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GAIN Report

Global Agricultural Information Network

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Required Report - public distribution

Date: 3/22/2011

GAIN Report Number: TH1035

Thailand

Grain and Feed Annual

Annual 2011

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Report Highlights:

TH1035 Weather conditions in 2011 will likely be favorable for MY2011/12 rice and corn production. Anticipated large supplies of rice will enable Thai rice exports to reach 10-11 million tons in 2011 and 2012. Meanwhile, exportable corn supplies will likely remain tight due to growing domestic feed consumption. However, demand for feed wheat is expected to decline due to a surge in world wheat prices. Nevertheless, food-grade wheat imports are forecast to continue their upward trend.

Executive Summary:

Weather conditions in 2011 are expected to be favorable for MY2011/12 crops with anticipated improvement in average yield and harvest, as compared to the unusual climate pattern from El Nino and La Nina phenomenon in the previous years. MY2011/12 rice production is forecast to increase to 20.4 million tons. The supplies from the upcoming rice harvests and the government's ongoing stock releases will enable Thailand to attain exports of 10.0 million tons in 2011 and 2012.

MY2011/12 corn production is forecast to increase to 4.2 million tons which will likely ease feed cost amid anticipated 2-3 percent growth in feed consumption. The increase in domestic demand for corn in feed industry will likely limit corn exports to 0.2 million tons. Meanwhile, corn imports will likely continue to grow, particularly from border trade with Cambodia and Laos, to fulfill domestic feed demand.

Strong demand for feed grain also resulted in a surge in MY2009/10 and MY2010/11 wheat imports. However, MY2011/12 wheat import is forecast to decline in anticipation of a reduction in feed wheat demand as a surge in world wheat prices has made it less attractive for feed use. Meanwhile, import of food-grade wheat is expected to continue the upward trend of 3-5 percent growth rate.

MY2011/12 Mung bean production is forecast to continue its upward trend due to attractive returns. Import demand, particularly from Burma, will likely remain high in order to meet the growing food processing industry.

Commodities:

Corn

Rice, Milled

Wheat

1. Rice

1.1 Production

Rice, Milled Thailand	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10,940	10,940	10,700	10,667		10,860
Beginning Stocks	4,787	4,787	6,347	6,100		6,062
Milled Production	20,260	20,260	20,350	20,262		20,394
Rough Production	30,697	30,697	30,833	30,700		30,900
Milling Rate (.9999)	6,600	6,600	6,600	6,600		6,600
MY Imports	300	300	300	200		100
TY Imports	300	300	300	200		100

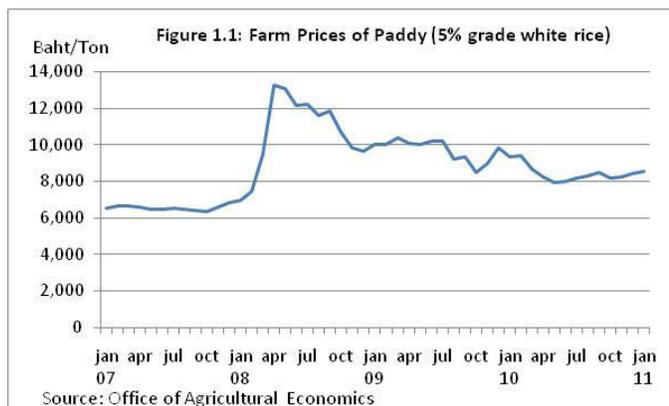
TY Imp. from U.S.	0	0	0	0	0
Total Supply	25,347	25,347	26,997	26,562	26,556
MY Exports	9,000	9,047	10,000	10,000	10,000
TY Exports	9,000	9,047	10,000	10,000	10,000
Consumption and Residual	10,000	10,200	10,200	10,500	10,700
Ending Stocks	6,347	6,100	6,797	6,062	5,856
Total Distribution	25,347	25,347	26,997	26,562	26,556
Yield (Rough)	3.	2.8059	3.	2.878	2.8453

Table 1.1: Thailand's Paddy Area, Production, and Yield

	2008/09			2009/10			2010/11 (Mar 2011)			2011/12 (Mar 2011)		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
Area (million hectare)												
Cultivation	9.256	1.984	11.240	9.265	2.011	11.276	9.256	2.027	11.283	9.256	2.027	11.283
Harvest	8.818	1.982	10.800	8.993	1.947	10.940	8.704	1.963	10.667	8.900	1.960	10.860
Production (million ton)												
Rough	21.661	8.415	30.076	22.497	8.200	30.697	22.200	8.500	30.700	22.300	8.600	30.900
Rice	14.296	5.554	19.850	14.848	5.412	20.260	14.652	5.610	20.262	14.718	5.676	20.394
Yield (ton/hectare)	2.340	4.241	2.676	2.428	4.078	2.722	2.398	4.193	2.721	2.409	4.243	2.739

