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Report Highlights:
Thailand's major grain production will likely increase in MY 2004/05. However, exports of rice in MY 2004/05 are expected to be slightly down from this year's record level. MY 2003/04 rice exports are estimated to reach all time high of 8.0 million metric tons, due to tight exportable supplies among major competitors. Also, corn exports will likely reach 400,000 metric tons, due to an unexpectedly larger available export supply following the HPAI outbreak-triggered reduction in domestic demand for feed corn. Moreover, domestic demand for feed wheat is also adversely affected by the U.S.'s shrimp anti-dumping investigation. However, human consumption demand for wheat-based products reportedly continued to grow.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

In MY 2004/05, rice production is estimated to increase slightly to 27.1 million metric tons (17.9 million metric tons milled equivalent), due mainly to continued attractive price-led expansion in planted area and yield improvement. However, rice exports will slow down from the previous year's anticipated record 8.0 million metric tons to 7.8 million metric tons, following the return of the major competitors from their tight supply situations in MY 2003/04. Export prices will likely remain strong.

As for corn, MY 2004/05 production is expected to grow slightly, in response to area expansion, following attractive prices. Domestic demand for feed corn is forecast to recover gradually, as bird flu comes under control. In MY 2003/04, partially due to an anticipated sharp reduction in domestic demand for feed corn due to the HPAI outbreaks, corn will likely be shifted to the export market in anticipation of strong demand from Malaysia, Taiwan, and possibly Korea. Corn exports are expected to reach a record 400,000 metric tons.

MY 2004/05 wheat consumption will continue its upward trend in response to the growing human consumption of wheat-based products. Meanwhile, feed demand for feed wheat is forecast to increase slightly, following a gradual recovery in shrimp exports to the U.S. market after an anti-dumping petition against shrimp imports from Thailand and elsewhere was filed with the U.S. government at the end of the first half of MY 2003/04. The anti-dumping investigation that will occur during the second half of MY 2003/04 will likely result in an initial sharp contraction in Thai shrimp exports, with a rebound expected in MY 2004/05 due to attractiveness of Thai shrimp over other imported shrimp.

MY 2004 pulse production is forecast to increase slightly in response to area expansion, as farmers in some areas will likely shift from their second paddy crops to Mung beans, following low levels of water. Mung bean exports are expected to continue their downward trend, due to strong competition from relatively cheaper Burmese beans.

1. Rice

1.1 Production

MY 2004/05 paddy production is forecast to increase slightly to 27.1 million metric tons (17.9 million metric tons milled equivalent), mainly in response to the anticipated increase in average yield, given normal weather conditions. Farmers are expected to utilize more fertilizer and to take good care of their farms, due to the continued attractive prices, which are averaging at around 5,080 baht/ton for 5% grade paddy in CY 2003, as compared to 4,840 baht/ton in the previous year. However, the likelihood of dry weather conditions is reportedly a major concern among traders, and will be closely monitored.

Yield
Unit: Metric Ton/Hectare)

Paddy Crop	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Main	2.07	2.10	2.10	2.00	2.00	2.16	2.20	2.38	2.27	2.25	2.28
Second	4.07	4.20	4.25	4.18	4.18	4.10	4.25	4.20	4.25	4.28	4.25
Total	2.17	2.30	2.38	2.37	2.37	2.37	2.40	2.61	2.57	2.52	2.54

Farm-gate Price
unit: Baht/Ton

	1995	1996	1997	1998	1999	2000	2001	2002	2003
Paddy 5%	4,053	5,189	5,472	6,629	5,579	4,808	4,484	4,770	5,080

Source: Office of Agricultural Economics, Ministry of Agricultural and Cooperative

In MY 2003/04, paddy production has been revised downward slightly to 26.8 million metric tons (17.7 million metric tons milled equivalent), mainly due to poor rainfall, but remained higher than the previous year's production of 26.1 million metric tons. The delay and poor distribution of rain resulted in a drop in the average yield of the main paddy crop, particularly in the Northeastern region, a major area for fragrant paddy. Fragrant paddy production is forecast to decline slightly to 5.0 million metric tons, as compared to approximately 5.3 million metric tons the previous year. However, the conversion rate of head rice of main paddy crop is reportedly excellent at around 45 percent, as compare to around 38 percent in the previous year, due to the dryness during harvest period. As a result, the supply of broken rice is expected to be tight, leading to an anticipated surge in prices. Also, the relatively low level of water in major dams has limited the expansion in planted areas of second crop, despite current attractive farm prices.

1.2 Consumption

Despite the increasing trend of wheat-based food consumption, rice remains the dominant food among the Thai people. According to the National Statistic Office, average household expenditures on rice are accounted for about 99 percent on total rice and flour expenditures. Annual per capita consumption of rice remains at about 110 kilograms.

