

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Thailand

Grain and Feed Update

September 2017

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Report Highlights:

Despite some flooding, the forecast for MY2017/18 rice production is unchanged at 20.4 million metric tons. The government has approved several rice support programs for MY2017/18 rice production, including a pledging program as well as soft loan and interest rate subsidy programs to help stabilize domestic rice prices.

Post:
Bangkok

Executive Summary:

MY2017/18 main crop rice cultivation is progressing favorably due to good weather conditions. Recent September floods have reportedly had minimal impact on main-crop rice production. The government has approved an on-farm pledging program for MY2017/18 main crop rice together with a soft loan and interest rate subsidy programs for farmer institutions, rice millers, and traders.

Post’s forecast for rice, corn and wheat supply and demand remain unchanged from the previous forecast in August 2017 (please see [GAIN Report: TH7113, Grain and Feed Update - August 2017](#)).

Rice Update

1. Production

MY2017/18 main crop rice cultivation is currently in the reproductive stage and progressing favorably due to good weather conditions. Cumulative precipitation during January – September 2017 in major growing areas is 20-30 percent above both the normal average and last year’s rainfall levels (Figure 1). Flooding caused by heavy rain in September is expected to have minimal impact on main crop rice production as the flood waters have receded quickly. According to the September 19, 2017 flood assessment by the Geo-Informatics and Space Technology Development Agency (GISTDA), the flood affected rice area accounts for 1-2 percent of total rice production. Also, the Royal Irrigation Department reported on September 22, 2017, that water supplies in major reservoirs totaled 10 billion cubic meters, 43 percent above last year’s water levels (Figure 2). These water supply levels account for around 60 percent of total reservoir capacity, meaning that there is still capacity to manage the expected October precipitation. October is typically the last month of monsoon season. The high water supply levels mean that the irrigation system will be able to support MY2017/18 off season rice production. Post’s forecast for rice production in MY2017/18 remains unchanged at 20.4 million metric tons. This is approximately a 6 percent increase from MY2016/17.

Figure 1: Cumulative Precipitation by Region during January 1 – September 17, 2017

