

**Required Report:** Required - Public Distribution

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## **Report Name:** Grain and Feed Update

**Country:** Thailand

**Post:** Bangkok

**Report Category:** Grain and Feed

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### **Report Highlights:**

MY2021/22 rice production remains unchanged at 21 million metric tons. Post revised down Thai rice exports to 5.8 million metric tons in 2021 due to high freight costs and a lack of available shipping containers. Post also revised down MY2021/22 corn production to 5.3 million metric tons as corn growers are likely to switch to more profitable crops. Wheat import demand in MY2020/21 and MY2021/22 remains unchanged due to the reemergence of COVID-19 and increased imports for alternative feed grains and ingredients.

## **Executive summary**

Post's forecast for MY2021/22 rice production remains unchanged at 21 million metric tons. Favorable weather conditions during the vegetative growth stage helped rice production recovered after suffering drought over the past two years. A dry spell between June and mid-July 2021 damaged a small amount of rice acreage and decreased yield slightly. Rice consumption will recover in 2022 due to an increased number of foreign tourists along with an expected economy recovery. The continued weakening of the Thai baht against the U.S. dollar has recently made Thai rice prices more competitive, but they remain higher than other rice prices from competing countries, focusing on parboiled rice prices compared to India prices. In addition, Thai rice exporters continue facing many challenges, including container shortages. Post revised down rice exports to 5.8 million metric tons in MY2021/22, down 13 percent from the previous forecast.

Post revised down MY2021/22 corn production to 5.3 million metric tons. Less attractive prices for main crop and off-season corn will encourage farmers to shift from corn to other, more profitable crops such as cassava and off-season rice. An adequate water supply, however, will boost main-crop corn production. A marginal increase in swine, and poultry production has pushed up demand for alternative feed grain ingredients, mostly barley.

## **1. Rice**

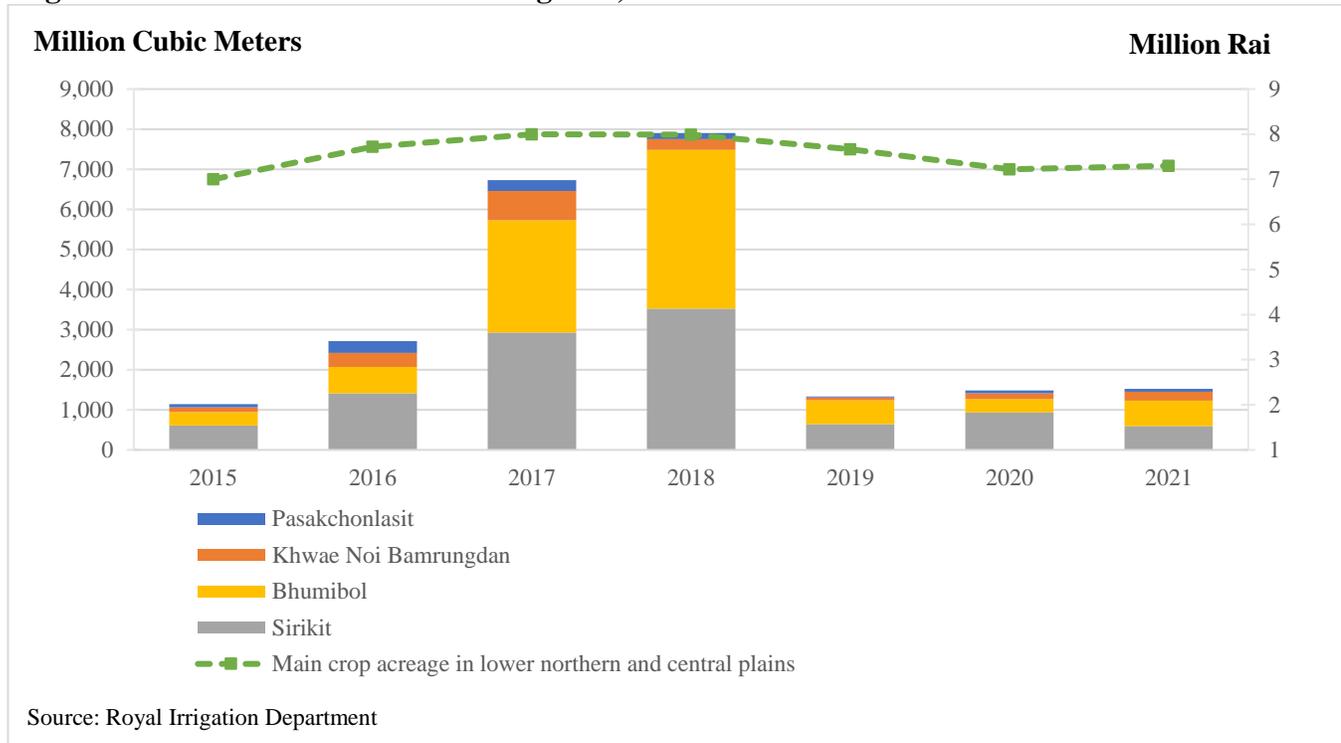
### **1.1 Production**

Post's forecast for MY2021/22 rice production remains at 21 million metric tons, which is a 11 percent increase from MY2020/21 production (Figure 1.1.4). Post's forecast for MY2021/22 main-crop production also remains unchanged at 15.6 million metric tons despite an early planting in main-rice crop in non-irrigated areas. The largest acreage dedicated to producing main-crop rice is in the region. Post's forecast for MY2021/22 off-season rice production remains unchanged at 5.4 million metric tons due to expected higher reservoir levels in the main planting areas than in the same period last year.