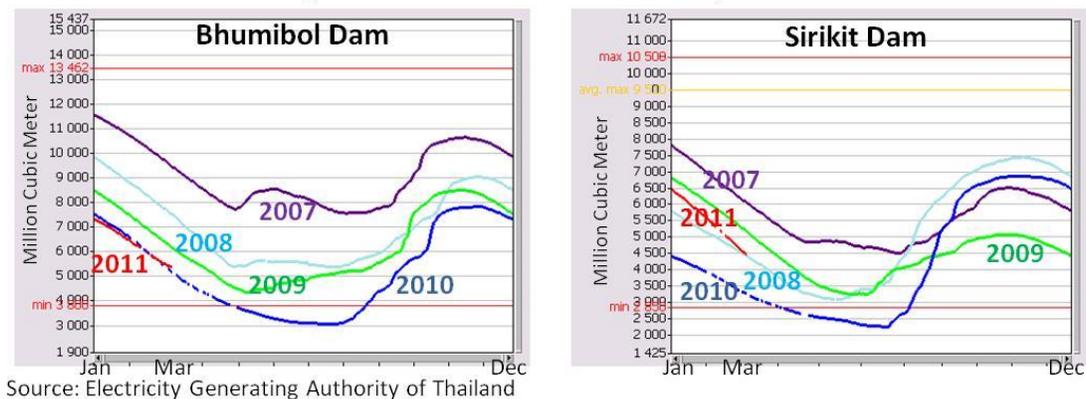
Source: FAS Estimate

Despite flooding damage on MY2010/11 main crop, MY2010/11 rice production is expected to increase slightly to 20.3 million tons due to bumper off-season crop production. In spite of downward pressure

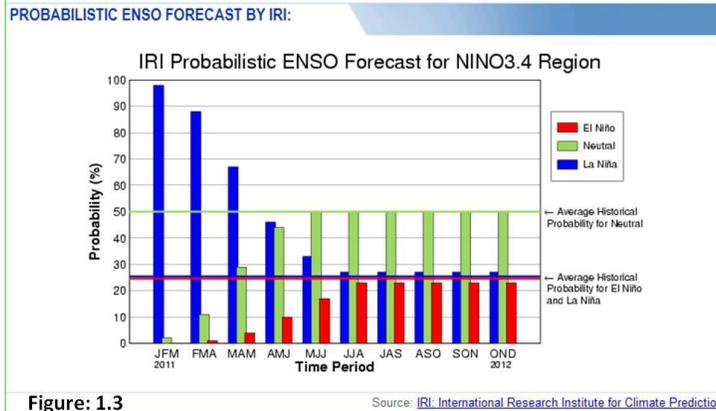


on farm-gate prices (Figure 1.1), cultivation areas continued to increase as farmers are hedging their risks by registering in record numbers under the government's Price Insurance Scheme (TH0084). Average yield is expected to increase to 4.2 tons/hectare due to recoveries in reservoir levels that were critically low as of mid 2010 (Figure 1.2). Reservoirs have enough supply of water for off-season crop cultivation. In addition, the damage from plant brown hopper is reportedly marginal in major growing areas.

Figure 1.2: Reservoir Levels in Major Dams



MY2011/12 rice production is forecast to increase to 20.4 million tons in anticipation of average yield improvements due to favorable weather conditions. Cultivated areas are expected to increase to 10.9



million hectares as damaged areas from drought or flooding will likely be minimal. According to the International Research Institute for Climate and Society's (IRI) forecast in February 2011, the probability for La Niña condition is weakening to less than 30 percent for June – August 2011 and beyond (Figure 1.3). Also, probabilities for El Niño conditions will be 10 percent or less through April-June and rising to the 20-25 percent range from June- of 2011 and

onward. In addition, the Thai Meteorological Department expects above-average precipitation during May – July 2011 when most rain-fed main-crop cultivation will begin, which accounts for 70-80 percent of the total main-crop cultivation. Anticipated above-average precipitation will help reservoirs to supply enough water for MY2011/12 second crop.

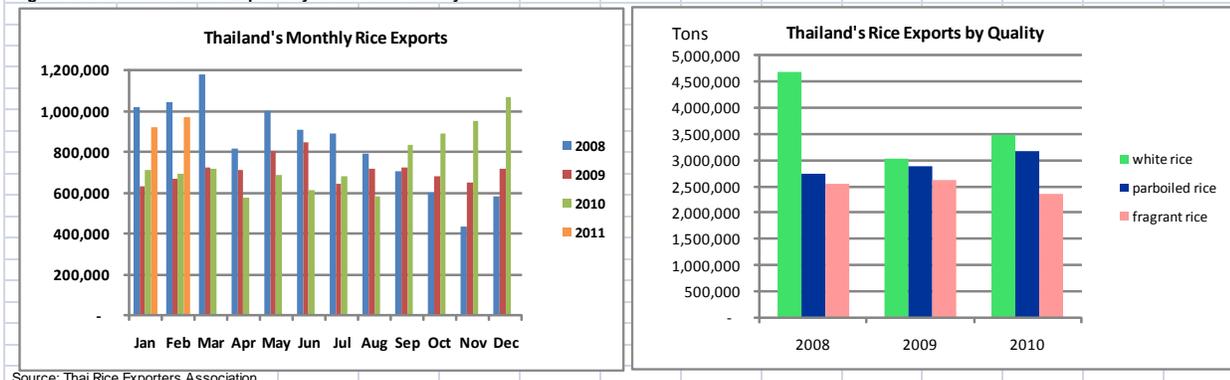
1.2 Consumption

Rice is the main staple food for Thais with per capita consumption ranging from 80 kilograms for city households to around 115 kilograms for rural households, and up to 125 kilograms for low-income household. MY2011/12 total rice consumption is forecast to grow slightly due to an increase in export-oriented food industrial use, particularly for noodle, snack, and flour applications which account for approximately 80 percent of total rice processed products exports. In addition, demand for broken rice in the feed industry, which currently accounts for around 10 percent of total rice consumption, will likely continued to increase in line with growing livestock production due to less volatility in rice prices as compared to other feed grains.