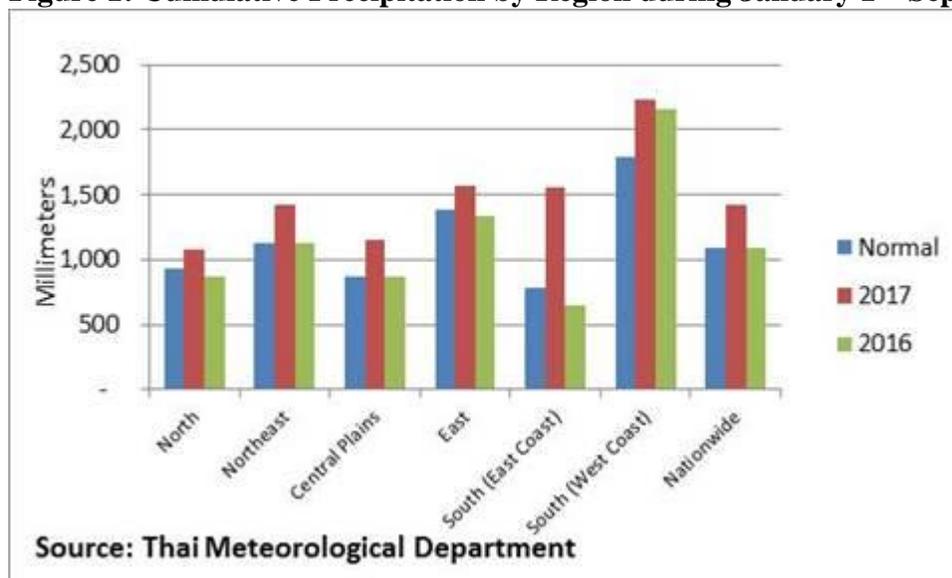
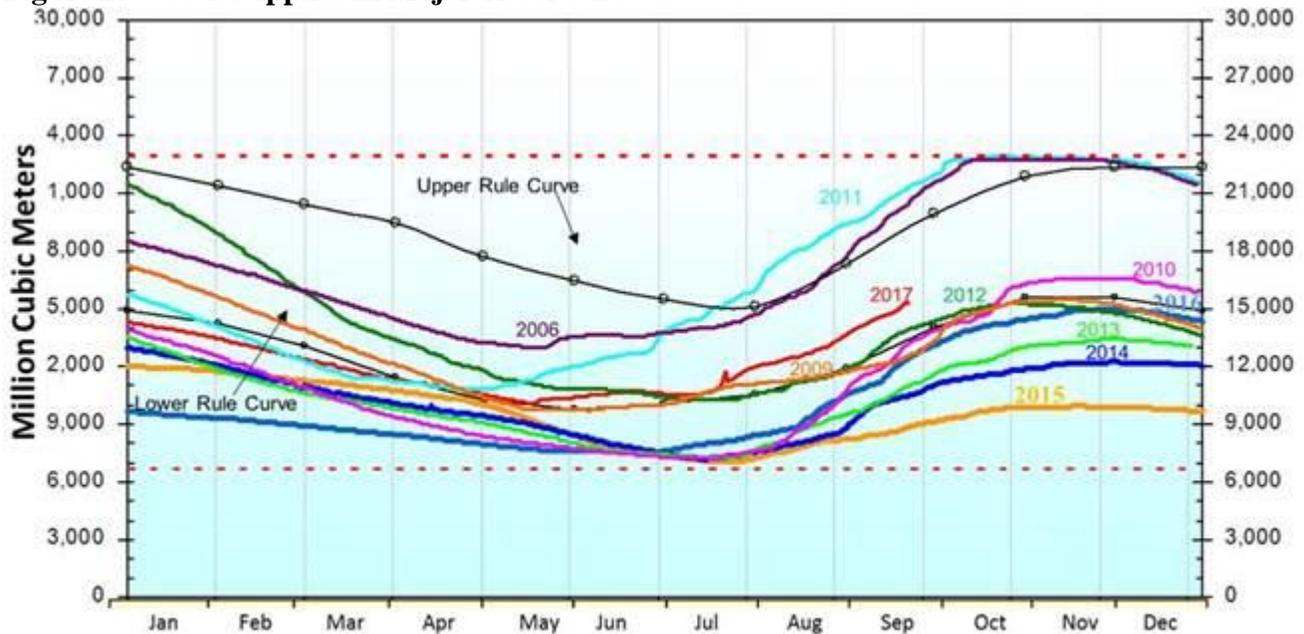