1.3 Trade/Competition

MY 2004/05 rice exports will likely slow down to 7.8 million metric tons, in anticipation of the return of the major competitors from their tight supply situations in the previous year. In MY

2003/04 rice exports are conservatively forecast to increase to the all time high of 8.0 million metric tons, reaching the official target, due to an anticipated tight supply situation among the major competitors, in particular Vietnam, and also the major producing countries like China. Trade sources reported that Thai rice should gain market share in Africa and Asia at the expense of Vietnamese rice. Export demand is reportedly expected to be aggressive during the first half of the year. Also, South American countries, including Brazil and Chile continued to import Thai rice, due to cheaper prices compared to U.S. rice. However, exports to South American countries are limited by current freight costs. The tight global supply situation has put more upward pressure on export prices. Average export prices of 100% B grade white rice during the first two months increased by 7.3 percent to around US$ 220/ton, FOB Bangkok. Trade sources expected that prices had bottomed out and are now on an upward trend for the rest of the year.

MY 2002/03 rice exports continued to increase by 4.9 percent to a record 7.6 million metric tons, of which 2.3 million metric tons are fragrant rice, which recovered from the previous year’s exports of 1.7 million metric tons. The better than expected export performance reflected the return of South American demand, in particular from Brazil and Chile, to which Thailand exported up to 329,582 metric tons, mainly 100% B grade white rice, at the expense of U.S. rice. The increase resulted from the relatively cheaper prices of Thai rice, compared to the U.S. rice, including transportation costs, due to low levels of rice stocks in the U.S. Additionally, the surge of exports to Indonesia in December 2003 in advance of the country’s ban on rice importation in the beginning of CY 2004 also contributed to the increase. However, exports to Africa and the Middle East declined slightly, due mainly to competitive prices from Vietnam. Meanwhile, exports of fragrant rice to Africa and the Middle East increased significantly to 772,323 metric tons and 57,558 metric tons, as compared to 453,326 metric tons and 38,698 metric tons in the previous year, respectively.

As for rice imports, demand for imported rice increased noticeably to 7,346 metric tons in CY 2003, as compared to only 368 metric tons in the previous year. Rice imports from China accounted for the bulk of the increase. Official sources reported that about 75 percent of imported rice was short-grain rice, and the rest was Basmati rice from India and Pakistan, and glutinous rice from Laos. The imported short grain rice from China is reportedly of superior quality, which is normally sold in the premium market segment as table rice for the Japanese and Korean markets in Thailand, as compared to the locally produced short grain rice, which is used mainly as a raw material in specific flour industries (Japanese rice flour), and produced mostly under contract.

1.4 Policy

The government policy remains focused on the paddy mortgage scheme. Despite more flexibility in the program this year, fewer farmers participated, as market prices were higher than the mortgage program intervention prices. The 2003/04 mortgage scheme for main paddy, extending from November 1, 2003 to March 15, 2004, planned to buy 9.0 million metric tons of paddy – 5.0 million metric tons of fragrant paddy, 3.0 million metric tons of non-fragrant paddy and 1 million metric tons of glutinous paddy. As of Mar 14, 2004, the program had bought 2.4 million metric tons of main crop paddy which included 0.2 million metric tons of fragrant paddy, 2.1 million metric tons of non-fragrant paddy, and 0.05 million metric tons of glutinous paddy. In addition, the intervention prices for the 2004 second crop paddy mortgage scheme has been set higher by about US$ 12/ton from the previous year’s level, as follows: US$ 129/ton for 100% grade paddy; US$ 127/ton for 5% grade; US$ 124/ton for 10% grade; US$ 122/ton for 15% grade; and US$ 116/ton for 25% grade (exchange rate: 39.50 Baht/US$ 1.00).

On import policies, the Ministry of Commerce has announced the annual import quota for rice at 249,757 metric tons for CY 2004, following the WTO agreement on market access. In CY 2003, rice imports totaled 7,346 metric tons, up significantly from 368 metric tons in the

Paddy Prices under Price Support Program (Baht/Metric Ton)

