

Voluntary Report – Voluntary - Public Distribution

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Report Name: DDGS listed on the Controlled Commodities

Country: Thailand

Post: Bangkok

Report Category: Grain and Feed, Trade Policy Monitoring

Prepared By: Ponnarong Prasertsri, Agricultural Specialist

Approved By: Russell Nicely

Report Highlights:

Distiller's Dried Grains with Solubles (DDGS) was recently added to the Thai Ministry of Commerce's Controlled Goods and Services list, but import restrictions have not yet been established.

On July 1, 2020, the Ministry of Commerce's Department of Internal Trade (DIT) announced in the Royal Gazette the new list of Controlled Commodities and Services to include Distiller's Dried Grains with Solubles (DDGS). The Cabinet of Thailand approved the addition on June 30, 2020, after the Crop Growers and Merchandise Association voiced concerns that rising imports of DDGS could affect the local corn market and farmers.

DIT has not begun to restrict DDGS imports like it does for feed wheat, which has been on the controlled list since January 2017. However, feed mills and importers of DDGS are now required to register as feed importers with the DIT and to report to DIT monthly the following details:

- (1) volume of DDGS imports;
- (2) sale and use for feed ration;
- (3) outstanding stocks; and
- (4) volume of DDGS purchase over the next three months.

Traders expect the government may eventually restrict DDGS imports like feed wheat imports. Feed mills are required to purchase domestic corn at the minimum price of 8 baht per kilogram (U.S. \$258/MT) prior to the import of feed wheat at a 3 to 1 absorption ratio, if farm-gate prices of corn fall below 7 baht per kilogram (U.S. \$225/MT),

Average farm-gate prices of corn in the first half of 2020 declined 5 percent from the same period last year to 7.64 baht per kilogram (U.S. \$246/MT, Figure 1) despite a 20 percent reduction in MY2019/20 corn production. The decline in domestic corn prices is primarily a result of an influx of duty-free imported corn from neighboring countries, particularly from Myanmar. In the first five months of 2020, corn imports reached a record 1.2 million metric tons, up significantly from 0.2 million metric tons in the same period last year. Demand for feed inputs (Figure 2) has continued to increase in 2020 despite the COVID-19 pandemic due to an increased demand for swine and poultry. The swine and poultry sectors make up approximately 95 percent of the total domestic corn demand. Total feed grain demand over the past 5 years totaled 8-9 million metric tons (Figure 3). However, domestic corn production is limited at 4-5 million metric tons. Feed mills must rely on imported alternative feed grains to meet their poultry and swine feed rations. Imports of alternative feed grains in the first four months of 2020 increased significantly, including feed wheat (5 percent to 0.8 million metric tons), DDGS (9 percent to 0.2 million metric tons) and barley (58 percent to 0.3 million metric tons).