Figure 2: Water Supplies in Major Reservoirs

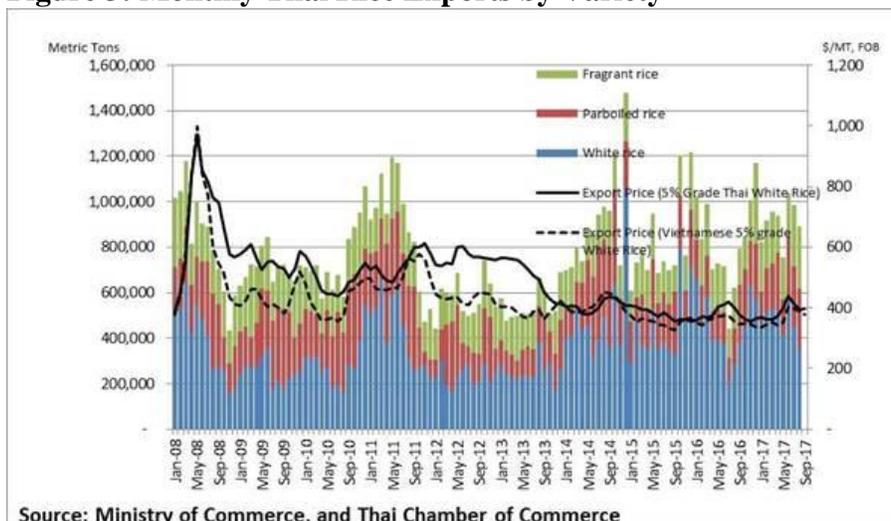


Source: Royal Irrigation Department, Ministry of Agriculture and Cooperatives

2. Trade

According to the Ministry of Commerce, rice exports totaled approximately 7.3 million metric tons during January – August 2017, up 20 percent from the same period last year due to strong exports to Middle Eastern and African countries. Parboiled rice exports increased to approximately 1.7 million metric tons, up 46 percent from the same period last year, driven by bumper MY2016/17 off season rice production (Figure 3). Exports of white and fragrant rice increased approximately 14 percent from the same period last year due to the sale of government rice stocks at lower prices than competing Vietnamese rice. Thai rice is expected to maintain its export growth path through the end of 2017 driven by the sale of the remaining government rice stocks.

Figure 3: Monthly Thai Rice Exports by Variety



Source: Ministry of Commerce, and Thai Chamber of Commerce

Post’s forecast for MY2016/17 rice exports remain unchanged at 11 million metric tons. This is an 11 percent increase from MY2015/16. Meanwhile, MY2017/18 rice exports are forecast to decline to 10 million metric tons, down 9 percent from MY2016/17 as the government is likely to deplete most of its rice stocks in MY2016/17.

3. Stocks

The government currently holds rice stocks totaling approximately 0.7 million metric tons (Figure 4-5). The new tender for 0.6 million metric tons of deteriorated rice stocks has been delayed due to an investigation into previously sold feed quality rice stocks that were allegedly resold in the food chain. The government has also suspended the sale of some of the previously sold rice stocks which are under investigation. The new 0.6 million metric ton tender is expected to be issued after the investigation is complete.

Figure 4: Government Rice Stocks

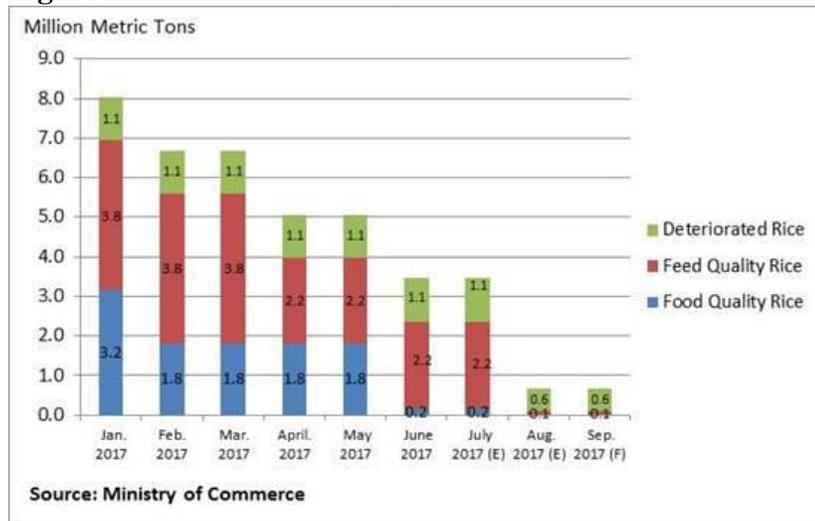
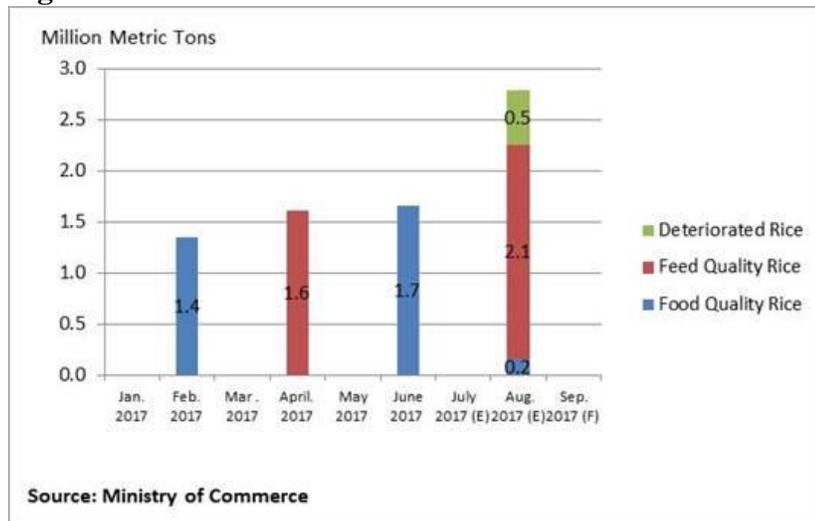