		Paddy						Glutinous paddy	
		Jasmine	100%	5%	10%	15%	25%	long grain	mixed grd
1992/93	Target price	4,200	4,200	4,100	4,000	3,900	3,800	3,450	3,150
	Loan Price	3,780	3,780	3,690	3,600	3,510	3,420	3,105	2,835
1993/94	Target price	4,200	4,000	3,900	3,700	3,600	3,400	3,450	3,150
	Loan Price	3,780	3,600	3,510	3,330	3,240	3,060	3,105	2,835
1994/95	Target price	4,244	4,044	3,944	3,744	3,644	3,444	3,494	3,194
	Loan Price	3,820	3,640	3,550	3,370	3,280	3,100	3,145	2,875
1995/96	Target price	4,600	4,400	4,300	4,100	4,000	3,800	3,850	3,550
	Loan Price	4,140	3,960	3,870	3,690	3,600	3,420	3,465	3,195
1996/97	Target price	4,760	7,550	4,450	4,240	4,140	3,930	3,980	3,670
	Loan Price	4,280	4,095	4,005	3,815	3,725	3,535	3,580	3,300
1997/98	Target price	5,290	4,640	4,540	4,340	4,240	4,040	4,730	4,430
	Loan Price	4,760	4,175	4,085	3,905	3,815	3,635	4,255	3,985
1998/99	Target price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Loan Price	6,155	5,000	4,910	4,730	4,640	4,460	5,580	5,310
1999/00	Target price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Loan Price	6,495	5,280	5,180	4,995	4,900	4,710	5,890	5,605
2000/01	Target price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Loan Price	6,495	5,280	5,185	4,995	4,900	4,710	5,890	5,605
2001/02	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	6,500	5,330	5,235	5,045	4,950	4,760	5,900	5,650
2002/03	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	6,800	5,330	5,235	5,045	4,950	4,760	5,900	5,650
2003/04	Target price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	Loan Price	7,000	5,330	5,235	5,045	4,950	4,760	5,900	5,650

Source: Department of Internal Trade, Ministry of Commerce

previous year. Most imports are short grain rice, which is from China (6,713 metric tons).

Paddy Mortgage Scheme

Year	Number of Farmers	Paddy Pledges (Metric Ton)	Value (Thousand Baht)
1993	465,774	3,383,324	10,550,210
1994	199,956	1,202,718	3,664,220
1995	211,409	1,402,931	4,229,400
1996	181,999	1,181,259	3,938,743
1997	123,870	865,113	2,968,657
1998	111,107	786,363	2,938,730
1999	116,335	677,278	3,262,777
2000	113,062	697,756	3,286,433
2001	168,483	1,618,496	8,124,849
2002	683,769	6,140,902	32,204,585
2003	497,906	5,648,743	28,842,690
2004 1/	195,651	2,376,622	n.a.

1/ Data reported as of Mar. 14, 2004

Source: Bank for Agriculture and Agricultural Cooperatives (BAAC)

WTO Agreement on Market Access

unit: Metric Ton

Year	Paddy	Husked Rice	Milled Rice	Brokens	Total
1995	95,145.00	95,145.00	23,786.50	23,786.50	237,863.00
1996	95,673.83	95,145.00	23,918.45	23,918.45	239,184.56
1997	n.a.	n.a.	n.a.	n.a.	240,506.11
1998	n.a.	n.a.	n.a.	n.a.	241,827.67
1999	n.a.	n.a.	n.a.	n.a.	243,149.22
2000	n.a.	n.a.	n.a.	n.a.	244,470.78
2001	n.a.	n.a.	n.a.	n.a.	245,792.33
2002	n.a.	n.a.	n.a.	n.a.	247,113.89
2003	n.a.	n.a.	n.a.	n.a.	248,435.44
2004	n.a.	n.a.	n.a.	n.a.	249,757.00

Source: Department of Foering Trade, Ministry of Commerce

Statistical Tables

Table 1.1: Thailand's Production, Supply and Demand for Rice

PSD Table

Country Thailand

Commodity Rice, Milled

(1000 HA)(1000 MT)

	2002 Revised		2003 Estimate		2004 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		01/2003		01/2004		01/2005
Area Harvested	9990	10158	10300	10636	0	10670
Beginning Stocks	2401	2477	2103	2156	1703	1656
Milled Production	17124	17198	17800	17700	0	17900
Rough Production	25945	26058	26970	26818	0	27121
MILLING RATE (.9999)	6600	6600	6600	6600	0	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	19525	19675	19903	19856	1703	19556
TOTAL Exports	7500	7597	8000	8000	0	7800
Jan-Dec Exports	7500	7597	8000	8000	0	7800
TOTAL Dom. Consumption	9922	9922	10200	10200	0	10400
Ending Stocks	2103	2156	1703	1656	0	1356
TOTAL DISTRIBUTION	19525	19675	19903	19856	0	19556

Table 1.2: Wholesale Prices for Rice

Prices Table

Country Thailand

Commodity Rice, Milled

Prices in Baht per uom Kg

(Wholesale Price in Bangkok for New Crop WR 100 B)

Year	2002	2003	% Change
Jan	8.07	8.24	2%
Feb	8.25	8.32	1%
Mar	7.87	8.06	2%
Apr	7.97	8.07	1%
May	8.33	8.14	-2%
Jun	8.28	8.26	0%
Jul	7.82	8.06	3%
Aug	7.67	7.79	2%
Sep	7.63	7.66	0%
Oct	7.82	7.41	-5%
Nov	7.77	7.34	-6%
Dec	7.77	7.59	-2%