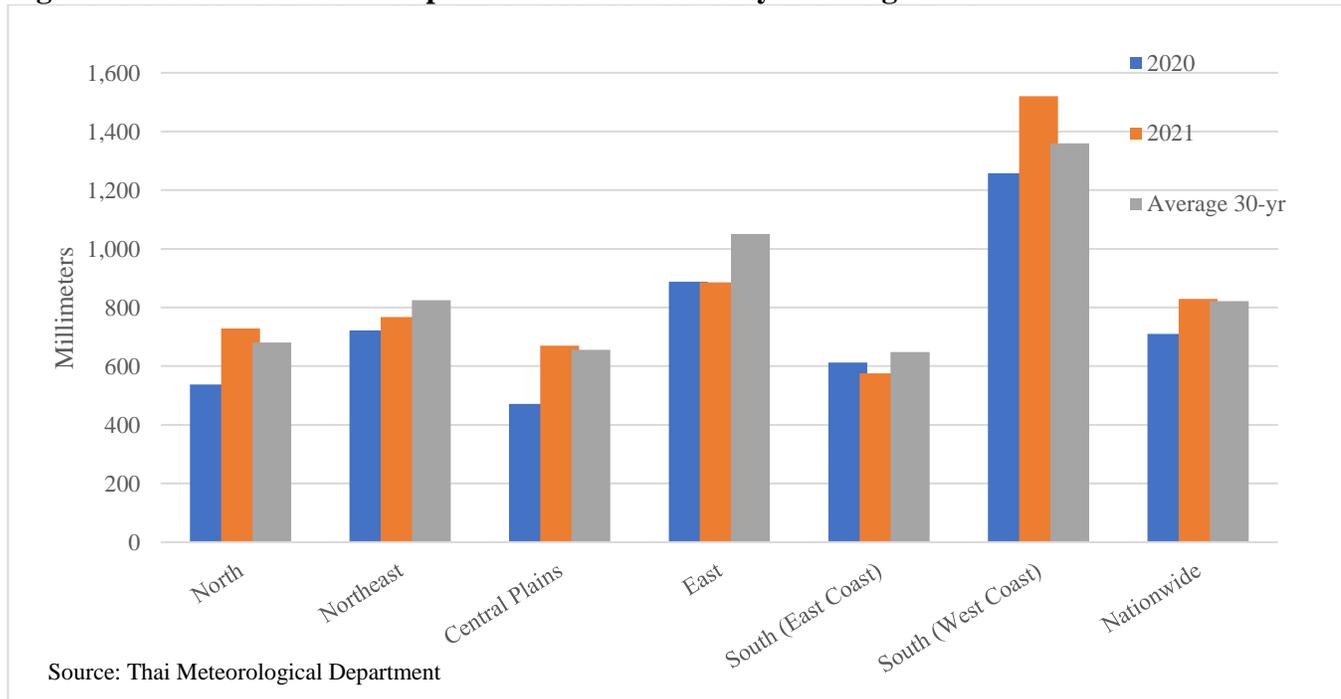
MY2021/22 main-crop rice planting progress is 26 percent ahead of last year for white rice planting in irrigated areas due to early rainfall in the middle of April 2021 (Figure 1.1.1). The dry spell between June and mid-July 2021 reportedly caused marginal damage to main-crop rice planted between April and May 2021. The Royal Irrigation Department (RID) encouraged rice farmers not to plant second main-season rice due to limited irrigation supplies for MY2021/22 main-crop rice planting in the northern and central plains despite higher reservoir levels than the same period last year. Rice plantings in these regions account for more than half of total irrigated area.

Around 13.7 million rai (2.2 million hectare), roughly 81 percent of white rice irrigated acreage, is already in the vegetation growth stage as of August 11, 2021. Post forecast that MY2021/22 main-crop rice production will increase around one percent from MY2020/21 as the cumulative precipitation between January and August was 17 percent higher than the same period last year, primarily in the northeastern region where most farmers rely on rainfall (Figure 1.1.2).

**Figure 1.1.1: Water Supply and Main-Crop Rice Acreage in Irrigated Area in the Northern Region and the Central Plains as of August 8, 2021**

