice stocks (see [Thailand Grain and Feed Annual 2014](#)).

In June 2014, the new military government not only took measures to inspect the rice stocks quantity and quality, but also announced that it would no longer continue the PPP or the earlier PIS (see [Thailand Weekly Rice Price Update TH 4051](#)) due to concerns regarding program cost and management. In November 2014, the government announced an on-farm pledging program called the "Farmer Loans to Delay the Sales of Rice Paddy," which aimed to stabilize farm-gate prices of only fragrant and glutinous rice paddy (see [Thailand Grain and Feed Update – November 2014](#)). The MY2014/15 on-farm pledging program received far fewer pledges than the government expected to receive, mainly because the total support price (including storage) of 16,400 baht/MT (\$469/MT) was considerably more modest than the PPP under the previous government's program, which was 20,000 baht/MT (\$571/MT) (see [Thailand Grain and Feed Annual 2015](#)). Also, with the market price reaching nearly the same level as the intervention price, there were no significant advantages to pledging the rice to the government program.

On June 14, 2016, the government approved a budget of 6.8 billion baht (\$193 million) to help stabilize rice paddy prices in MY2016/17 by encouraging the stockpiling of rice or paddy. The “Farmer Loans to Delay the Sales of Rice Paddy” program or known as “On-Farm Paddy Pledging” program was renewed and low- interest rate loans offered under the Farmer Assistance and Price Stabilization Program operated by the BAAC. Farmers participating in the “Farmer Loans to Delay the Sales of Rice Paddy” program can apply for a maximum loan of 80,000 baht (\$2,285) at a 3-percent interest rate for six months compared to the market interest rate of 7 percent. On June 21, 2016, the government also approved a budget of 45 billion baht (\$1.3 billion) to finance a direct payment under the MY2016/17 Rice Farmer Assistance Measure to farmers adversely affected by drought. Farmers in this program also are eligible to have their BAAC debt suspended for 2 years at a reduced interest rate of 3 percent instead of 7 percent.

Moreover, farmers who buy commercial crop insurance will receive partial compensation from the government for losses from natural disasters (see [Thailand Grain and Feed Update June 2016 TH6072](#)). This insurance program was introduced in 2011 as a pilot project for rice farmers totaling around 200,000 hectares and is operated by private insurance companies. Crop insurance will cover losses from flood, drought, cold weather, fire, storm, hailstorm, and pest outbreak. The premiums will vary from 130 baht per rai (\$23/hectares) in the low-risk areas and up to 510 baht per rai (\$91/hectares) in high-risk areas. Farmers who buy the insurance have to pay 60-100 baht per rai (\$11-18/hectares) for the premium depending on their risk exposure. However, the Ministry of Finance subsidizes 70-410 baht per rai (\$13-73/hectares). In addition, the BAAC subsidizes 10 baht per rai (\$2/hectares).

Additionally, in October 2016, the government approved direct payment of 2,000 baht per metric ton (\$57/MT) for the harvest and postharvest handling costs to all rice farmers. Also, farmers participating in the MY2016/17 On-Farm Paddy Pledging Program will receive the storage costs of 1,500 baht per metric ton of rice paddy (\$43/MT). The MY2016/17 On-Farm Paddy Pledging Program was extended from Hom Mali fragrant rice and glutinous rice to white rice and Pathumthani fragrant rice paddy (see [Thailand Grain and Feed Update October 2016](#) and Weekly Rice Price Update [November 8](#) and [15, 2016](#)). The program’s target was set at 2 million metric tons for combined fragrant and glutinous rice paddy, and 1 million metric tons for combined white and Pathumthani fragrant rice paddy, which accounts for approximately 10 percent of MY2016/17 main-crop rice production.

The Thai government is currently dealing with billions of dollars of debt incurred from the previous rice pledging programs. The Thai government has reported that losses from rice pledging programs for the duration of the PPP (MY2011/12 to MY2013/14) were estimated at 581 billion baht (\$16 billion) (see [Thailand Grain and Feed Update September 2016](#)). The Thai government will have to issue the long-term bonds to finance this debt. The current financial constraints make it difficult for the government to implement aggressive pledging programs in the near future. The current program is significantly smaller in scope and seeks to significantly lower the amount of rice in storage.