Exchange Rate	39.5	Local Currency/US $
Date of Quote	3/4/2004	MM/DD/YYYY

Table 1.3: Thailand's Rice Exports

Export Trade Matrix

Country Thailand

Commodity Rice, Milled

Time Period	Jan. - Dec.	Units:	Metric Tons
Exports for:	2002		**2003**
U.S.	282444	U.S.	307561
Others		Others	
Nigeria	967596	Nigeria	546068
Senegal	777632	Senegal	556762
Indonesia	697352	Indonesia	763690
Iran	397441	Iran	490181
Cote D'Ivoire	343492	Cote D'Ivoire	351340
South Africa	317198	South Africa	420236
China	299557	China	254501
Hong Kong	267750	Hong Kong	280818
Malaysia	266159	Malaysia	316396
Singapore	254497	Singapore	270501
Total for Others	4588674		4250493
Others not Listed	2374520		3039361
Grand Total	7245638		7597415

Table 1.4: Thailand's Rice Imports

Import Trade Matrix

Country Thailand

Commodity Rice, Milled

Time Period	Jan. - Dec.	Units:	Metric Tons
Imports for:	2002		**2003**
U.S.	17	U.S.	20
Others		Others	
China	161	China	6713
Australia	54	Australia	321
Pakistan	64	Pakistan	66
Japan	42	Japan	19
India	22	India	24
Italy	9	Italy	11
Laos	0	Laos	171
Total for Others	352		7325
Others not Listed	16		21
Grand Total	368		7346

2. Corn

2.1 Production

In MY 2004/05, despite the drop in feed demand for poultry triggered by the outbreak of Highly Pathogenic Avian Influenza (HPAI), corn production is estimated to increase to 4.3 million metric tons, up slightly from the previous year in line with the increase in planted area, due to the current attractive farm price. Trade sources reported that the export market could absorb the impact from a reduction in feed demand. The cultivation of the main corn crop is expected to start late this year, due to the concerns over the likelihood of dry weather conditions. However, official sources reported that no evidence for a return of the El Nino phenomenon, normally bringing drought to Thailand could be seen at this early stage.

In MY 2003/04, corn production is revised downward to 4.2 million metric tons, down slightly from the previous year. The decline mainly resulted from a reduction in planted area, as farmers reportedly shift towards crops with better returns, in particular tapioca. Meanwhile, the average yield for corn improved slightly to 3.8 tons/hectare, due to favorable weather conditions during the flowering stage.

2.2 Consumption

MY 2004/05 corn consumption is forecast to recover gradually from the contraction of feed demand this year due to the HPAI outbreak. Trade sources reported that domestic demand for chicken meat consumption, which accounts for about 60 percent of total poultry production, will likely be on track soon. However, the export of chicken meat will grow moderately during the transition period.

MY 2003/04 corn consumption has been revised downward to 3.8 million tons, down 0.4 million metric tons from the previous year, due to the HPAI outbreak. The severe disease outbreak, which started in mid-November 2003, spread across the major poultry growing areas rapidly, as the government was slow to respond. As a result, poultry farms, in particular boiler farms, suffered heavy casualties. MY 2003/04 poultry production will likely contract by 15-20 percent from the previous year, due to the government’s depopulation program and cooperation among integrated operations to stop farming at a certain point in the year to break the hold of the disease, and from the contraction in the chicken meat export market due to import bans placed by the major importers, which came when the Thai government confirmed the HPAI outbreak on January 23, 2004. Hence, domestic demand for feed corn will be adversely affected by the slump in poultry population, as feed corn accounts for about 60 percent of poultry feed demand. In turn, poultry feed corn demand drives total feed corn demand, taking 70-80% of total feed corn demand.

2.3 Trade

MY 2004/05 corn exports will likely slow down in response to a smaller exportable supply, following a gradual recovery in domestic demand for feed corn. Usually, domestic corn supply is mostly limited to local use, due to the increasing demand resulting from the continued expansion in poultry production capacity, prior to the HPAI outbreak. Trade sources expect a gradual upturn in chicken meat exports, as the outbreak comes to be controlled and negotiations with governments of buying countries, which banned the imports of Thai chicken meat, open up more markets. MY 2004/05 chicken exports are expected to increase gradually from a sharp contraction in the previous year, in anticipation of growing exports of cooked products.

MY 2003/04 corn exports are revised upward to 400,000 metric tons, up significantly from the previous year. Trade sources reported that their feed corn stocks were unexpectedly excessive, in particular for feed millers. As a result, they have to shift to export markets, especially those in Asian countries. Some millers have reportedly got export deals with Malaysia, Taiwan, and also Korea, at around US$ 130-135 /ton, FOB. Trade sources reported that Thailand has not sent feed corn to Korea for more than a decade, since 1991, due mainly to limited exportable supplies, following the continued strong domestic demand from the export-driven expansion of poultry farms.