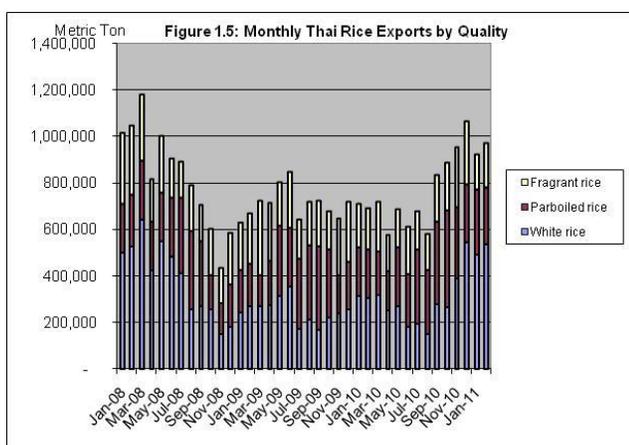
1.3 Trade

According to the Ministry of Commerce's Department of Foreign Trade, Thai rice exports increased to 9.1 million tons in 2010, up 5.3 percent from the previous year. White rice accounted for the bulk of the increase driven by gradual releases of government stocks of 4.0 million tons (mostly 5% grade white rice) since August 2010. The Government's stock release helped Thai rice prices become attractive in the Asian and African markets, given that it was able to compete with Vietnamese rice, as prices of the released stocks were discounted 10-15 percent for age. Also, parboiled rice exports continued its upward trend, increasing by 10.2 percent from the previous year as India retains its ban on non-basmati rice exports.

Figure 1.4: Thailand's Rice Exports by Month and Quality



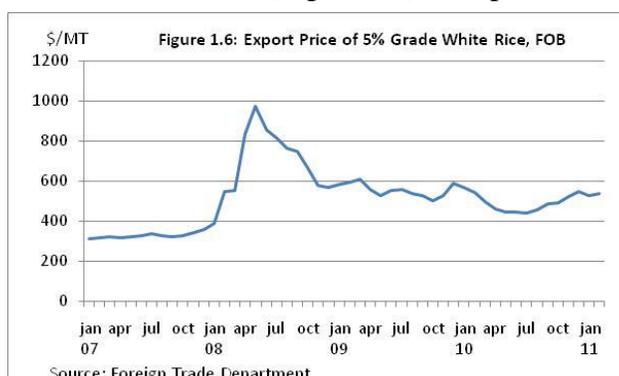
In 2011 - 2012, Thailand rice exports will likely increase to 10.0 million tons due to large exportable



supplies from the government's stock release and anticipated bumper harvests for MY2010/11 and MY2011/12 crops. Presently, monthly rice exports remain at 0.9 – 1.0 million tons since November 2010. The government will likely dispose of its outstanding stocks of 1.0 – 2.0 million tons through exports within March 2011, amid carry-over of 2.0 million tons from last year's stock release of 4.0 million tons. Large supplies of white rice, particularly from the government's stock release, have reduced the price difference between Thai and Vietnamese white rice closer to a typical \$20-

30/MT, as compared to \$70-100/MT, despite the advantage of Vietnamese rice prices that became cheaper when the government devalued its currency by 9.3 percent in February 2011. Anticipated bumper MY2010/11 off-season crop and MY2011/12 will support parboiled rice export momentum of more than 3.0 million tons. In addition, competition from Indian parboiled rice will likely remain limited due to India's export ban on premium non-basmati.

Despite concerns of escalating food prices since mid-2010, export prices of Thai rice have remained more or less stable (Figure 1.6), compared to wheat prices, due to bumper rice crops and large carry-



over stocks of major producing countries. Also, the Indian export ban on non-basmati rice since April 2008 is expected to be lifted in 2011 due to crop recoveries and an above normal buffer rice stock of 27.8 million tons. In addition, unlike in 2008, the Vietnamese government has not imposed rice export bans for 2010-11. Moreover, the Thai government released its intervention stocks of 3-4 million tons for export since

mid 2010 which have been slowly making it to Asian and African markets. The orders have been slow, as buyers have been cautious in placing significant orders while prices are suffering downward pressure as Thai and Vietnamese exporters try to underbid each other by offering better export terms.

Table 1.2: Thailand's Rice Exports in 2010 (Jan. - Dec.)

