

**Voluntary Report** – Voluntary - Public Distribution

**Date:** March 10, 2022

**Report Number:** TH2022-0017

**Report Name:** The Impact of Russian Invasion of Ukraine on Thai  
Agricultural Sector

**Country:** Thailand

**Post:** Bangkok

**Report Category:** Agricultural Situation, Grain and Feed, Livestock and Products, Poultry and  
Products, Sugar

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**Report Highlights:**

Russian invasion of Ukraine is expected to significantly affect Thai agriculture. Agricultural production costs are expected to increase 7-13 percent in livestock production and 10-17 percent in field crops due to the surge in prices of feed-quality grains and fertilizers. Feed mills are expected to shift their feed wheat procurement to Australia during the supply disruption in Ukraine in 2022.

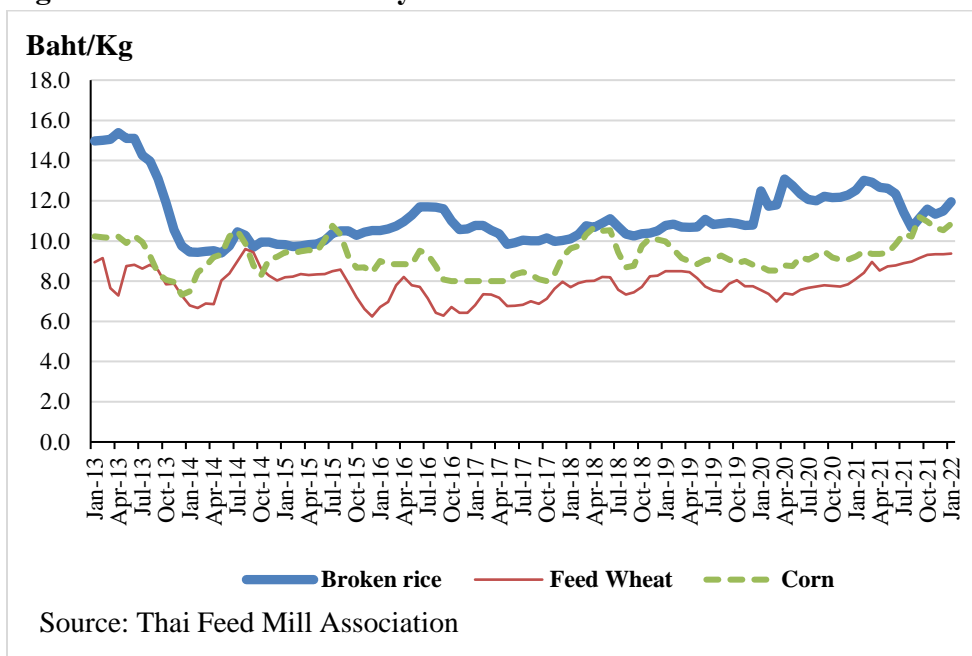
## Executive Summary

Thailand's agricultural trade with Russia and Ukraine was marginal, accounting for 0.7 percent of total agricultural trade. However, the Russian invasion of Ukraine is expected to have a significant impact on Thai agriculture sector, especially on livestock production as Thailand relies on importation of feed grains. Prices of feed ingredients increased by 18-20 percent in February 2022 after the surge in prices of feed-quality wheat from the Black Sea, including Ukraine, which accounted for around 40 percent of total feed wheat import demand. FAS Bangkok (Post) forecast production costs of poultry and swine production, which accounted for 90 percent of total feed demand, to further increase from 2021 by 13 and 7 percent, respectively, if the prices of feed-quality grains are at current high levels. Also, the upward pressure on feed costs will worsen the recovery path of swine production from the African Swine Fever (ASF) outbreak. The indirect impact will be from higher fertilizer prices caused by the surge in crude oil prices. Post forecasts production costs of major field crops to increase by 10 - 17 percent in 2022 due to the continued surge in fertilizer prices by more than double.