As for corn imports, demand for imported corn is estimated to be marginal in MY 2003/04 and MY 2004/05 due to anticipated excess supply of locally produced corn, following the HPAI outbreak. In CY 2003, corn imports declined significantly, reflecting self-sufficiency in domestic production.

2.4 Policy

Due to anticipated strong domestic prices in MY 2003/04, the government has not implemented a mortgage scheme, but focused instead on the administration of a minimum tariff rate quota. The import quota in CY 2004 is 54,700 metric tons at a 20 percent in-quota tariff rate, following the WTO agreement. Shipment is allowed only during the period of March 1 – June 30, 2004. Meanwhile, out of-quota imports are subject to a 73 percent tariff rate with a surcharge of 180 baht/ton. The non-WTO countries, on the other hand, are subject to 2.75 baht/kg, and a special charge of 10.22 percent (sum of both of these charges is close to 73 percent) plus a surcharge of 180 baht/kg. In addition, following the Summit Meeting on Economic Cooperation Strategy, which is for cooperation between Cambodia, Lao, Burma, and Thailand, imports of feed corn from these countries by the other countries during March 1 – June 30, 2004 are duty free. The sub-committee on animal feed raw material supervision will determine the amount that can be imported. As for AFTA countries, imports are subject to a 5 percent tariff rate without any surcharge.

Statistical Tables

Table 2.1: Thailand's Production, Supply and Demand for Corn

PSD Table

Country Thailand

Commodity Corn

(1000 HA)(1000 MT)

	2002 Revised		2003 Estimate		2004 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	1134	1134	1150	1110	0	1128
Beginning Stocks	244	422	70	279	80	229
Production	4200	4250	4400	4200	0	4265
TOTAL Mkt. Yr. Imports	10	5	10	0	0	0
Oct-Sep Imports	10	4	10	0	0	0
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	4454	4677	4480	4479	80	4494
TOTAL Mkt. Yr. Exports	284	148	100	400	0	250
Oct-Sep Exports	137	120	150	500	0	200
Feed Dom. Consumption	4000	4200	4200	3780	0	3900
TOTAL Dom. Consumption	4100	4250	4300	3850	0	4000
Ending Stocks	70	279	80	229	0	244
TOTAL DISTRIBUTION	4454	4677	4480	4479	0	4494

Table 2.2: Wholesale Price of Corn

Prices Table

Country Thailand

Commodity Corn

Prices in Baht per uom Metric Ton

Year	2002	2003	% Change
Jan	4380	4720	8%
Feb	4480	4880	9%
Mar	4850	5060	4%
Apr	4950	5050	2%
May	5120	4980	-3%
Jun	5030	5000	-1%
Jul	4810	5020	4%
Aug	4440	4980	12%
Sep	4400	4760	8%
Oct	4540	4800	6%
Nov	4630	4970	7%
Dec	4560	4930	8%

Exchange Rate 39.5 Local Currency/US $

Date of Quote 3/4/2004 MM/DD/YYYY

Table 2.3 Thailand's Corn Imports

Import Trade Matrix

Country Thailand

Commodity Corn

Time Period	Jan. - Dec.	Units:	Metric Tons
Imports for:	2002		**2003**
U.S.	2068	U.S.	364
Others		Others	
South Africa	1655	South Africa	409
Lao Rep.	1117	Lao Rep.	592
Argentina	48	Argentina	511
Total for Others	2820		1512
Others not Listed	30		2
Grand Total	4918		1878

Table 2.4: Thailand's Corn Exports

Export Trade Matrix

Country Thailand

Commodity Corn

Time Period	Jan. - Dec.	Units:	Metric Tons
Exports for:	2002		**2003**
U.S.	1	U.S.	0
Others		Others	
Malaysia	69200	Malaysia	22550
Taiwan	25042	Taiwan	16421
Singapore	4480	Singapore	1653
Indonesia	31150	Indonesia	7400
Sri Lanka	3964	Sri Lanka	1648
Burma	958	Burma	255
Hong Kong	2304	Hong Kong	528
China	80	China	0
Japan	304	Japan	574
Total for Others	137482		51029
Others not Listed	8566		1236
Grand Total	146049		52265

3. Wheat

3.1 Production

MY 2004/05 wheat production remained stable at 500-600 metric tons, far below the consumption need. Expansion in production is constrained by climatic conditions, low quality, and unattractive returns. Major planted areas are in the Northern region, particularly Mae Hong Son province, covering about 80 percent of the totaled planted area (160 hectare). The average yield is approximately at 150-180 kg/rai (0.9-1.1 tons/hectare)