Unit: Metric Ton

	Rice Quality							Total
	Fragrant rice	White rice				Paboiled rice	Other	
		100%	5%	10-35%	Broken rice			
Nigeria	71	-	2,000	-	-	1,397,734	-	1,399,806
<i>% change yoy</i>	-96.7	-	100.0	-	-	30.9	-	30.7
Benin	18,013	1,000	24,600	9,775	-	412,229	60	465,676
<i>% change yoy</i>	50.8	100.0	407.2	-84.0	-100.0	-22.5	-	-23.8
Philippines	7,424	6,461	19,315	474,520	208	2	2,989	510,919
<i>% change yoy</i>	-13.4	41.7	1196.3	477.4	-98.2	-	-93.7	227.4
Malaysia	64,973	9,857	68,506	1,309	12	-	39,020	183,677
<i>% change yoy</i>	-39.9	-11.0	253.6	-	-99.3	-	86.5	13.9
South Africa	7,864	17,403	11,531	1,300	2,120	541,397	74	581,689
<i>% change yoy</i>	-0.6	33.8	386.3	-99.4	-46.5	3.4	35.0	-22.6
United States	359,349	6,239	249	488	13	356	21,112	387,806
<i>% change yoy</i>	-4.7	32.9	542.0	24.3	-100.0	383.5	-9.7	-11.9
Iraq	5,606	144	496,963	-	-	-	-	502,712
<i>% change yoy</i>	-62.0	-32.7	86.1	-	-	-	-	78.3
Cote d'Ivoire	350,632	20,950	147,650	86,231	2,000	38,883	-	646,346
<i>% change yoy</i>	-9.1	-31.0	616.7	25.6	-81.0	304.0	-	23.0
Hong Kong	169,024	38,688	2,685	1,213	1,017	-	8,421	221,047
<i>% change yoy</i>	-14.0	-26.3	125.5	19.6	-5.1	-	18.2	-14.8
Senegal	256,200	-	-	-	18,455	72	-	274,727
<i>% change yoy</i>	-4.4	-100.0	-100.0	-100.0	-86.6	-98.9	-	-36.7
Singapore	100,791	31,590	4,111	4,939	5,869	481	8,210	155,991
<i>% change yoy</i>	-15.3	-22.5	331.2	1694.4	-57.6	8.8	-34.3	-16.9
China	133,407	53,030	31,596	774	51	-	45,350	264,207
<i>% change yoy</i>	2.5	64.1	73377.9	209.6	-82.0	-	-72.4	-19.4
Other	881,399	638,664	618,747	122,715	161,247	778,579	207,465	3,408,817
<i>% change yoy</i>	-11.5	73.6	107.9	-69.3	-45.8	5.7	-5.7	2.8
Total	2,354,752	824,027	1,427,953	703,264	190,991	3,169,732	332,703	9,003,421
<i>% change yoy</i>	-10.3	47.5	129.9	-15.3	-62.8	10.2	-32.9	5.7

Source: Department of Foreign Trade, Ministry of Commerce, and the Thai Chamber of Commerce

1.4 Stocks

So far the government has released 3-4 million tons out of its total old-crop intervention stocks of 5-6 million tons, most of which is white rice accumulated prior MY2009/2010 under the Paddy Mortgage Scheme ([TH9161](#)). The intervention stocks released have been for export markets only, through a selective tender for large exporters. Presently, the exporters are holding government stocks of approximately 2.0 million tons as their exports are slowing. Most of their contracts, particularly for African countries, are small shipments. Also, Indonesia and the Philippines are cautious in placing large-volume orders due to strong price competition between Thai and Vietnamese rice. In addition, the government plans to hold minimal stock of only around 0.1 million tons as safety stock due to excess supplies of domestic production.

1.5 Policy

The Price Insurance Scheme which replaced the long-standing Paddy Mortgage Scheme in MY2009/2010 has received good feedback from farmers, as a result the government has continued the program for the MY2010/11 crop. Moreover on March 8, 2011, the cabinet approved to raise insurance prices by 5-10 percent, together with an increase in eligible tonnage to 30 tons/farm household for the MY2010/11 off-season crop. The increase is necessary to guarantee farmers' profit margins at 30-40 percent since production cost is approximately 20 percent higher than the previous year's level. Also, the government has additional measure on the Direct Purchase Program with a target of 2.0 million tons of paddy to buy paddy at benchmark prices, effective March 16, 2011. The objective of the program is to help stabilize domestic prices of paddy which are under downward pressure during the harvest. However, the program is unlikely to buy up to the target of 2.0 million tons as the benchmark prices are closed to market prices. In MY2009/10, the program bought only 150,000 tons.

Table 1.3: Insurance Prices of MY2010/11 Second Crop

Paddy	MY2009/10 and MY2010/11 main crop		MY2010/11 second crop	
	Insurance Price (Baht/Ton)	Eligible Tonnage (Ton)	Insurance Price (Baht/Ton)	Eligible Tonnage (Ton)
White rice	10,000	25	11,000	30
Pathumthani Fragrant Rice	11,000	25	11,500	30
Glutinous Rice	9,500	16	10,000	30

The Price Insurance Scheme is expected to be continued over the long term as the government avoids burdening itself with intervention stocks which resulted in market distortions for two decades under the Paddy Mortgage Scheme. In MY2009/10 Price Insurance Scheme, the government paid around 48 billion baht (\$1.5 billion) for compensation to farmers, as compared to the buy-in cost of the MY2008/09 Paddy Mortgage Scheme of 130 billion baht (\$3.8 billion), which excludes post-harvest handling costs.