### Russian Invasion of Ukraine Worsened Thai Livestock Sector

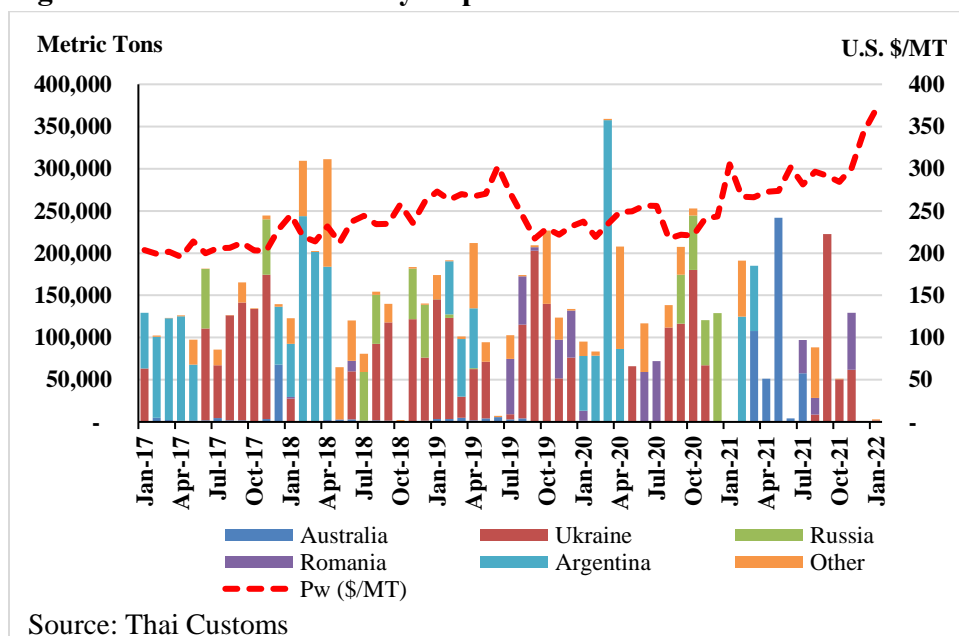
The Russian invasion of Ukraine on February 24, 2022 directly caused a surge in domestic prices of feed wheat to 12.75 baht per kilogram (\$392/MT), up 43 percent from average prices of imported feed wheat of 8.91 baht per kilogram (\$274/MT) in 2021 (Figure 1). Prices of other feed ingredients also increased 18-20 percent from average price levels in 2021, especially for corn and soybean meal. Prices of these feed ingredients were under upward pressure since 2021, driven by strong feed demand in the livestock sector during the global economic recovery from the COVID-19 outbreak, particularly for feed grain demand from China.

**Figure 1: Thailand's Monthly Domestic Prices of Feed Grains**



The current increase in prices of feed wheat and other feed ingredients will directly affect livestock production costs, especially for poultry and swine, as feed costs account for 60-70 percent of total production costs. The demand for feed in poultry and swine accounted for 90 percent of total feed demand. Demand for imported feed-quality wheat accounted for 8-9 percent of total feed consumption of 19-20 million metric tons. Feed consumption increased around 8 percent annually over the past five years, mainly driven by poultry feed demand. Thailand imported 1.7 - 1.8 million metric tons of feed-quality wheat annually between 2017 and 2020, of which Ukrainian feed wheat accounted for around 40 percent of total feed wheat imports (Figure 2). Feed wheat imports declined to 1.3 million metric tons in 2021, down 32 percent from the previous year, due to high prices of feed wheat and reduced swine production which was caused by the African Swine Fever (ASF) outbreak. Feed mills are expected to shift their feed wheat procurement to Australia during the supply disruption in Ukraine in 2022.

**Figure 2: Thailand’s Monthly Imports of Feed Wheat**



### Market of Russian and Ukrainian Agricultural Products in Thailand

Thailand’s agricultural trade with Russia and Ukraine was marginal at \$418 million in 2021, accounting for 0.7 percent of total agricultural trade (Table 1). Russian and Ukrainian agricultural products accounted for 0.5 and 0.7 percent of total agricultural imports, valued at \$98 million and \$143 million in 2021, respectively. Thailand’s imports of Ukrainian agricultural products were mainly feed ingredients, especially for feed-quality wheat which accounted for around 76 percent of total imports from Ukraine in 2021. Meanwhile, most of the import demand for Russian agricultural products was for seafood, accounting for 90 percent of Thailand’s total agricultural imports from Russia and valued at \$98 million in 2021. Thai agricultural exports to Russia and Ukraine are also marginal, totaling \$176 million in 2021, accounting for 0.4 percent of total agricultural exports.