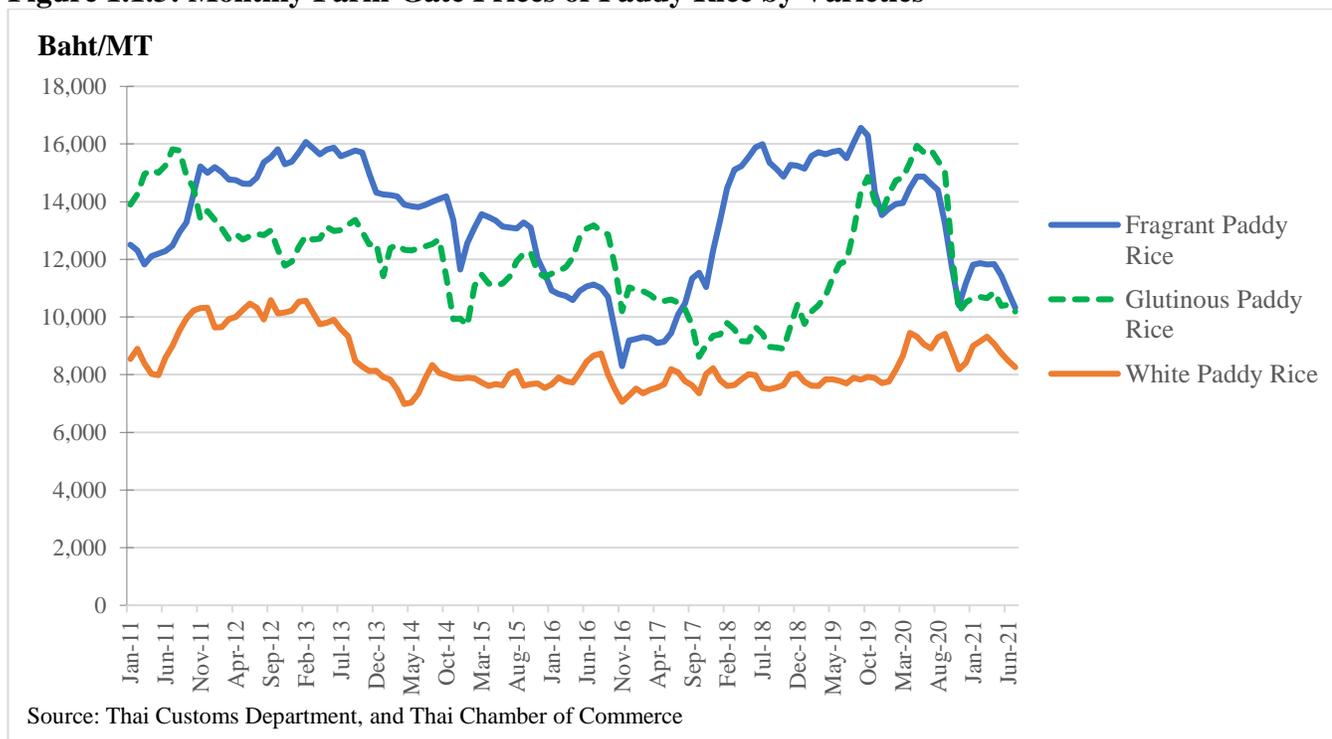


**Figure 1.1.2: Cumulative Precipitation between January and August 2021**



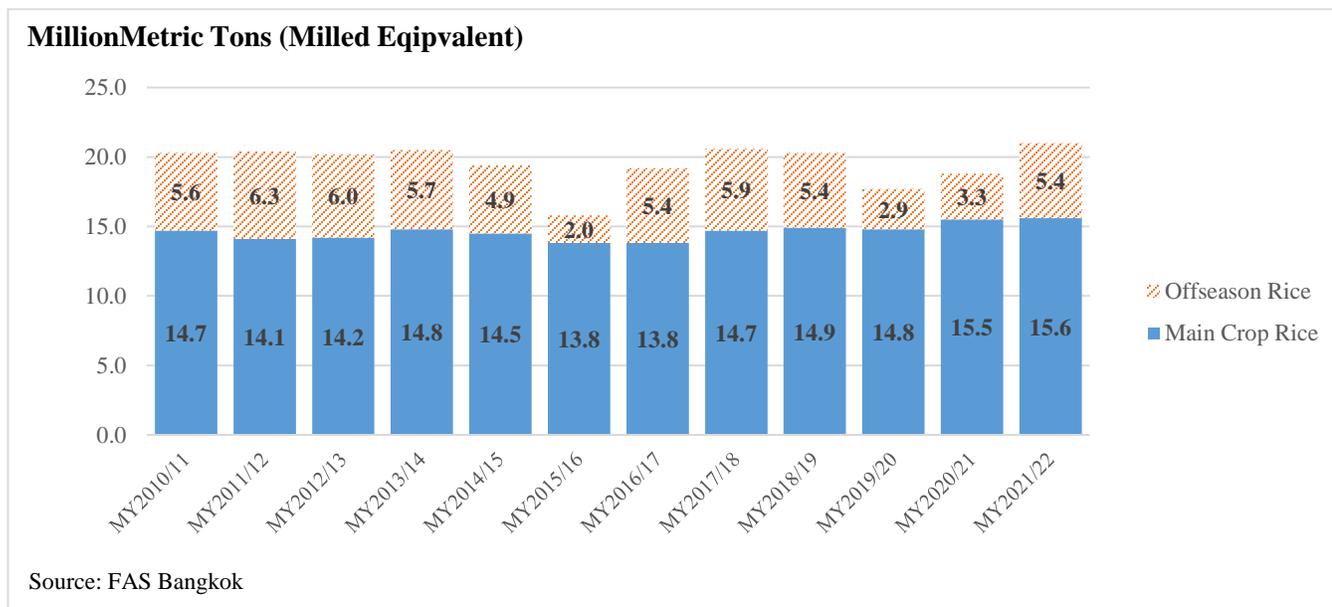
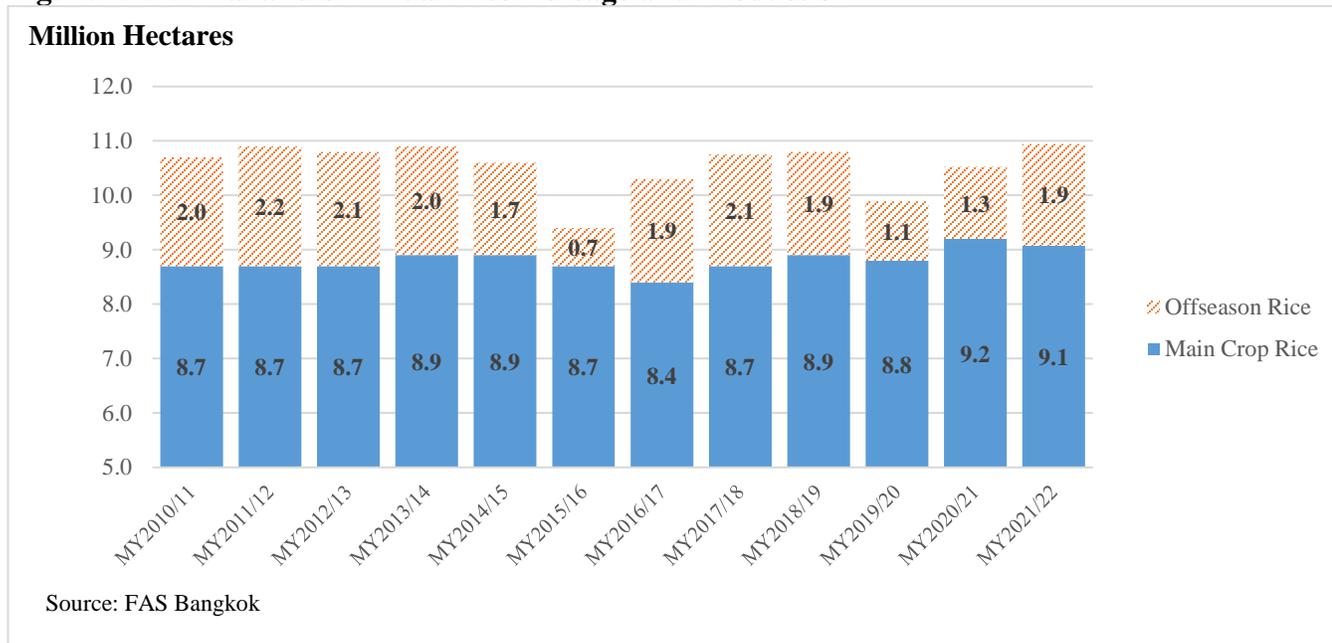
Farm-gate prices trended downward between January and July 2021. Prices of fragrant paddy rice, white paddy rice and glutinous paddy rice fell between 7 and 36 percent during July 2021. Glutinous paddy rice price fell the most to 10,185 baht per metric ton (U.S. \$339/MT), down more than 36 percent from the same period last year (Figure 1.1.3). Fragrant paddy rice prices declined to 10,320 baht per metric ton, down 29 percent from the same period last year. High inventories and slowdowns in domestic and foreign demand led to the declining prices. In addition, the increase in main-crop rice acreage and production will likely put additional downward pressure on domestic rice prices.