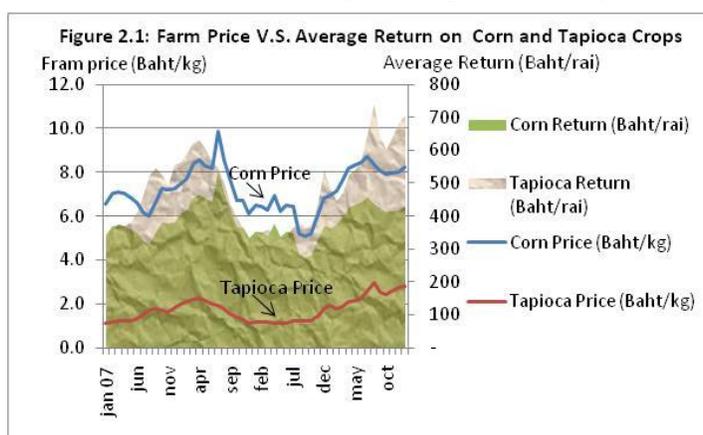
2. Corn

2.1 Production

Corn Thailand	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,000	1,000	970	980		1,000
Beginning Stocks	1,051	1,051	551	551		501
Production	4,100	4,100	3,900	4,000		4,150
MY Imports	500	500	700	700		800
TY Imports	500	500	700	700		800
TY Imp. from U.S.	0	0	0	0		0
Total Supply	5,651	5,651	5,151	5,251		5,451
MY Exports	1,200	1,200	700	150		200
TY Exports	1,000	1,000	700	150		200
Feed and Residual	3,800	3,800	4,000	4,500		4,700
FSI Consumption	100	100	100	100		100
Total Consumption	3,900	3,900	4,100	4,600		4,800
Ending Stocks	551	551	351	501		451
Total Distribution	5,651	5,651	5,151	5,251		5,451
Yield	4.	4.1	4.	4.0816		4.15

MY2010/11 corn production is revised up slightly from the previous forecast to 4.0 million tons due to an increase in off-season corn production. However, total production remained lower than the previous year due to acreage reduction in the central plain ([TH0128](#)).

MY2011/12 corn production is forecast to increase to 4.2 million tons in anticipation of an improvement in average yield due to favorable weather conditions, as compared to drought conditions in the previous year. The Thai Meteorological Department expects above-average precipitation during cultivation,

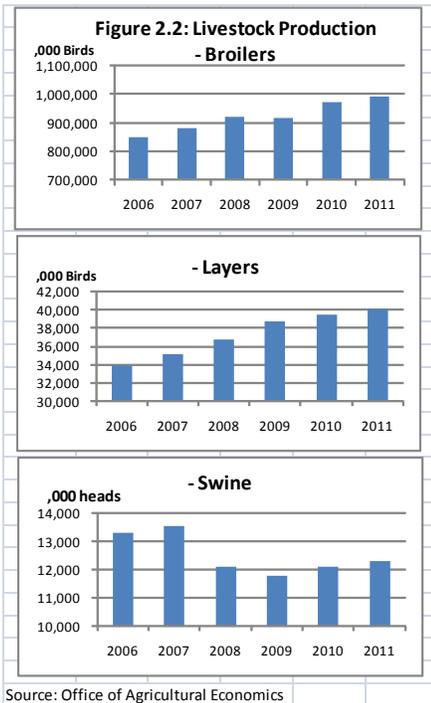


particularly during May – July which accounts for 70-80 percent of total crop cultivation, based on ENSO forecast for NINO 3.4 region (Figure 1.3). Despite attractive farm gate prices of corn, acreage expansion will likely limit because farmers have shifted to tapioca crop as tapioca prices are also attractive (Figure 2.1).

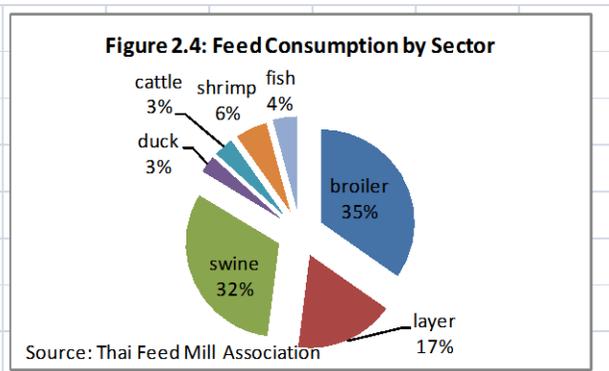
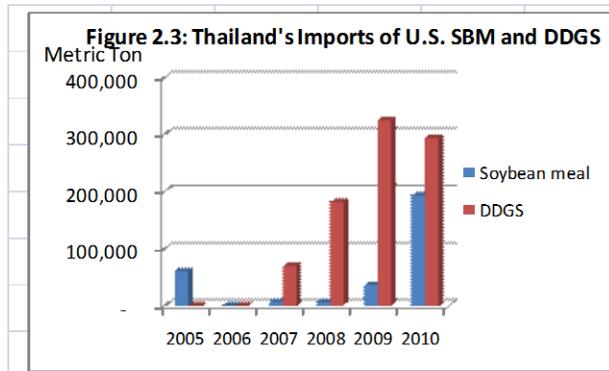
2.2 Consumption

MY 2010/11 corn consumption is expected to increase significantly as the capacity utilization of feed mills increased to 74.0 percent in 2010, up 14.0 percent from the previous year. In the second half of the year, capacity utilization increased to a record 82.0 percent, far above the past five year average of

62.0 percent, driven by strong domestic and export demand for livestock and aquaculture products. This resulted in a significant increase in feed consumption to 14.0 million tons, up 13.0 percent from the previous year, following the economic recovery in Thailand and export markets. Livestock and aquaculture production increased significantly, up 6.0 percent for boiler production and up 15.0 percent for shrimp production. In addition, industrial capacity utilization of meat and meat processing facilities recovered to around 62.0 percent, slightly above the five-year average before the economic downturn in 2009.