Figure 5: Sales of Government Stocks in 2017



4. Policy

On September 19, 2017, the Thai cabinet approved a 73 billion baht (U.S. \$2.2 billion) budget for the MY2017/18 On-Farm Paddy Pledging Program to include all MY2017/18 main-crop rice varieties from November 1, 2017 – February 28, 2018 (Table 1). The program is aimed to stabilize domestic prices of main crop rice, particularly during the seasonal harvest when large quantities of rice will enter the market. The program's target is set at 2 million metric tons of paddy rice which accounts for approximately 10 percent of total main crop rice production. The intervention prices are set 3 percent higher than the prices for last year's program for white rice paddy and up to 13 percent higher for fragrant and glutinous paddy rice.

Table 1: MY2017/18 On-Farm Pledging Program

| Rice Paddy Varieties | Target (Metric Ton) | Intervention Prices (Baht/Metric Ton) | Market Price (Baht/Metric Ton) | Cabinet Approval (Date) |
|---------------------------|------------------------|--|-----------------------------------|----------------------------|
| Hom Mali Fragrant Rice | 2 | 10,800 | 13,210 | Sep. 19, 2017 |
| Glutinous Rice | | 10,800 | 10,210 | |
| White Rice | | 7,200 | 7,500 | |
| Pathumthani Fragrant Rice | | 8,500 | 10,250 | |

Source: Ministry of Commerce

Farmers participating in the pledging program will receive a subsidy on storage costs of 1,500 baht per metric ton (U.S. \$45/MT) as well as a direct payment of 1,200 baht per metric ton (U.S. \$36/MT) for certain harvest and postharvest handling costs (up to 12,000 baht (U.S. \$364/MT) per farm household) during September 1, 2017 – July 31, 2018. In total, participating farmers will receive 15,300 baht per metric ton (U.S. \$464/MT) for Hom Mali fragrant and glutinous paddy rice, 11,100 baht/MT (U.S. \$336/MT) for white paddy rice, and 12,000 baht/MT (U.S. \$364/MT) for Pathumthani fragrant paddy rice. While the intervention prices for the pledging program are below market prices, when supplemental subsidies are included the total amount received by farmers is 15-50 percent above current market prices.

Additionally, the cabinet approved a 12.5 billion baht (U.S. \$379 million) budget for a Soft Loan Program for farmer institutions to store rice paddy during October 1, 2017 – September 30, 2018. The program target is set at 2.5 million metric tons of paddy rice. Also, the cabinet approved 940 million baht (U.S. \$28 million) budget for the Interest Rate Subsidy Program to encourage rice millers and rice traders to store rice. The program's goal is to provide an interest rate subsidy for 8 million metric tons of rice. Rice millers and traders participating in the program will receive a 3 percent interest rate subsidy to store rice/paddy for 2-6 months between October 1, 2017 – September 30, 2018.

Appendix Tables

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

| Rice, Milled | 2015/2016 | | 2016/2017 | | 2017/2018 | |
|--------------------------|-------------------|----------|-------------------|----------|-------------------|----------|
| | Market Begin Year | | Market Begin Year | | Market Begin Year | |
| | Jan 2016 | Jan 2017 | Jan 2017 | Jan 2018 | Jan 2018 | Jan 2018 |
| