

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

TH2038 "SAWASDEE THAILAND" provides the latest information on Thai agricultural situation, market access for U.S. products, and upcoming events.

General Information:

HOT NEWS

The Thai Chamber of Commerce Voices its Concern over Minimum Wage Hike

On April 1, 2012, the Government of Thailand began its implementation of the new minimum wage provisions of 300 baht/day that will initially cover 7 provinces. These provinces include Bangkok, Samutprakarn, Nonthaburi, Pathumthani, Samutsakorn, Nakhon Pathom, and Phuket. By January 1, 2013, the minimum wage will be applied to all provinces. A Vice Chairman of the Thai Chamber of Commerce voiced concerns that this wage hike may lead to 200,000 small and medium enterprises (SMEs), or 10 percent of total SMEs, to close their business operations, or relocate their operations to neighboring countries. He predicted that the immediate impact would be felt in the security services, hotel, and construction sectors. Based on the number of SMEs at risk, this may impact the jobs of 1.5-2.0 workers.

U.S. Agricultural Exports to Thailand Have Performed Well during 2005-2011

A recent preliminary study on the impact of Thailand's FTAs on U.S. agricultural exports to Thailand revealed that the U.S. has performed well during 2005-2011 despite import tariff disadvantages against main competitors such as China, Australia, and New Zealand. U.S. exports of agricultural, fishery and forestry products to Thailand doubled from US\$ 0.911 billion in 2005 to US\$1.864 billion in 2011, averaging an annual growth of 12.7 percent. By sector, U.S. bulk commodities grew by 10.4 percent annually, intermediate agricultural products by 8.9 percent, and consumer oriented agricultural products 14.1 percent. U.S. exports of fishery and seafood products to Thailand rose by 37.9 percent/year from 2005-2011 while those of forest products (excluding pulp and paper) dropped by 1.5 percent/year.

The U.S. market share for consumer oriented agricultural products in the Thai market, which is the sector with the highest tariff disadvantages due to Thai FTAs with China, Australia, and New Zealand, decreased slightly from an average 13.5 percent in 2005 to 13.1 percent by 2011. However, the Australian market share for this product group also dropped from an average of 10.0 percent to 8.4 percent, while the market share of New Zealand for this same product group increased from 12.5 to 12.7. China gained the most from their FTA with Thailand as its market share jumped from an average 14.8 percent in 2005 to 19.4 percent in 2011.

The decline in U.S. market share of consumer oriented agricultural products was attributed to reduced market shares for fresh fruits (from 18.1 percent in 2005 to 12.3 percent average in 2011), processed fruits and vegetables (from 23.1 percent to 16.7 percent), tree nuts (from 31.6 percent to 22.9 percent) and snack foods (from 5.7 percent to 4.7 percent).

MARKET ACCESS UPDATE

Plant Variety Protection

The Ministry of Agriculture and Cooperatives (MOAC) will draft a new Plant Variety Protection Act that will be UPOV consistent, as a proposed amendment would have failed to make it UPOV consistent. However, this new act will take considerable time to draft and be approved. In the interim, the seed industry has reached a tentative understanding with MOAC in which the overly broad definition of a “new variety” will not be strictly applied for the approval of new varieties. Ag/Bangkok will meet with representatives from the Thai seed industry and MOAC to reassert our offer to provide technical services to help draft a law that is conducive in protecting breeders’ rights while creating a favorable environment for the development of new plant genetics society’s benefit.

Thailand Application for Chicken Exports to the United States

On February 2012, Thailand submitted its application seeking equivalence for poultry access into the US. FSIS received several hundred pages of Thai regulations and descriptions of procedures related to the safety of poultry products. The Thais are probably most interested in selling processed chicken to the United States as they currently do in large quantities to the EU and Japan.

Pork Import Ban

In February several articles in Thai papers reported that the Thai pork industry's has concerns of granting market access to U.S. pork as it would be harmful to Thai producers, especially at a time of low market prices. The chicken industry was also cited in the articles as opposing the import of U.S. pork perhaps fearing that if the United States was successful in gaining greater pork access, it might turn its attention to U.S. chicken imports into Thailand. Notably absent was any mention of the potential food safety threat that Thailand officially maintains is the reason for the ban. If this unsubstantiated ban remains in place, the National Pork Producers Council (NPPC) has stated that it will petition Congress to remove Thailand's GSP privileges. Thailand enjoys duty free treatment of approximately \$500 million worth of agricultural exports to the United States. This amounts to approximately \$20 million in tariffs waived.

UPCOMING EVENTS

Food Ingredients Buyers Mission

Rama Production Company, a leading food ingredient importer representing U.S. companies that include Cargill, Solae, Edlong, Nutrasweet, and Biothera in Thailand has been selected to join Food Export USA Food Ingredients Buying Mission to the Institute of Food Technologies (IFT) Show during June 24-29, 2012. The buyer will have an opportunity to attend the IFT show in Las Vegas, Nevada and will meet with U.S. food ingredient suppliers. The IFT show is the biggest food ingredients show in the United States and more information on the show is available at www.ift.org.

Food and Hotel Asia 2012

Mark your calendar for the largest food shows in Southeast Asia, Food and Hotel Asia 2012, which will be taking place in Singapore on April 17-20. The 2010 show attracted 51,747 trade attendees from 99 countries. Over 63 U.S. participants have confirmed joining the U.S. pavilion. These companies include AJC International, Advanced Food Products, American Indian Foods, California Milk Advisory Board, Cal-Agrex, Cheney Brothers, Excel Trade, Fresh N Natural Foods, Geller International, Giorgio Foods, Gold Medal Products, Good Life Foods, Lamb Weston, Love and Quiches Desserts, McIlhenny Company, Midamar, Mission Foods, Nature Seal, Oskri Organic, Popcorn Board, Reynolds, Roland Food, Southern U.S. Trade Association, U.S. Dairy Export Council, U.S. Dry Pea & Lentil Council, U.S. Meat Export Federation, USA Poultry & Egg Export Council, and the Western U.S. Agricultural Trade Association (WUSATA). Staff from FAS/Bangkok will be providing country briefings and introduce Thai importers to U.S. exporters. Additional information on this show, please visit www.foodnhotelasia.com.

USA Fair 2012

During April 19-22, the American Chamber of Commerce and the U.S. Embassy, Thailand, will organize the 2012 USA Fair at Central World in Bangkok. In addition to promoting U.S. products and services, Thais will be able to enjoy a truly Americana experience. The event is an excellent consumer-oriented showcase of American-made products and services. Major local importers of U.S. food and beverage product brands such as Blue Diamond, General Mills, Hershey's, Campbell, E&J Gallo's wines will participate and will be showcasing a variety of American food products such as dried fruits, nuts, snacks, wines, and much more. For more information about this fair please visit www.amchamthailand.com.

Cochran Training

Each year the FAS Cochran Program promotes the development of emerging markets like Thailand by providing approximately \$3 million world-wide to cover short term training in the United States for foreign government and private sector officials. This year we have selected four teams from Thailand for Cochran training. One mixed government and private sector team will study the manufacturing, use and regulation of dried distillers grains (DDGS). A second government-only team will look at laboratory procedures associated with food safety. A third private sector team will look at the processing and handling of U.S. fruit and vegetables in conjunction with a visit to the Produce Marketing Association Trade Show in California. Finally, a private sector team will visit the United States to explore the potential for U.S. food ingredients exports to Thailand including a visit to the Institute of Food Technologists