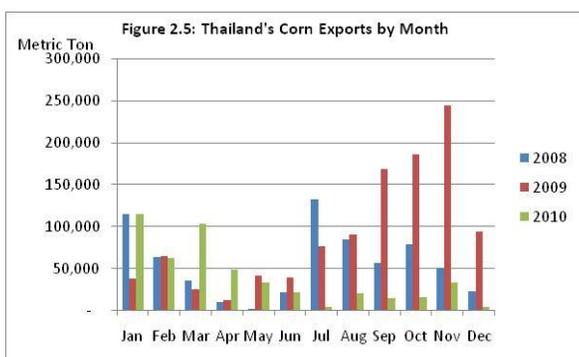
Tight domestic production of feed grains resulted in some import of feed ingredients. Import content of feed products is around 20-30 percent of total production cost of feed. Most of the import is soybean meal, accounting for 60-70 percent of total feed ingredient imports. In 2010, the value of primary feed ingredient imports increased to \$1.4 billion, up 18.7 percent from the previous year, of which \$1.1 billion was soybean meal imports. Market share of U.S. feed ingredients increased from approximately 10 percent to 20 percent over the past five years. The increase reflected emerging import demand for U.S. DDGS (distillers dried grains with soluble) as an alternative protein-source feed ingredient to substitute costly feed grains and ingredients like corn and soybean meal. Import of U.S. DDGS increased from around 70,000 tons (\$15 million) in 2007 to 300,000 tons (\$70 million) in 2010. In addition, import of U.S. soybean meal increased to 193,000 tons in 2010, up significantly from 36,500 tons in the previous year.



In MY2011/12 feed consumption is forecast to continue to grow 2-3 percent in anticipation of continued increase in livestock production, particularly for poultry and swine production which utilizes approximately 87 percent of total feed consumption.

2.3 Trade

MY2010/11 corn exports were revised down to 0.2 million tons, down significantly from 1.2 million



tons in the previous year due to limited corn exportable supplies resulting from an increase in domestic consumption. The increase in domestic consumption of corn will result in strong import demand for corn. Corn imports are mainly from border trade with Cambodia and Laos which have become main suppliers since trade began in earnest in 2007 under the Joint Economic Cooperation Strategy Program, or Ayeyawady-Chao Phraya-Mekhong Economic Cooperation Strategy

(ACMECS). In 2010, ACMECS was superseded by the ASEAN Free Trade Agreement, which allows corn from the region to enter duty and tariff rate free.

MY2011/12 corn exports will likely remain limited at 0.2 – 0.3 million tons in anticipation of continued strong domestic demand. Meanwhile, corn imports are expected to continue to grow, particularly from Cambodia and Laos.

Table 2.1: Thailand's Corn Exports

Unit: Metric Ton

	2008	2009	2010	%change
Vietnam	80,501	424,449	276,419	-34.9
Philippines	3,386	62,034	85,444	37.7
Malaysia	417,802	346,372	101,722	-70.6
Indonesia	114,726	198,494	953	-99.5
Sri Lanka	804	798	950	19.0
Pakistan	1,567	984	815	-17.2
Myanmar	394	38	109	188.3
China	105	14,214	6,531	-54.1
Cambodia	1,288	1,265	660	-47.8
Laos	985	6,353	327	-94.8
Japan	3,747	13,891	2,163	-84.4
Other	47,551	12,090	2,512	-79.2
Total	672,856	1,080,981	478,604	-55.7

Source: Department of Customs

Table 2.2: Thailand's Corn Imports

Unit: Metric Ton

	2007	2008	2009	2010	% change
Laos	66,378	107,053	193,168	183,487	-5.0
Cambodia	80,430	310,967	95,733	224,742	134.8
India	563	587	2,603	1,474	-43.4
Indonesia	100	400	1,100	546	-50.4
Myanmar	10,688	9,261	4,907	900	-81.7
United States	554	520	361	607	68.1
South Africa	409	-	-	-	-
Other	1,109	1,497	950	405	-57.4
Total	160,232	430,285	298,822	412,161	37.9

2.4 Policy

MY2010/11 Price Insurance Scheme for corn will likely continue to be implemented in MY2011/12. The government did not pay any compensation in MY2010/11 program as market prices of corn have been above insurance prices.

As for imports, Thailand's WTO agreement allows for a TRQ of 54,700 tons at a 20 percent in-quota tariff rate. Shipments are allowed only during the period of March 1 – June 30, 2011 when domestic production is minimal. Meanwhile, out-of-quota imports are subject to a 73 percent tariff rate with a surcharge of 180 baht/ton (\$6/MT). The Thais have never issued import permits on the basis that they're self-sufficient in corn production. However, under AFTA, countries in the region will be able to export tariff and quota free into Thailand from March 1 – June 30.