**Table 1: Thailand's Agricultural Trade with Russia and Ukraine in 2021**

<b>Unit: USD</b>	<b>Exports</b>	<b>Imports</b>	<b>Total Trade</b>
<b>Russia</b>	139,851,750	98,152,345	238,004,095
<b>Ukraine</b>	36,525,223	143,736,032	180,261,255
<b>Sub-total</b>	<b>176,376,973</b>	<b>241,888,377</b>	<b>418,265,350</b>
<b>All Trading Partners</b>	<b>42,393,061,080</b>	<b>20,640,928,731</b>	<b>63,033,989,811</b>

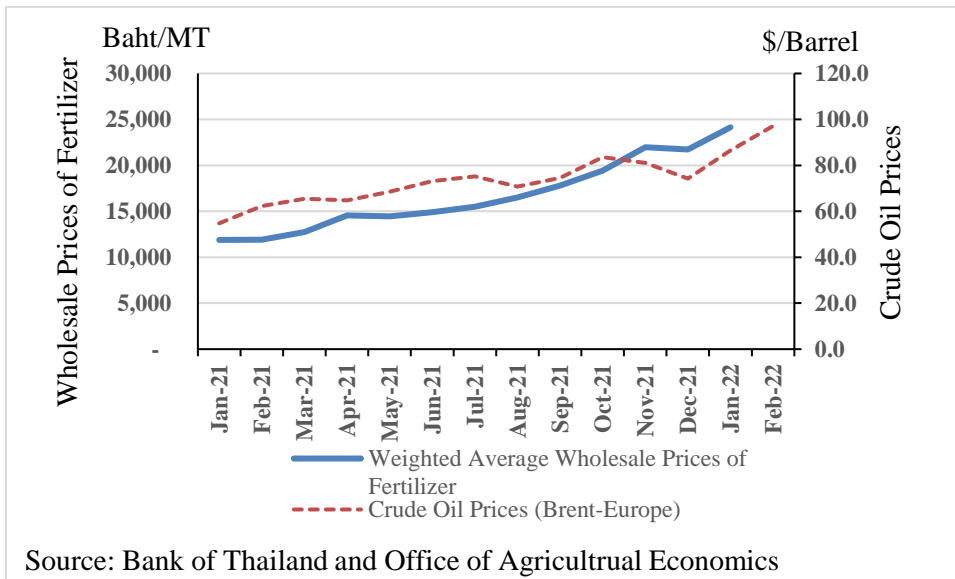
Source: Thai Customs

FAS Bangkok (Post) forecast production costs of poultry and swine production to further increase from 2021 by 13 and 7 percent, respectively, due to the surge in current feed grain prices. This will worsen the recovery path of swine production from the ASF outbreak as production costs of swine already increased 14 percent in 2021, following an 8 percent increase in feed costs and a 20 percent increase in piglet costs caused by shrinking supplies of swine parent. Prices of pork meat in 2022 are expected to remain high at 30 percent higher than the price levels in 2021. Also, prices of chicken meat will be under upward pressure from higher feed costs but to a lesser degree than swine production as poultry production is expected to be well recovered from the supply disruption which was caused by COVID-19 outbreak in 2021. The growing poultry production is driven by strong demand for poultry meat to substitute pork meat and the economy recovery in 2022. However, the Thai Feed Mill Association expected further reduction in total feed demand in 2022, as ASF-triggered reduction in swine production will more than offset growing poultry production.

### **The Indirect Impact on Agricultural Production Costs**

The Russian invasion of Ukraine also which caused a surge in global crude oil prices and natural gas will also worsen fertilizer prices. Fertilizer prices in 2022 are expected to further increase from 2021. Prior to the invasion, the rally in energy prices has caused the surge in fertilizer prices in Thailand to a 12-year record in October 2021, which increased by 68 percent from January 2021, and further increased by 88 percent in December 2021. Wholesale prices of fertilizer (weighted average) continued to increase in January 2022, up 114 percent from the same period last year, following a 60 percent increase in world crude oil prices (Figure 3). Fertilizer prices are still under upward pressure in line with crude oil prices which further increased to \$100 per barrel in on February 24, 2022. Post forecast Thai agricultural production costs to increase 10 - 17 percent in 2022 for main field crops, especially for rice, corn, sugarcane and cassava, and up to 20 percent for some perennial crops like mangoes due to an increase in average fertilizer prices by more than double in 2022, as fertilizer costs account for 9-18 percent of total production costs of main filed crops and perennial crops.

**Figure 3: Wholesale Prices of Fertilizer in Thailand and Crude Oil Prices (Brent-Europe)**



End of report.

**Attachments:**

No Attachments.