**Figure 1.1.3: Monthly Farm-Gate Prices of Paddy Rice by Varieties**



Post revised up MY2020/21 rice production from the previous forecast to 18.9 million metric tons due to higher-than-expected off-season rice production, a 6.8 percent increase from MY2019/20. Increased water supplies than the previous year was the main factor that contributed to a higher MY2020/21 off-season rice production, particularly in the northeastern region. However, off-season rice production experienced some marginal damage from the unusually prolonged cold weather between December 2020 and January 2021, decreasing average yield in some areas.

**Figure 1.1.4: Thailand's Annual Rice Acreage and Production**



## 1.2 Trade

Thai rice exporters are facing a challenging year. Post revised down its forecast for Thai rice exports to 5.8 million metric tons from the previous forecast of 6.5 million metric tons. Thai rice exports totaled 1.78 million metric tons between January and May 2021, down 31 percent from the same period last year. White and fragrant rice exports saw the largest drops, which respectively declined 38 and 33 percent from the same period last year (Table 1.2.1). Shipping container shortages and higher

transportation costs have disrupted Thai rice exports, especially shipping costs to the United States. Freight cost to the United States is currently 5 times higher than before the COVID-19 outbreak, from \$2,500 USD to \$12,500 USD. Thai rice exporters were only able to deliver 60 percent of all the rice contracts in July 2021. Rice exports to Singapore declined to 38,737 metric tons, down 52 percent from the same period last year. The United States and Singapore are the main destinations for Thai Hom Mali fragrant rice. In addition, many ASEAN countries are experiencing their worst wave of COVID-19, causing a slowdown in the demand for Thai rice. COVID-19 has also impacted Thai rice production creating labor shortages at farms and factories. Thai rice exports to Iraq, however, increased to 63,146 tons, up more than 270 percent from the same period last year. Thailand exported 44,000 tons of white (100% grade) rice to Iraq in mid-August 2021, which is the first Thai rice shipment to Iraq in 7 years.

Export prices of 5 percent grade Thai white rice declined 2 percent between January and May 2021, from U.S. \$519 down to U.S. \$476 per metric tons, and down 5 percent from the same period last year. Thai fragrant Hom Mali rice export prices in the first five months of 2021 were 24 percent lower than the same period last year. The gradual weakening of the Thai baht against the U.S. dollar between January and May 2021 also contributed to the downward trend of Thai rice export prices. Thai rice exports will become more competitive as the price difference between Thai rice and other rice exporting countries continues to narrow, especially Hom Mali rice

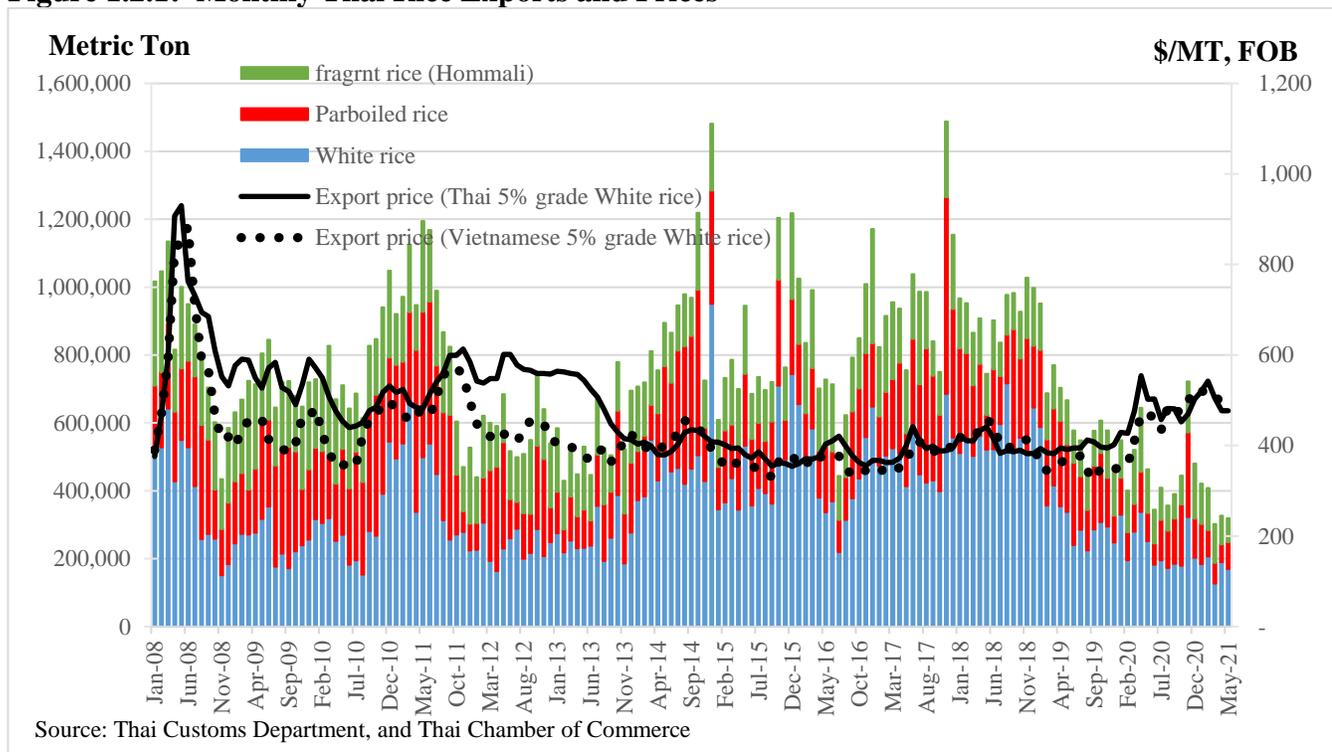
**Table: 1.2.1: Thai Rice Exports by Varieties**

Unit: Metric Tons

Rice Variety	2016	2017	2018	2019	2020	% Change 2020/2019	January - May		
							2020	2021	% Change
White Rice	4,819,941	5,082,384	5,927,940	3,213,371	1,984,105	-38.3	962,313	594,891	-38.2
Parboiled Rice	2,149,597	3,380,167	2,801,538	2,230,666	1,451,285	-34.9	474,749	387,703	-18.3
Fragrant Rice	2,497,912	2,694,356	2,116,784	1,924,204	2,022,065	5.1	1,026,812	688,985	-32.9
Glutinous Rice	438,943	517,425	385,878	215,420	276,567	28.4	114,796	106,687	-7.1
<b>Total</b>	9,906,393	11,674,332	11,232,716	7,583,662	5,734,024	-24.4	2,578,670	1,778,260	-31.0

Source: Ministry of Commerce

**Figure 1.2.1: Monthly Thai Rice Exports and Prices**



### 1.3 Policy

The Thai National Rice Policy Subcommittee agreed to extend the rice price guarantee scheme for the 2021/22 season and will likely present its decision for the Cabinet’s approval later this month. The scheme covers five main rice grades, including white paddy rice (15% grade), Hom Mali paddy rice, fragrant Pathum Thani paddy rice (15% grade), glutinous paddy rice (15% grade), and provincial fragrant paddy rice. Thai rice farmers actively participated in the 2020/21 rice price guarantee scheme with 4.5 million rice farmer households registering for the program. The guarantee prices covered 5 rice varieties, including 10,000 baht per metric ton (U.S. \$ 323/MT) for white paddy rice (15% grade), 15,000 baht per metric ton (U.S. \$ 484/MT) for Hom Mali paddy rice, 11,000 baht per metric ton (U.S. \$ 355/MT) for fragrant Pathum Thani paddy rice (15% grade), 12,000 baht per metric ton (U.S. \$ 387/MT) for glutinous paddy rice (15% grade), and 14,000 baht per metric ton (U.S. \$ 452/MT) for provincial fragrant paddy rice.

### 2. Corn

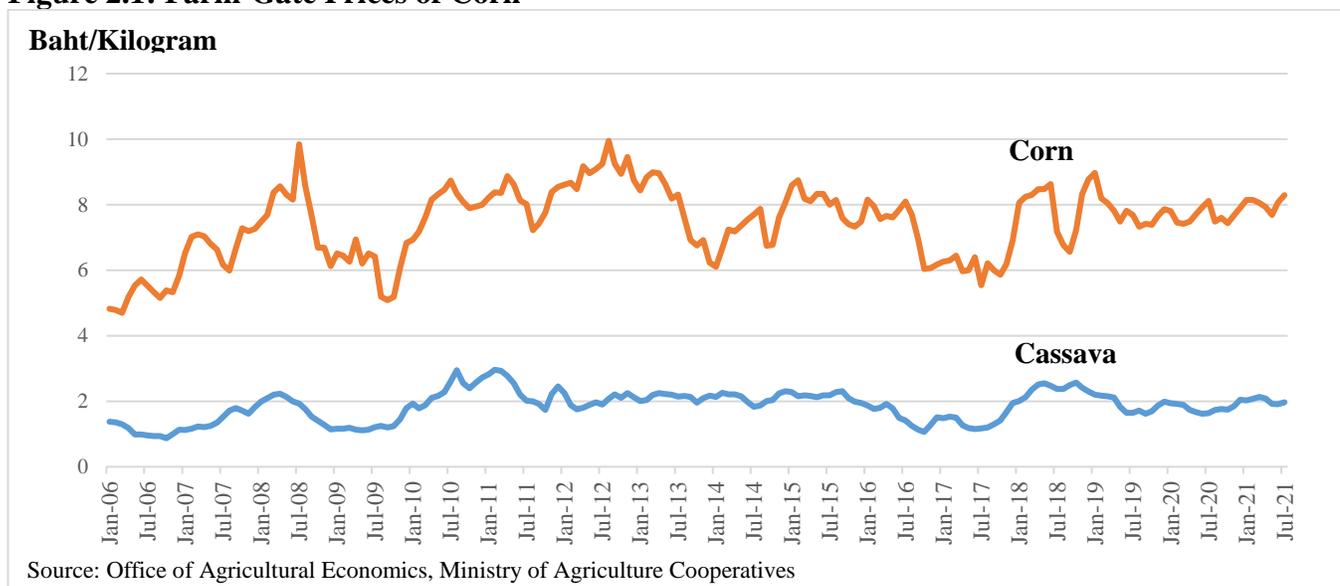
Post revised the forecast for MY2021/22 corn production down to 5.3 million metric tons from the previous forecast of 5.5 million metric tons, down 4 percent from MY2020/21. Thai farmers planted less corn this season and a dry spell between June and mid-July could cause some damage to the current crop. Main-crop corn farmers reportedly switched to more profitable crops such as sugar cane and cassava. There is a strong export demand for cassava from China for its ethanol production, which is giving cassava production slightly higher returns compared to current corn production. Increasing

concerns at the beginning of the planting season about higher input costs (e.g., fertilizer, seeds, and pesticides) also influenced farmers’ decisions to switch to cassava and other crops. MOAC reported in its August report that fall armyworm affected corn planting areas in 29 provinces, covering around 67,399 rai (10,784 hectare). MY2021/22 off-season corn acreage in irrigated areas will likely decline as farmers switch to more profitable crops such as field crops (e.g., cassava and sugar cane) due to above normal rainfall in 2021.

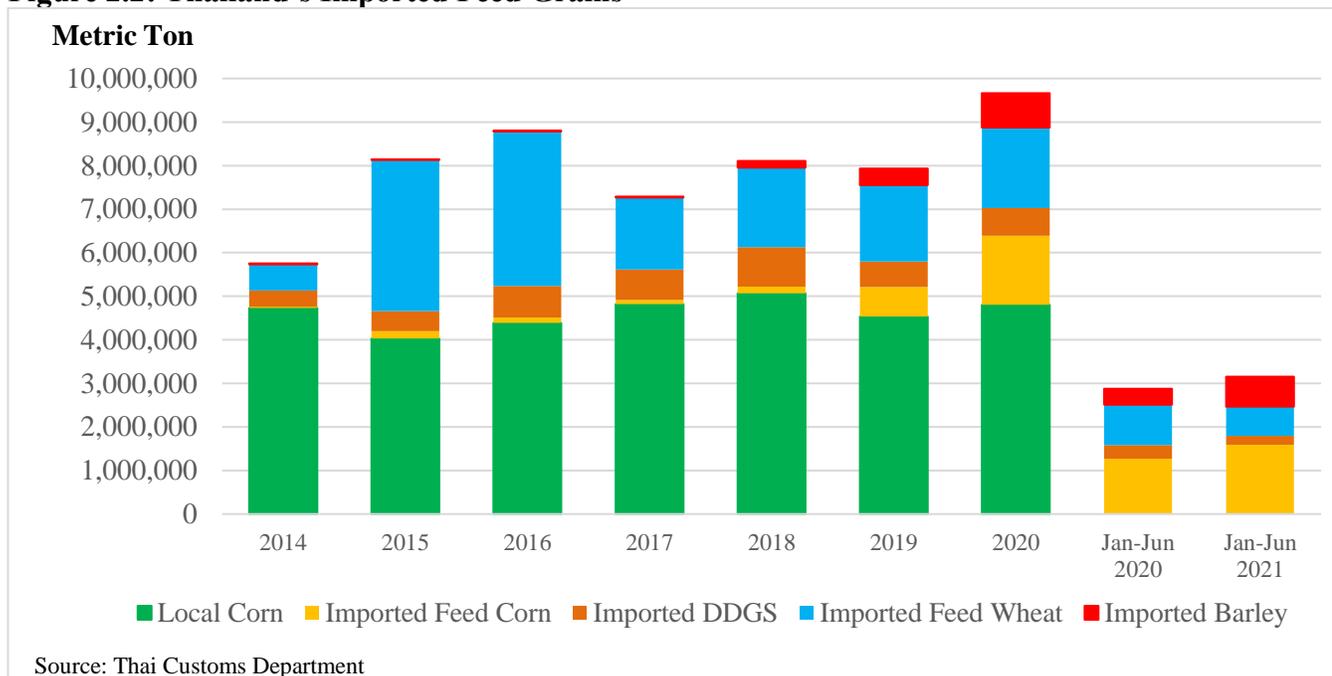
Average farm-gate prices of corn between January and July 2021 were around 8.01 baht/kilogram (U.S. \$246/MT), up 2 percent from the same period last year. Average farm-gate prices of cassava between January and June 2021 were around 2 baht/kilogram (U.S \$62/MT), up 12 percent from the same period last year. The Corn Policy and Management Committee (NIPC) meeting approved the third-year corn price guarantee scheme for 2021/22 production using the same rice scheme the previous year. The target price is 8.50 baht per kilogram (U.S. \$263/MT) and set for 452,000 corn households. The NIPC will likely present its decision for the Cabinet’s approval later this month.

Corn imports totaled 1,587,503 metric tons in MY2020/21, up 18 percent from the same period last year. There were insufficient supplies of locally produced corn despite a reduced feed demand during the COVID-19 pandemic. Around 90 percent of MY2020/21 imported corn came from Burma. Imports of corn from ASEAN countries are duty free with unlimited quota from February 1 – August 31. Imports of barley also increased significantly in MY2020/21 to 682,996 metric tons, up 84 percent from the same period last year, mainly from Australia. Australian barley faces no import restriction and enters duty free under the Thai-Australian Free Trade Agreement. Thailand remains an important market for the U.S. DDGS market despite the recent phytosanitary concern. USDA/APHIS and Thai DOA have agreed to conduct a temporary fumigation requirement trial for imported DDGS shipments.