3. Wheat

3.1 Production

Wheat Thailand	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	0	0	0		0
Beginning Stocks	399	399	695	527		537
Production	0	0	0	0		0
MY Imports	1,600	1,551	1,300	1,560		1,200
TY Imports	1,600	1,551	1,300	1,560		1,200
TY Imp. from U.S.	468	447	0	480		450
Total Supply	1,999	1,950	1,995	2,087		1,737
MY Exports	154	153	150	160		170
TY Exports	154	153	150	160		170
Feed and Residual	300	420	400	490		200
FSI Consumption	850	850	875	900		950
Total Consumption	1,150	1,270	1,275	1,390		1,150
Ending Stocks	695	527	570	537		417
Total Distribution	1,999	1,950	1,995	2,087		1,737
Yield	0.	0.	0.	0.		0.
TS=TD		0		0		0
Comments						

Wheat production is insignificant in Thailand due to the unfavorable climatic conditions, lack of seed development, and unattractive returns, as compared to other field crops such as rice and corn in which the government provides the Price Insurance Scheme to support farmers. Cultivation is limited in the

north, particularly in Maehongson province. Total production is estimated at approximately 500-600 tons in a cultivated area of 1,000 rai (160 hectares).

3.2 Consumption

MY2009/10 and MY2010/11 wheat consumption increased significantly by 10-20 percent due to strong demand in the food and feed industries. In the first half of MY2010/11, flour mills increased their capacity utilization to 80-90 percent, as compared to an average of 60-65 percent, due to a strong economic recovery. The Thai economy grew 7.8 percent in 2010 from 2.3 percent in the previous year. The recovery will persist in 2011 with an economic growth forecast of 3.5-4.5 percent. In 2010, overall the industrial capacity utilization of the bakery industry increased 18 percent with approximately 20 percent increase in bread production, 35 percent in wafer production, and 12 percent in cake production. Instant noodle production also increased 5-10 percent from the previous year. Moreover, these food processing manufacturers build up wheat flour stock due to concerns over rising prices of wheat grain. In addition, leading manufacturer of bakery has invested in new production line in late 2010 which will result in a 25 percent increase in its production capacity in 2011, which is expected to meet anticipated growing bakery consumption over the next couple of years. Bakery and instant noodle production account for 60-70 percent of total wheat consumption. In addition, demand for feed wheat increased significantly to substitute corn and tapioca in feed rations as domestic prices of corn and tapioca increased 50-70 percent in 2010 and remained under upward pressure in the first half of 2011 due to tight supplies.

MY2011/12 wheat consumption is forecast to slow down to 3-5 percent growth in anticipation of a

reduction in wheat-based feed consumption as a surge in world wheat prices has made it less attractive for feed use. Also, wheat-based food consumption growth will likely be limited by an increase in domestic prices of wheat-based products. Presently, prices of locally wheat flour increased 25-30 percent from the previous year. Prices of

wheat flour will likely continue to increase in MY2011/12 due to current high world wheat prices.

Table 3.1: Wholesales Prices of Local Wheat Flour

Wheat Flour	Protein Content (%)	Wholesale Prices	
		Baht/bag (22.5 kg.)	U.S. cent /pound
Bread	13.5 - 14.0	565 - 570	32
Noodle	11.5 - 12.0	510 - 530	29 - 30
All Purpose	10.0 - 10.5	540 - 550	30 - 31
Cake	10	720 - 725	41
Biscuit	8 - 10	425 - 450	24 - 25

3.3 Trade

MY2009/10 and MY2010/11 wheat imports are revised up to 1.5 - 1.6 million tons due to an increase in feed wheat demand that was used as substitute of corn and tapioca in feed rations. Most feed wheat is low quality wheat from Russia and Eastern European countries. Imports of feed wheat increased from a marginal amount of 1,000 – 2,000 tons to 321,085 tons in MY2009/10 and will likely continue to

increase to 381,000 tons in MY2010/11. In addition, imports of food-grade wheat increased to 1.0 million tons in MY2009/10, up 13.9 percent from the previous year and should likely remain unchanged at approximately 1.0 million tons in MY2010/11 as flour mills are being cautious of the volatile marketplace. U.S. wheat will likely continue to dominate the market at around 50 percent of market share in MY2010/11 due to on quality and production concerns of Australian wheat following its flooding.

MY2011/12 wheat import is forecast to decline in anticipation of a reduction in feed wheat demand. A surge in world price of wheat since second half of 2010 has made it less attractive for feed use. Meanwhile, food-grade wheat is expected to continue the upward trend of 3-5 percent growth rate driven by growing wheat-base food consumption.

Table 3.2: Thailand's Wheat Grain Imports

unit: Metric Ton

	2006	2007	2008	2009	2010	% Change
United States	454,100	432,648	346,433	497,180	529,520	6.5
Australia	426,780	97,722	276,339	406,191	438,703	8.0
Canada	125,154	325,301	70,670	163,109	136,802	-16.1
Russia	-	-	-	30,250	117,757	289.3
Ukraine	-	-	-	7,132	62,837	781.0
Other	26	1,094	1,466	1,000	413,941	41,288.8
Total	1,006,060	856,765	694,909	1,104,863	1,699,560	53.8

Source: Department of Customs

Table 3.3: Thailand's Wheat Flour Imports

unit: Metric Ton

	2007	2008	2009	2010	% Change
Turkey	3,337	15,928	28,717	35,367	23.2
China	93,263	38,117	21,764	18,432	-15.3
Japan	16,877	10,189	14,567	17,174	17.9
Philippines	13,057	15,925	11,002	14,228	29.3
Singapore	24,308	16,485	10,691	18,991	77.6
Other	3,587	9,935	9,170	73,293	699.3
Total	179,026	143,786	116,913	177,488	51.8