<b>Summary of Various Thai Rice Policies</b>		
<b>Policy / Event</b>	<b>Timeframe</b>	<b>Description</b>
Paddy Mortgage Scheme (PMS)	November 2008 – October 2009	The program was designed to provide price support to farmers through direct government purchases at intervention prices, however, few of the benefits fell to the farmers. The Thailand Development and Research Institute

		<p>(TDRI) estimated that under the scheme, farmers derived 40 percent of the total program benefits. The program resulted in large government expenditures and stockpiling resulting in record intervention stocks by the end of the program. The immediate prospect of an open ASEAN rice market in 2010 prompted policy makers to shift to the price insurance scheme.</p> <ul style="list-style-type: none"> <li>• <b>Benefitted varieties:</b> primarily fragrant and white rice</li> <li>• <b>Intervention prices:</b> Main crop: 10,800 – 12,000 baht/ton (\$303 - \$336) for white rice paddy. Intervention prices were less attractive during the end of the main crop program as domestic white rice prices increased due to strong demand for parboiled rice exports from African countries. Second crop intervention prices were unchanged from the MY 2008/09 main-crop intervention prices but approximately 20 percent higher than current market prices.</li> <li>• <b>Quantities purchased:</b> Main crop (November 1, 2008 – February 28, 2009) absorbed 6.1 MMT compared to targeted 8.0 MMT. Second crop (March 16 – July 31, 2009) set a target of 2.5 MMT of paddy with government purchases amounting to nearly 5.0 million tons of paddy, mostly white rice.</li> <li>• <b>Budgetary expenditures:</b> Estimated at over US\$3 billion in 2008</li> </ul>
Price Insurance Scheme (PIS)	MY2009/10- MY2010/11	<p>The shift from PMS to PIS brought with it a sharp reduction in the total level of planned government budget support. The program was funded at a lower level than PMS (estimated at US\$1 billion annually), but hoped to target farmers more directly. The program was designed to provide a direct payment to eligible farmers based on the difference between insured prices and a benchmark price. In addition, farmers received a payment directly from the government based on their registration commitment. The program was designed to benefit all farmers, particularly small-scale farmers with 3.7 million families targeted to receive benefits.</p> <ul style="list-style-type: none"> <li>• <b>Benefitted varieties:</b> fragrant and white rice</li> <li>• <b>Intervention prices:</b> Insured prices were set at 10,000 baht/ton (\$296/MT) for white rice paddy, 15,300 baht/ton (\$453/MT) for fragrant rice paddy,</li> </ul>

		<p>14,300 baht/ton (\$393/MT) for provincial fragrant rice paddy, and 9,500 baht/ton (\$281/MT) for glutinous paddy.</p> <ul style="list-style-type: none"> <li>• <b>Quantities purchased:</b> This program focused primarily on insurance programs, rather than government purchases of rice. In a measure to stabilize prices, the government authorized an allowable direct purchase program of 4.0 million tons of paddy for MY2009/2010, although only 150,000 tons was purchased.</li> <li>• <b>Budgetary expenditures:</b> In MY2009/10, the government paid around \$1.5 billion for compensation to farmers, as compared to the buy-in cost of the MY2008/09 Paddy Mortgage Scheme of \$3.8 billion.</li> </ul>
<p>2011 Paddy Pledging Program (PPP) implemented</p>	<p>MY2011/2012 - MY2013/14</p>	<p>The change from PIS to PPP made Thai rice uncompetitive with excessive supplies hardly exported in 2012 as Indian and Vietnamese rice prices were over \$100/MT cheaper. The program's attractive prices drove farmers to increase their rice plantings while no limit restrictions were imposed on the pledged amount. The farmer participation rate was 34 percent, far below the 95 percent participation rate of the former PIS. Thailand's status as the world's largest rice exporter was challenged by India and Vietnam under PPP.</p> <ul style="list-style-type: none"> <li>• <b>Benefitted varieties:</b> white rice</li> <li>• <b>Intervention prices:</b> During its implementation, intervention prices were set approximately 50.0 percent higher than market prices for white rice, and 30.0 percent for fragrant rice. In March 2012, the government's intervention price of 15,000 baht/tons (\$500/MT) was 46 percent above market prices.</li> <li>• <b>Quantities purchased:</b> The MY2011/12 main-crop Paddy Pledging Program ran from October 7, 2011 through February 29, 2012, and pledged a total of 6.8 million tons of paddy (4.5 MMT milled equivalent). As of March 2, 2014 the pledging program received 11.6 million metric tons of paddy (7.7 MMT milled)</li> <li>• <b>Budgetary expenditures:</b> The total costs of the MY2011/12 and MY2012/13 rice pledging programs were estimated to be nearly \$22 billion;</li> </ul>