Figure 1: Monthly Farm-gate Prices of Corn

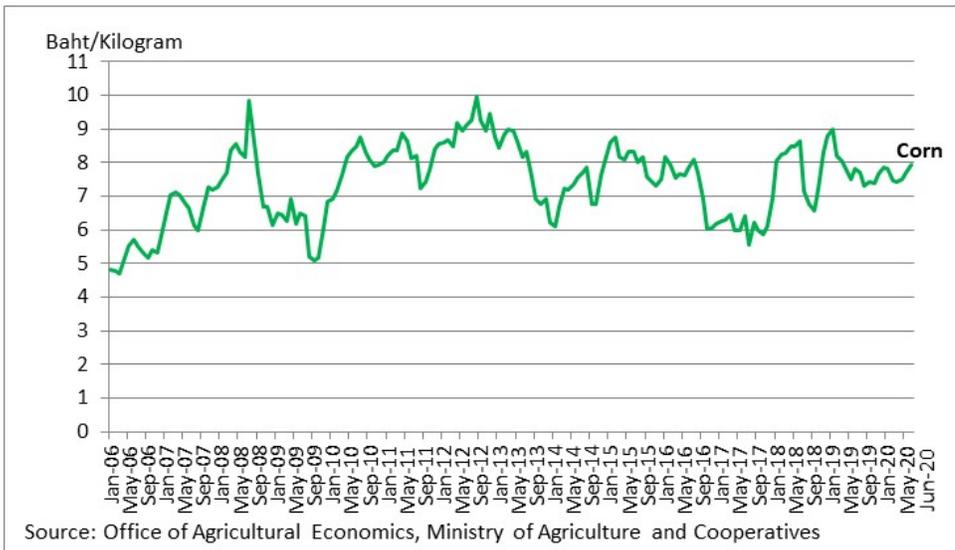


Figure 2: Thailand's Feed Demand

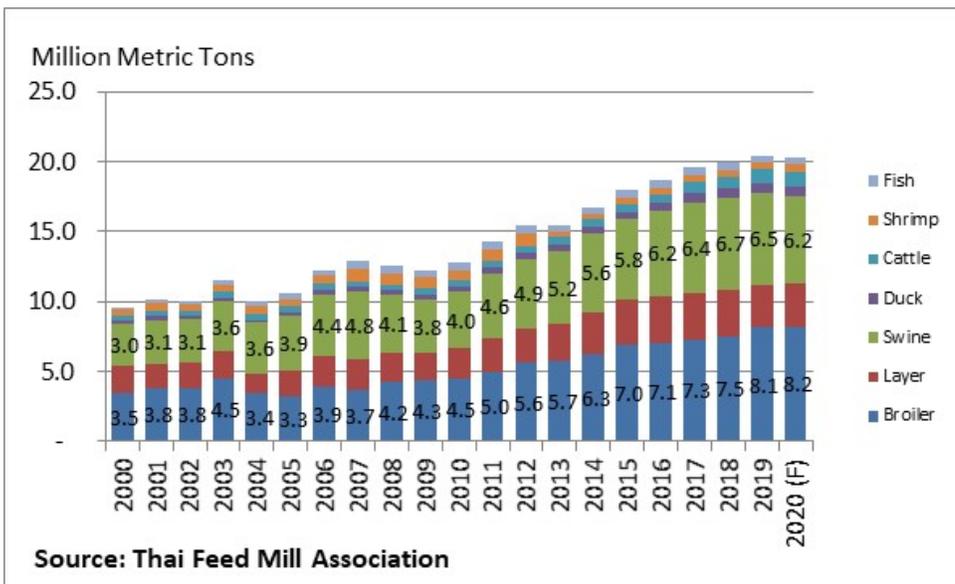
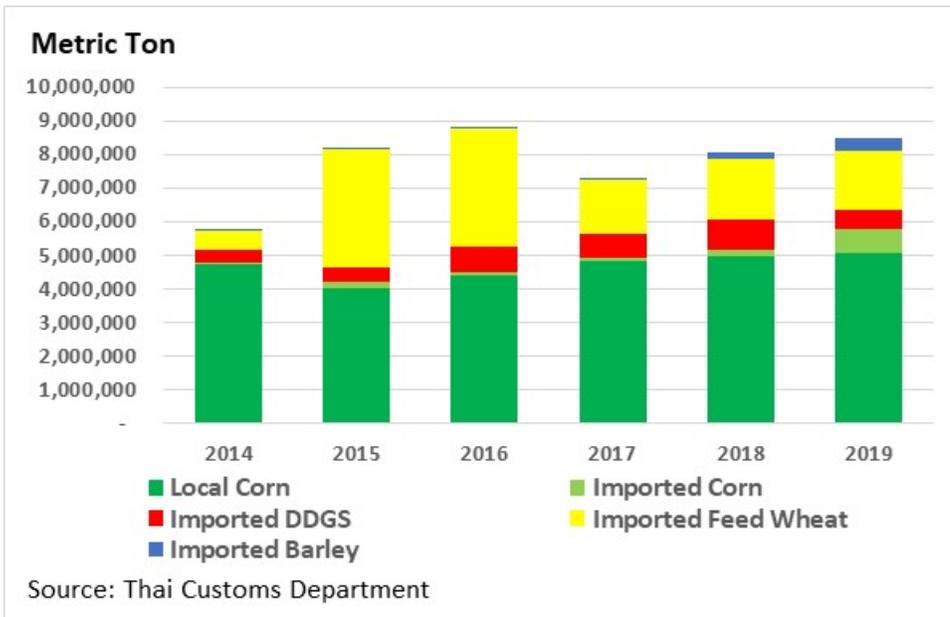


Figure 3: Thailand's Corn Production and Imported Feed Grains



End of report.

Attachments:

No Attachments.