**Figure 2.1: Farm-Gate Prices of Corn**



**Figure 2.2: Thailand's Imported Feed Grains**

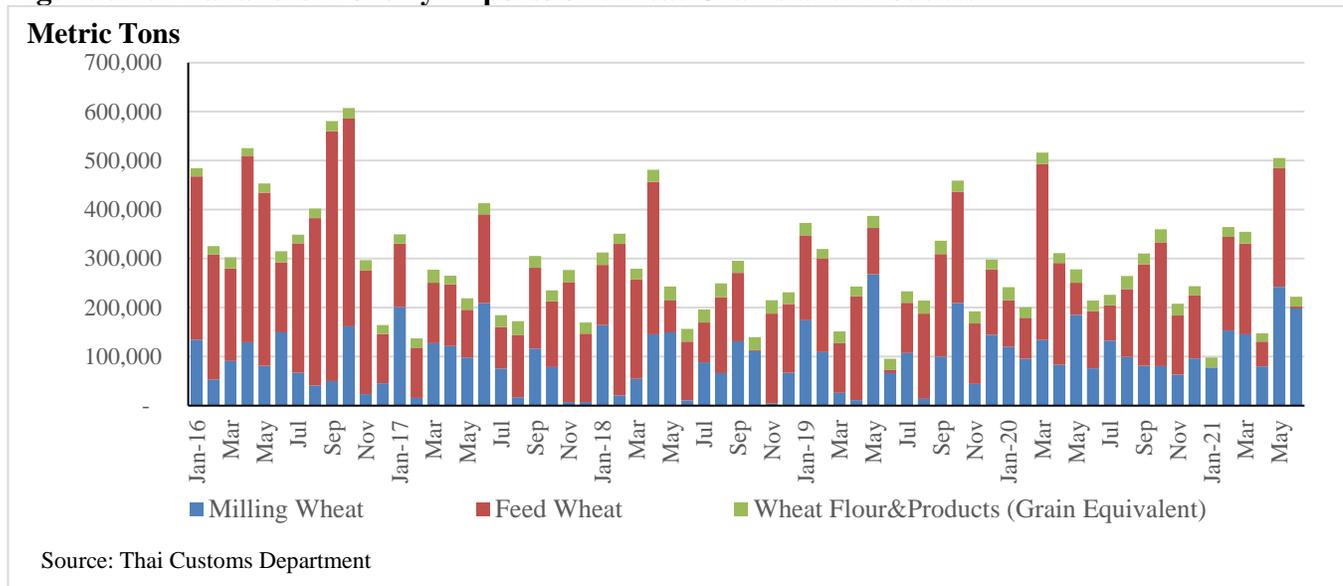


### 3. Wheat

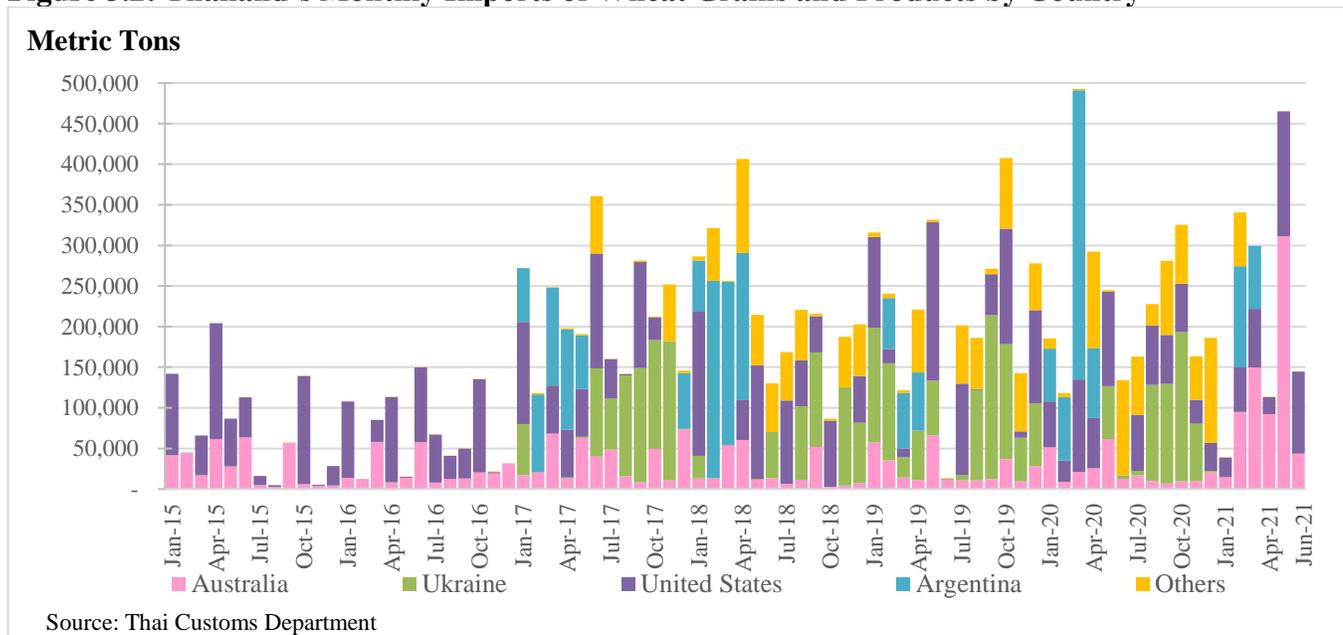
Post's forecast of MY2021/22 wheat imports remain at 3.1 million metric tons, down 4 percent from MY2020/21. Domestic consumption for wheat-based food is unlikely to recover in MY2021/22. The prolonged outbreak of COVID-19 resulted in an economic recession in 2020 and 2021 and lower domestic consumption of wheat-based products. The reduced number of foreign tourists has severely hurt hotels and restaurants, impacting one of Thailand's largest sectors.