		for the MY2013/14 main crop, \$6 billion.
PPP suspended and various short-term support measures introduced	June 2014 - Present	<p>In June 2016, the new military government announced it would no longer continue the rice pledging and income insurance programs. Short-term measures were introduced instead. The “Farmer Loans to Delay the Sales of Rice Paddy” aimed to stabilize farm-gate prices of only fragrant and glutinous rice paddy. The suspension of the MY2013/14 Off-Season Rice Paddy Pledging Program and the continued sales of the government rice stocks put downward pressure on domestic rice prices, which made Thai rice more competitive.</p> <p>The MY2014/15 <b>on-farm pledging program</b> received far fewer pledges than the government expected to receive, mainly because the total support price of 16,400 baht/MT (\$469/MT) was considerably more modest than the PPP, which was 20,000 baht/MT (\$571/MT). Also, with the market price at nearly to the same level as the intervention price, there were not significant advantages to pledging the rice to the program.</p> <p>In June 2016, the government approved a budget of 6.8 billion baht (\$193 million) to help stabilize rice paddy prices in MY2016/17 by encouraging the stockpiling of rice or paddy. The “<b>Farmer Loans to Delay the Sales of Rice Paddy</b>” program or known as “On-Farm Paddy Pledging” program was renewed and low- interest rate loans offered under the <b>Farmer Assistance and Price Stabilization Program</b> operated by the BAAC. The government also approved a budget of 45 billion baht (\$1.3 billion) to finance a direct payment under the MY2016/17 <b>Rice Farmer Assistance Measure</b> to farmers adversely affected by drought. Farmers in this program also are eligible to have their BAAC debt suspended for 2 years at a reduced interest rate of 3% instead of 7%. Moreover, farmers who buy commercial crop insurance will receive partial compensation from the government for losses from natural disasters.</p> <p>In October 2016, the government agreed to provide more incentives to stockpile rice during the peak harvest period of November and December 2016. Farmers who participate in the <b>On-Farm Pledging Program</b> will immediately receive 1,000 baht/MT (\$29/MT) in cash for storing fragrant or glutinous rice paddy on site as opposed</p>

		<p>to in the past when they had to wait until the rice was sold on the market to receive 1,500 baht/MT (\$43/MT). The target of this program is to pledge 2 MMT of fragrant and glutinous rice in the northeastern region. Meanwhile, millers/traders and farmer institutions who participate in the <b>Interest-Rate Subsidy Program</b> will receive a 4 percent interest rate subsidy (for 4-6 months of storage) - up from an earlier announced 3 percent interest rate subsidy. The target is to encourage millers/traders to stockpile 8 MMT of rice and farmer institutions to stockpile 2.5 MMT.</p> <p>In November 2016, the government approved the On-Farm Paddy Pledging Program for all types of rice paddy. The intervention prices were set below market prices at 9,500 baht per metric ton (\$271/MT) for fragrant and glutinous rice paddy, 7,000 baht per metric ton (\$200/MT) for white rice paddy, 7,800 baht per metric ton (\$223/MT) for Pathumthani fragrant rice paddy. The program's target was set at 2 million metric tons for combined fragrant and glutinous rice paddy, and 1 million metric tons for combined white and Pathumthani fragrant rice paddy. Additionally, all farmers will receive a direct payment of 2,000 baht per metric ton (\$57/MT) for harvest and postharvest handling costs.</p>
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## Production

Rice accounts for a large proportion of Thailand's arable land, particularly the irrigated land. The country is affected by weather patterns such as El Nino and La Nina, and the Royal Irrigation Department carefully monitors the reservoir levels. Thailand's irrigated areas total approximately 30 million rai (4.8 million hectares), which account for around 20 percent of total agricultural land in the country. Presently, rice cultivation accounts for 40 to 50 percent of total irrigated areas (see [Thailand Grain and Feed Annual 2013](#)).

Between MY 2007/08 and MY 2010/11, rice production in Thailand increased from 30.0 to 30.7 million MT (MMT) on a paddy basis due to good weather conditions and yield improvements of main-crop production. During this period, the Price Insurance Scheme was in place (see [Thailand Grain and Feed Annual 2011](#)). The introduction of the Paddy Pledging Program in MY 2010/11 and improved reservoir levels influenced area expansion in 2011/12, causing production to expand to 31.0 MMT on a paddy basis. Economic incentives were high as the government's intervention price with the Paddy Pledging Program was 15,000 baht/tons (\$500/MT), more than 40 percent above market prices (see [Thailand Grain and Feed Annual 2012](#)). Despite a slight drop in area in 2012/13 and 2013/14, yields remained relatively high, so paddy production was 30.6 MMT and 31.0 MMT respectively during those years.

The termination of the program in 2014 led to lower planted areas in MY 2014/15, when area declined



over 5 percent. During 2014/15, paddy production fell to 28.4 million MT, with lower than normal yields due to below normal average precipitation affecting yields and water supplies for the off-season crops. The Committee on Rice Policy and Management agreed on a 5-year Rice Cultivation Restructuring Program (2015 – 2019) to reduce rice planted areas and increase sugarcane area (see [Thailand Grain and Feed Annual 2015](#)). Rice planted area has further contracted in MY 2015/16 with lower prices. The government [announced bans on off-season rice cultivation](#) due to the limited water availability due to drought in the northern and central regions. Production for 2015/16 is estimated at 23.6 million MT, the lowest since 1998/99, based on both lower area and yields.

Production for MY 2016/17 is forecast to rebound to slightly more than 28 million tons of paddy as off-season area expands and yields return to normal levels. This is still the second lowest level since 2006/07. Any area expansion in 2016/17 is expected to be limited as the current government support policies only focus on the specialty fragrant and glutinous rice.

The Thai government is working with private associations including the Thai Feed Mills Association and the Thai Seed Trade Association as well as the BAAC to encourage farmers in irrigated areas to shift from MY2016/17 off-season rice production to corn production. The plans target farms primarily located in the northern and northeastern regions totaling around 2 million rai (0.3 million hectares). The goal is to reduce the excess supplies of off-season rice by 1.25 million metric tons and to increase corn production by 1.4 million metric tons (see [Thailand Grain and Feed Update October 2016](#)).

## **Exports**

For most of the past 30 years, Thailand has been the world's top exporter of rice and has been seen as a reliable supplier. Yet the past decade has been a period of great volatility in Thai exports. During 2007 amid rising prices, other major exporters India and Vietnam imposed rice export bans, which enabled Thailand to expand its market share (see [Thailand Grain and Feed Annual 2008](#)).

In late 2008, Thailand released rice from intervention stocks in response to competition from lower-priced rice from Vietnam, which had lifted its ban (see [Thailand Weekly Rice Price Update TH8122](#)). Between 2008/09 and 2010/11, Thailand remained the dominant exporter, with exports rising from 8.6 to 10.6 MMT. Key factors facilitating these exports included the release of some of the intervention stocks priced for and contingent upon export (see [Thailand Grain and Feed Update TH0128](#)) and India's absence from the market, due to its non-basmati export ban during this period.

However, the Indian government lifted the non-basmati rice export ban in 2011 and offered its stockpiled rice at significantly lower prices than Thailand (see [Thailand Grain and Feed Annual 2012](#)).

Given the stiff competition from India and Vietnam, and the high prices in Thailand resulting from the Paddy Pledging Program, Thai exports in 2011/12 and 2012/13 dropped precipitously to less than 7 MMT a year.