Source: Department of Customs

3.4 Policy

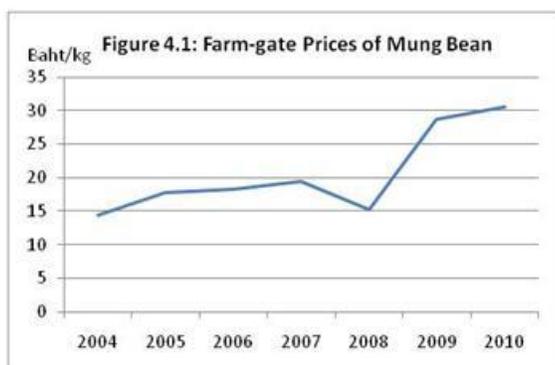
The tariff rate on imported wheat has been zero since September 2007. Meanwhile, the tariff on wheat flour is 5 percent (0.5 baht/kg), except within AFTA which is duty free since January 2010. Local flour millers are not concerned with the current tariff structure as they are able to compete with imported flour. The concern is on the Government’s price control policy which includes wheat flour in the list of monitored products (TH8034). Presently, the government has asked for cooperation of manufacturers to cooperate in maintaining the price of wheat flour until the end of March 2011 despite higher imported prices of wheat grain. Flour mills will likely lower their production capacity if the government does not adjust prices to reflect higher production costs.

4. Bean

4.1 Production

Bean Thailand/Unit: 1,000 HA; 1,000 MT	2009			2010			2011		
	2009/2010			2010/2011			2011/2012		
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011		
	USDA Official Data		New Post	USDA Official Data		Jan	USDA Official Data		Jan
			Data			Data			Data
Area Harvested	0	260	265		270	270		272	
Beginning Stocks	0	4	5		3	3		3	
Production	0	280	300		310	306		310	
MY Imports	0	8	16		10	25		30	
TY Imports	0	8	16		10	25		30	
TY Imp. from U.S.	0	0	0		0	0		0	
Total Supply	0	292	321		323	334		343	
MY Exports	0	30	54		55	25		20	
TY Exports	0	30	54		55	25		20	
Feed and Residual	0	5	5		5	5		5	
FSI Consumption	0	255	259		260	301		315	
Total Consumption	0	260	264		265	306		320	
Ending Stocks	0	2	3		3	3		3	
Total Distribution	0	292	321		323	334		343	
Yield	0.	1.0769	1.1321		1.1481	1.1333		1.1397	

MY2010/11 mung bean production is revised downward slightly due to damage from flooding.



However, production remained higher than the previous year as the damage is being offset by acreage expansion. Farmers shifted from tapioca to mung bean as their tapioca was adversely affected by drought and the

outbreak of mealy bug. MY2011/12 mung bean production is forecast to continue to increase as an alternative crop due to attractive returns. Current farm-gate prices of mung bean increased to 32 – 33 baht/kg, up 5-8 percent from the previous year.

4.2 Consumption

MY 2011/12 mung bean consumption is forecast to continue the upward trend driven by strong domestic and export demand for vermicelli which accounts for half of total mung bean use. The food industry also expanded their production capacity to meet growing demand of diversified products of vermicelli, bean flour, bean sprouts and cake, and various confectionary items. Meanwhile, the use of mung beans in the feed industry remains marginal as prices are much higher than other grains.

4.3 Trade

MY 2010/11 mung bean exports declined significantly by half due to limited exportable supplies resulting from growing domestic demand from the food processing industry. The increase in domestic consumption also resulted in a surge in mung bean imports which increased significantly by 51.4 percent. Thailand relies heavily on imports of mung bean from Myanmar, accounting for around 70 percent of total imports.

Table 4.1: Thailand's Mung Beans Exports

Unit: Metric Ton

	2008	2009	2010	% Change
India	9,041	15,019	1,353	-91.0
United States	5,939	4,465	4,876	9.2
Pakistan	8,382	6,693	476	-92.9
Cambodia	590	9,117	3,460	-62.0
Canada	3,384	3,099	2,990	-3.5
Sri Lanka	1,988	3,248	973	-70.0
Malaysia	1,640	1,929	1,166	-39.5
United Kingdom	1,167	1,035	937	-9.5
Indonesia	536	1,239	1,605	29.5
Hong Kong	1,311	1,095	1,071	-2.1
Singapore	1,177	1,014	920	-9.2
Philippines	1,541	1,053	511	-51.5
Other	4,994	4,587	4,395	-4.2
Total	41,689	53,592	24,733	-53.8

Source: Department of Custom

Table 4.2: Thailand's Bean Imports				
unit: Metric Ton				
	2008	2009	2010	% change
Myanmar	7,852	13,782	17,635	28.0
Australia	-	1,275	4,243	232.8
Indonesia	-	324	1,141	252.4
Malaysia	115	247	677	173.7
Cambodia	-	-	780	780
Vietnam	-	281	124	-55.8
Other	80	344	0	-99.9
Total	8,046	16,253	24,600	51.4

Source: Department of Custom

4.4 Policy

Mung beans are considered to be a minor crop. The government does not offer price insurance scheme to mung bean farmers. The crop is normally encouraged by the government as a second crop to replace off-season paddy crop. As for imports, the tariff rate on imported mung bean is 5 percent, except within AFTA which is duty free.

End of Report