3.2 Consumption

MY 2004/05 wheat consumption is forecast to continue its upward trend in line with wheat demand for human consumption, in particular for bakery products and noodles. Major manufacturers of branded products have reportedly expanded their production capacity for high potential products in response to anticipated growing demand. However, wheat demand for feed use is expected to increase only slightly during the transition period after the shrimp anti-dumping duties are finalized. An anti-dumping case against shrimp imports has been filed by the U.S. shrimp industry. The U.S. Southern Shrimp Alliance filed an anti-dumping petition on December 31, 2003 against the imports of frozen and canned shrimp from six countries, including Thailand (17% market share), China (11%), Brazil (5%), Ecuador (9%), Vietnam (10%), and India (12%). These countries are accused of selling their shrimp in their home countries at prices between 32-349% higher than they sell them in the U.S. Trade sources expected that Thai shrimp will likely be more competitive if the duty charged to Thailand is lower than other competitors, as Thai shrimp exports to the U.S. are of higher quality and price. Exporters are reportedly afraid of anticipated backdated duties (90 days, starting March 10, 2004). U.S. officials are due to decide whether shrimp have been unfairly dumped at below market prices by the end of the year (June 8, 2004), and to determine appropriate anti-dumping duties. In general, feed wheat is mainly used in shrimp feed, accounting for about 6 percent of total animal feed consumption. Feed wheat reportedly covers about 25-30 percent of shrimp feed composition.

MY 2003/04 wheat consumption is revised downward slightly, due mainly to the contraction in demand for feed consumption, following the anticipated decline in shrimp exports as a result of the uncertainty during the process of the U.S.'s anti-dumping investigation. Despite an increase in shrimp exports by 33 percent in the first half of the year, MY 2003/04 exports are forecast to decline by 7 percent, as shrimp exports are reportedly expected to fall by 50 percent in the second half of the year. Thailand's shrimp exports to the U.S. accounted for nearly half of total shrimp exports.

Meanwhile, human consumption of wheat, accounting for about 60-70 percent of total wheat consumption, continued to increase, mainly in line with the growing demand for bakery products. Trade sources reported that overall bakery demand (accounting for about 35-40 percent of total wheat demand for human consumption), in particular bread items, grew about 10 percent, due to the expansion in numbers of bakery outlets in the modern trade stores, along with bread product diversification. Noodle consumption (about 30-35 percent of total wheat demand for human consumption) grew only slightly from the previous year, far below the average of 5 percent target growth of major manufactures of instant noodles, due partly to stagnant demand for their conventional products. Also, demand for biscuits (about 5 percent of total wheat demand for human consumption) reportedly continued to grow by 5 percent, due to strong demand from border trade, despite an anticipated slowdown in domestic market.

As for the wholesale price of wheat flour, traders are reportedly more concerned over the upward price pressures which are expected to increase by 5 percent from the current level, following anticipated increases in wheat and transportation costs. At present, the wholesale price of wheat flour remained unchanged from the previous year's level. Prices of bread flour (13.5-14.0% protein content) are about 500 baht/22.5 kg. bag (26 U.S.cent/pound), followed by 500-530 baht/bag (26-27U.S. cent/pound) for cake flour, 370-400 baht/bag (19-20 cent/pound) for all purpose flour (mainly noodle), and 310-320 baht/bag (16 U.S.cent/pound) for biscuit flour.

3.3 Trade

Wheat imports are crucial in Thailand, due to the marginal domestic production. MY 2004/05 imports of wheat are estimated to increase further in anticipation of growing consumer demand for wheat-based products. Trade sources reported that U.S. wheat, with its superior quality, would likely have high market potential, as the market opportunity for different kinds of bakery items remains strong.

MY 2003/04 import demand for wheat has been revised downward to 800,000 metric tons, down slightly for the second consecutive year. The decline resulted from the contraction in feed demand for wheat, and current high levels of stocks on hand. In the first half of MY 2003/04, wheat grain imports totaled 461,962 metric tons, up 9 percent from the same period in the previous year. U.S. wheat imports, which accounted for about 45 percent of total wheat imports, increased by 21 percent, followed by Australia (41 percent) with 188,794 metric tons, up 31 percent; and Canada (14 percent) with 64,764 metric tons, down 38 percent. In CY 2003, wheat imports totaled 781,517 metric tons, down 11 percent from the previous year, mainly in response to slowdowns in economic activities caused by Severe Acute Respiratory (SARS) in the first half of the year. Imports of U.S. wheat amounted to 354,834 metric tons, down 7 percent from the previous year. However, the market share of U.S. and also Australian wheat continued to increase to 45 percent and 43 percent of total wheat grain imports in CY 2003, respectively, as compared to 43 percent and 32 percent in CY 2002, respectively, at the expense of Canadian wheat, of which the production was of a record low.