However, following a political transition, the caretaker government suspended the MY2013/14 Off-Season Rice Paddy Pledging Program and accelerated its sales of government-owned stocks, causing Thai exports to become more competitive with Vietnamese and Indian rice. Thai rice exports rose to nearly 11 million MT in 2013/14 as a result (see [Thailand Grain and Feed Annual 2014](#)). Yet with reduced global import demand, lower domestic production and higher prices relative to competitors, Thai exports declined to 9.8 MMT in 2014/15 (see [Thai Grain and Feed Annual 2016](#)). Exports are estimated at 9.2 million tons for 2015/16 on lower global trade and only slightly higher at 9.5 million tons for 2016/17.

## **Consumption**

Consumption and residual uses have been steadily increasing over the past ten years, rising from 9.6 million MT in 2007/08 to 10.8 million MT in 2015/16. The dominant use for rice is for human food use. Rice is the main staple food in Thailand with per capita consumption ranging from 80 kilograms for city households to 155 kilograms for rural households.

Feed use is not officially tracked. Typically about 10 percent of the rice in Thailand is used for feed, mostly the broken kernels. This has fluctuated based on the price of rice relative to other feed ingredients. For example, in 2013 feed manufacturers reduced the use of broken rice and increased the use of tapioca chips, given the relatively high price of broken rice under the Paddy Pledging Program. Feed manufacturers also urged the government to sell broken rice stocks at discounted prices to help small feed millers (see [Thailand Grain and Feed Annual 2013](#)). In 2015 and 2016, imported feed wheat substituted for broken rice in feed due to tight domestic supplies.

Other uses include waste, loss, and residual. Industrial uses and non-food uses have grown in recent years, as some of the older intervention stocks have been determined to be only eligible to be sold for non-food or feed purposes.

## **Stocks**

Over the past decade, Thai rice stocks rose to record levels, but are now in a period of decline, largely influenced by various policies set by the Thai government.

In the midst of rapidly rising prices and the imposition of export bans from main competitors India and Vietnam, the Thai government released some intervention stocks in 2008 to meet global demand. These stocks continued to grow as a result of the Paddy Mortgage Scheme (see [Price Insurance Starts to Replace Mortgage Scheme TH 9161](#)). Even with the transition to the new price insurance system, the government stocks were not immediately released into the market on concerns over domestic prices (see [Thailand Grain and Feed Annual 2010](#)).

However, in August 2010, the government began gradual releases of more than 4 MMT of its old-crop intervention stocks (mostly 5% grade white rice). The intervention stocks released were for export markets only, through a selective tender for large exporters (see [Thailand Grain and Feed Annual 2011](#)).

Old-crop white rice intervention stocks releases were often contingent on exports as the government sought to avoid adding downward pressure on domestic prices. In contrast, the government release of fragrant rice was usually made available for both the domestic and export markets (see [Thailand Grain and Feed Annual 2012](#)).

Despite a small dip in stocks levels by the end of MY 2010/11, the MY2011/12 Paddy Pledging Program marked the beginning of another accumulation of stocks. On top of the old-crop intervention stocks, the government absorbed additional stocks from the main-crop and off-season crop Paddy Pledging Program (see [Thailand Grain and Feed Annual 2012](#)).

As the scope of the Paddy Pledging Program grew year by year, the sale of stocks became imperative to

finance the program. In 2013, the Ministry of Commerce committed to selling rice stocks to finance ongoing programs. Because of the age and quality of the stocks, most stock sales were discounted below the acquisition prices to enable Thai exporters to compete with Vietnamese rice. The inability of the government to sell its stocks was due primarily to political issues, which in turn led to tighter liquidity situation in the Bank for Agricultural and Agricultural Cooperatives (see [Thailand Grain and Feed Annual 2013](#)). By the end of MY 2012/13, stocks were nearly 13 MMT, though the stock levels exceeded that during peak harvest times earlier in the year.

With the transition of political power, the caretaker government more aggressively sought to sell off old stocks to finance the Paddy Pledging Program. It issued seven public tenders totaling approximately 2 MMT of rice by the end of the first quarter of 2014. Most was old-crop 100% B grade fragrant rice and 5% B grade white rice. In the first two months of 2014, overall bids of the 1.1 million metric tons were approximately 15 and 30 percent below current market prices for old-crop 5% grade white rice and 100% B grade fragrant rice (see [Thailand Grain and Feed Annual 2014](#)).