Wheat imports totaled 3.2 million metric tons for MY2020/21, down 5 percent from MY2019/20. Wheat grain imports were 3 million metric tons, which declined 5 percent from the same period last year due to reduced feed wheat imports (Figure 3.1). Wheat mills built up their inventories prior the ban on residues of paraquat and chlorpyrifos on imported wheat on June 1, 2021. Feed wheat imports totaled 1.6 million metric tons, down 16 percent from the previous year. Milling wheat imports totaled 1.4 million metric tons, which increased 12 percent from the previous year. Wheat grain imports from Australia increased to 0.78 million metric tons, up 170 percent from MY2019/20. Australian feed wheat imports saw the largest growth, totaling 0.46 million metric tons, up around 700 percent from the same period in MY 2019/20. Imports of U.S. wheat, mostly milling wheat, declined to 0.74 million metric tons, down one percent from the same period last year. Domestic consumption of wheat should recover in MY2021/22 if restaurants and hotels return to normal business operations in 2022. The government expects that the number of foreign tourists to increase from 0.15 million in 2021 to 6.0 million in 2022, compared to around 40 million tourists prior to the pandemic, and that the economy will start recovering in the 4<sup>th</sup> quarter of 2021. The Bank of Thailand forecasts that the economy will grow 0.7 percent in 2021 and 3.7 percent in 2022

**Figure 3.1: Thailand's Monthly Imports of Wheat Grains and Products**



**Figure 3.2: Thailand's Monthly Imports of Wheat Grains and Products by Country**



## Appendix Tables

**Table 1: Thailand's Rice Production, Supply and Demand**

Rice, Milled Market Year Begins Thailand	2019/2020		2020/2021		2021/2022	
	Jan 2020		Jan 2021		Jan 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	9890	9890	10395	10509	10500	10945
Beginning Stocks (1000 MT)	4080	4080	3979	4890	4509	6458
Milled Production (1000 MT)	17655	17655	18830	18863	19500	21007
Rough Production (1000 MT)	26750	26750	28530	28580	29545	31829
Milling Rate (.9999) (1000 MT)	6600	6600	6600	6600	6600	6600
MY Imports (1000 MT)	250	250	200	125	200	125
TY Imports (1000 MT)	250	250	200	125	200	125
TY Imp. from U.S. (1000 MT)	2	0	0	0	0	0
Total Supply (1000 MT)	21985	21985	23009	23878	24209	27590
MY Exports (1000 MT)	5706	5725	5800	5800	6500	6500
TY Exports (1000 MT)	5706	5725	5800	5800	6500	6500
Consumption and Residual (1000 MT)	12300	11370	12700	11620	12900	11970
Ending Stocks (1000 MT)	3979	4890	4509	6458	4809	9120
Total Distribution (1000 MT)	21985	21985	23009	23878	24209	27590
Yield (Rough) (MT/HA)	2.7048	2.7048	2.7446	2.7196	2.8138	2.9081

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2021/2022 = January 2022 - December 2022

**Table 2: Thailand's Rice Production by Crop**

	2019/20			2020/2021			2021/2022		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
<b>Area (Million Hectares)</b>									
<b>Cultivation</b>	9.280	1.090	10.370	9.370	1.354	10.724	9.370	1.900	11.270
<b>Harvest</b>	8.805	1.085	9.890	9.185	1.324	10.509	9.070	1.875	10.945
<b>Production (Million Tons)</b>									
<b>Rough</b>	22.410	4.340	26.750	23.530	5.050	28.580	23.659	8.170	31.829
<b>Rice</b>	14.790	2.865	17.655	15.530	3.333	18.863	15.615	5.392	21.007
<b>Yield (Ton/Hectare)</b>	2.545	4.000	2.705	2.562	3.814	2.720	2.608	4.357	2.908

**Table 3: Thailand's Corn Production, Supply and Demand**

Corn Market Year Begins  Thailand	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1215	1216	1255	1254	1200	1200
Beginning Stocks (1000 MT)	773	773	675	655	841	1149
Production (1000 MT)	4500	4480	5600	5500	5400	5300
MY Imports (1000 MT)	1630	1630	1921	1900	1500	1600
TY Imports (1000 MT)	1602	1602	1900	1900	1500	1600
TY Imp. from U.S. (1000 MT)	20	2	0	0	0	0
Total Supply (1000 MT)	6903	6883	8196	8055	7741	8049
MY Exports (1000 MT)	28	28	55	56	20	60
TY Exports (1000 MT)	27	27	55	56	20	60
Feed and Residual (1000 MT)	6100	6100	7200	6750	7100	6900
FSI Consumption (1000 MT)	100	100	100	100	100	100
Total Consumption (1000 MT)	6200	6200	7300	6850	7200	7000
Ending Stocks (1000 MT)	675	655	841	1149	521	989
Total Distribution (1000 MT)	6903	6883	8196	8055	7741	8049
Yield (MT/HA)	3.7037	3.6842	4.4622	4.386	4.5	4.4167

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Corn begins in October for all countries. TY 2021/2022 = October 2021 - September 2022

**Table 4: Thailand's Wheat Production, Supply and Demand**

Wheat Market Year Begins Thailand	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	595	595	744	1040	759	820
Production (1000 MT)	0	0	0	0	0	0
MY Imports (1000 MT)	3501	3497	3306	3235	3300	3100
TY Imports (1000 MT)	3501	3497	3306	3235	3300	3100
TY Imp. from U.S. (1000 MT)	805	805	0	425	0	550
Total Supply (1000 MT)	4096	4092	4050	4275	4059	3920
MY Exports (1000 MT)	292	292	311	227	290	290
TY Exports (1000 MT)	292	292	311	227	290	290
Feed and Residual (1000 MT)	1750	1450	1650	1898	1750	1650
FSI Consumption (1000 MT)	1310	1310	1330	1330	1350	1360
Total Consumption (1000 MT)	3060	2760	2980	3238	3100	3010
Ending Stocks (1000 MT)	744	1040	759	820	669	620
Total Distribution (1000 MT)	4096	4092	4050	4275	4059	3920
Yield (MT/HA)	0	0	0	0	0	0

(1000 HA), (1000 MT), (MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2021/2022 = July 2021 - June 2022

End of report.

**Attachments:**

No Attachments