As for wheat flour, in the first half of MY 2003/04 imports totaled 25,760 metric tons (38,744 metric tons grain equivalent), down 9 percent from the same period in the previous year. Major suppliers were Japan, covering 31 percent of total wheat flour imports, followed by Singapore with 20 percent, China with 16 percent, and Malaysia with 11 percent. The market share of Chinese wheat flour continued to increase considerably for the second consecutive year from a marginal share in the previous year to 16 percent of the Thai market in the first half of MY 2003/04, due mainly to relatively cheaper prices. However, its quality is reportedly inferior. Trade sources reported that most Chinese wheat flour is used in shrimp feed composition. In CY 2003, wheat flour imports amounted to 47,873 metric tons, down 17 percent from the previous year, due mainly to the sluggish demand in the first half of the year and price competition from local flour.

3.4 Policy

Regarding the recent restructuring of tariffs by the Thai Government for the purpose of strengthening the competitiveness of domestic manufactures and to resolve discrepancies in the import tariff structure, the tariff for wheat was reduced from 1.0 baht/kg. to 0.10 baht/kg. Also, the tariff for wheat flour is reduced from 40 percent on C&F prices (2.75 baht/kg.) to 25.5 percent (1.85 baht/kg). The reduction was announced October 2, 2003 and became effective on October 4, 2003. In addition, by January 1, 2005, the tariff rate on wheat flour will be further reduced to 5 percent (0.50 baht/kg).

Trade sources expected that the reduction in the wheat flour tariff will adversely affect the sales of their low premium items, biscuit flour in particular, due to current strong competition from imported flour, as there is no brand loyalty for this item. All domestic flour mills are reportedly selling their biscuit flour at prices close to their break even points, 310-320 baht/bag (16 U.S. cent/pound), as compared to costs of 300-305 baht/bag (15 U.S. cent/pound). Moreover, by January 2005 when the tariff reduction schedule of imported flour will be fully implemented, the prices of local biscuit flour could be lowered by 27 baht/bag (1.4 U.S. cent/pound) down from the prices in place prior to the tariff reduction, assuming other production costs unchanged, and a 25 percent loss in the milling process. Meanwhile, imported wheat flour could be reduced by 50.63 baht/bag (2.6 U.S. cent/pound).

As for higher premium items, such as bakery flour, the shift to imported flour is reportedly limited by necessary, minimum quality standards and also the after sale services provided by quality wheat exporters. Trade sources reported that bakery products, in particular those from the brand name bakeries, are more sensitive to flour quality than to the price of flour. As a result, the impact on the prospects of U.S. wheat imports is expected to be marginal.

Statistical Tables

Table 3.1: Thailand's Production, Supply and Demand for Wheat

PSD Table

Country Thailand

Commodity Wheat

(1000 HA)(1000 MT)

	2002		2003		2004	
	Revised		Estimate		Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2002		07/2003		07/2004
Area Harvested	0	0	0	0	0	0
Beginning Stocks	306	408	223	398	193	351
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	895	808	900	800	0	850
Jul-Jun Imports	895	808	900	800	0	850
Jul-Jun Import U.S.	402	319	0	320	0	330
TOTAL SUPPLY	1201	1216	1123	1198	193	1201
TOTAL Mkt. Yr. Exports	78	8	80	7	0	10
Jul-Jun Exports	78	8	80	7	0	10
Feed Dom. Consumption	350	275	350	270	0	280
TOTAL Dom. Consumption	900	810	850	840	0	920
Ending Stocks	223	398	193	351	0	271
TOTAL DISTRIBUTION	1201	1216	1123	1198	0	1201

Table 3.2: Thailand's Wheat Grain Imports

Import Trade Matrix

Country Thailand

Commodity Wheat (Wheat Grain)

Time Period	Jan. - Dec.	Units:	Metric ton
Imports for:	2002		**2003**
U.S.	379709	U.S.	354834
Others		Others	
Australia	285234	Australia	335994
Canada	208489	Canada	84183
India	3318	India	5372
Total for Others	497041		425549
Others not Listed	419		1134
Grand Total	877169		781517

Table 3.3: Thailand's Wheat Flour Imports

Import Trade Matrix

Country	Thailand		
Commodity	Wheat	(Flour)	
Time Period	Jan. - Dec.	Units:	Metric ton
Imports for:	2002		**2003**
U.S.	7	U.S.	1
Others		Others	
Singapore	14519	Singapore	10423
Japan	16890	Japan	14223
Australia	10011	Australia	2149
Malaysia	7751	Malaysia	4525
Belgium	4314	Belgium	4799
Vietnam	2359	Vietnam	4051
China	1468	China	5751
Total for Others	57312		45921
Others not Listed	649		1951
Grand Total	57968		47873

4. Beans

4.1 Production

MY 2004 pulse production is forecast to increase slightly in anticipation of an expansion in cultivated areas. The expansion is the result of the switch from second paddy crop to alternative crops in some areas, where the level of water is critical. As for MY 2003, the Thai Agricultural Ministry estimate for Mung bean production is 251,000 metric tons, down 2.7 percent from the previous year, due to unattractive returns, as compared to other crops, which has led to a reduction in planted areas. Also, the average yield is virtually unchanged from the previous year at around 0.85 ton/hectare. Trade sources reported that the production cost for Thai beans is twice as high as that of Burmese beans, as the harvest process is labor intensive and Thai labor costs are much higher than Burmese labor costs.

4.2 Consumption

In MY 2004, bean consumption will likely increase moderately, in line with the growing economy. Most Mung beans are reportedly raw material for vermicelli, bean sprouts, bean flour and cakes, and various confectionary products. Also, Mung beans are used in animal feed, in particular for birds. Feed demand for Mung beans is forecast to decline slightly, due to the HPAI outbreaks, as for corn.

The average farm gate price of Mung beans declined sharply by 17 percent in MY 2003. Trade sources reported that the price depression reflected more plentiful supplies of imported beans from Burma.

4.3 Trade

MY 2004 Mung bean exports are forecast to continue their downward trend to 15,000 metric tons, due to strong price competition from Burma and China. In MY 2002, Mung bean exports declined by 23 percent from the previous year. The contraction in Thailand's major export market, in particular India, Sri Lanka, the U.S., and Cambodia, accounted for the bulk of the decline. Trade sources reported that Burmese beans have gained more market share at the expense of Thai beans, due to their relatively cheaper price. Thailand's imports of Burmese beans increased significantly in MY 2002, also due to the price differential.

4.4 Policy

The Thai government does not intervene in or subsidize Mung bean production because it is a minor crop, as compared to other field crops or paddy.

Statistical Tables

Table 4.1: Thailand's Production, Supply and Demand for Beans

PSD Table

Country Thailand

Commodity Beans

(1000 HA)(1000 MT)

	2002 USDA Official [Old]	Revised Post Estimate [New]	2003 USDA Official [Old]	Estimate Post Estimate [New]	2004 USDA Official [Old]	Forecast Post Estimate [New]
Market Year Begin		01/2002		01/2003		01/2004
Area Harvested	270	304	285	293	0	295
Beginning Stocks	19	19	19	19	19	18
Production	230	258	250	251	0	250
TOTAL Mkt. Yr. Imports	0	0	0	1	0	1
Jul-Jun Imports	0	0	0	1	0	1
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	249	277	269	271	19	269
TOTAL Mkt. Yr. Exports	24	24	35	18	0	15
Jul-Jun Exports	20	21	30	14	0	13
Feed Dom. Consumption	5	5	5	5	0	4
TOTAL Dom. Consumption	206	234	215	235	0	240
Ending Stocks	19	19	19	18	0	14
TOTAL DISTRIBUTION	249	277	269	271	0	269

Table 4.2: Farm Gate Prices of Mung Beans

Commodity	Beans		
Prices in	Baht	per uom	Metric Ton
Year	2002	2003	% Change
Jan	13650	10350	-24%
Feb	13860	9050	-35%
Mar	14100	9650	-32%
Apr	13200	9360	-29%
May	13540	9360	-31%
Jun	12110	9360	-23%
Jul	12910	9360	-27%
Aug	12960	10980	-15%
Sep	13370	11230	-16%
Oct	12280	11710	-5%
Nov	11110	13350	20%
Dec	10530	13890	32%
Exchange Rate	39.5	Local Currency/US $	
Date of Quote	3/4/2004	MM/DD/YYYY	

Table 4.3: Thailand's Mung Bean Exports

Export Trade Matrix

Country Thailand

Commodity Beans

Time Period	Jan. - Dec.	Units:	Metric Ton
Exports for:	2002		**2003**
U.S.	2761	U.S.	2137
Others		Others	
Cambodia	1620	Cambodia	593
Hong Kong	1604	Hong Kong	1631
India	5092	India	3156
Indonesia	575	Indonesia	3156
Japan	1389	Japan	1188
Malaysia	618	Malaysia	1036
Pakistan	1481	Pakistan	131
Philippines	1187	Philippines	1532
Singapore	1111	Singapore	1005
Sri Lanka	3839	Sri Lanka	1685
Total for Others	18516		15113
Others not Listed	2562		1198
Grand Total	23839		18448

Table 4.4: Thailand's Mung Bean Imports

Import Trade Matrix

Country Thailand

Commodity Beans

Time Period	Jan. - Dec.	Units:	Metric Ton
Imports for:	2002		**2003**
U.S.	1	U.S.	0
Others		Others	
Burma	0	Burma	914
Malaysia	0	Malaysia	110
Indonesia	0	Indonesia	23
China	0	China	26
Total for Others	0		1073
Others not Listed	0		0
Grand Total	1		1073

End of Report.