In May 2014, a military government came to power and decided to halt the movement of government rice stocks from storage warehouses until the inspection of rice quantity and quality was completed (see [Thailand Grain and Feed Update June 2014 TH4054](#)). According to the Ministry of Finance's audit result as of September 30, 2014, government rice stocks totaled 17.5 million metric tons. Of the total, around 10 million metric tons, mostly white rice, could be reprocessed for domestic consumption or exports. The remainder was not fit for human or feed consumption or listed as unaccounted. Public tenders continued to auction off the old rice (see [Thailand Grain and Feed Annual 2015](#)).

Stock levels have continued to decline, accelerating in 2015/16, since production has been sharply lower based on lower area and yield. The government has been quickly reducing its food-grade rice stocks by taking advantage of the tight supply situation. Prices for the auctioned rice are considerably cheaper than the current crop prices (see [Thailand Grain and Feed Update June 2016 TH6072](#)).

Currently, the Thai government is holding rice stocks that include food-grade rice, feed grade rice as well as deteriorated rice which is not suitable for food and animal feed. The government plans to sell off its remaining stocks by the end of 2017. Sales to China via government to government agreements is one method the country is using to deal with the stocks issue (see [Thailand Grain and Feed Annual 2016](#)).

The current government is committed to a significantly smaller scope of stock-holding, not only actively reducing the stocks levels, but also encouraging the private sector to hold the stocks. On October 11, 2016 the cabinet agreed to increase incentives to farmers and millers/traders to stockpile MY2016/17 main-crop rice during the peak harvest period of November – December 2016. The goal of this program is to keep approximately half of the newly harvested fragrant and white rice off the market in order to stabilize domestic prices through the On-Farm Rice Pledging Program for fragrant and glutinous rice farmers and the Interest-Rate Subsidy Program for rice millers/traders (see [Thailand Grain and Feed Update October 2016](#)).

See below for USDA estimates of production, supply, and distribution for Thailand rice.

Attribute	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017
Area Harvested (1000 HA)	10,83 0	10,80 0	10,94 0	10,66 7	11,00 0	10,83 7	10,92 0	10,27 0	9,444	10,08 0
Beginning Stocks (1000 MT)	2,510	2,707	4,787	6,100	5,615	9,330	12,80 8	11,99 9	10,77 0	7,870
Milled Production (1000 MT)	19,80 0	19,85 0	20,26 0	20,26 2	20,46 0	20,20 0	20,46 0	18,75 0	15,80 0	18,60 0
Rough Production (1000 MT)	30,00 0	30,07 6	30,69 7	30,70 0	31,00 0	30,60 6	31,00 0	28,40 9	23,93 9	28,18 2
Milling Rate (.9999) (1000 MT)	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600
MY Imports (1000 MT)	8	300	300	200	600	600	300	300	300	250
Total Supply (1000 MT)	22,31 8	22,85 7	25,34 7	26,56 2	26,67 5	30,13 0	33,56 8	31,04 9	26,87 0	26,72 0
MY Exports (1000 MT)	10,01 1	8,570	9,047	10,64 7	6,945	6,722	10,96 9	9,779	9,200	9,500
Consumpti on and Residual (1000 MT)	9,600	9,500	10,20 0	10,30 0	10,40 0	10,60 0	10,60 0	10,50 0	9,800	10,60 0
Ending Stocks (1000 MT)	2,707	4,787	6,100	5,615	9,330	12,80 8	11,99 9	10,77 0	7,870	6,620
Total Distributio n (1000 MT)	22,31 8	22,85 7	25,34 7	26,56 2	26,67 5	30,13 0	33,56 8	31,04 9	26,87 0	26,72 0
Yield (Rough) (MT/HA)	2.77	2.78	2.81	2.88	2.82	2.82	2.84	2.77	2.53	2.8

Note: MY 2007/08 is the marketing year that corresponds to January 1 – December 31, 2008.  
Current as of December 2016. For up-to-date USDA statistics see the following link: [FAS PSD Online](#).

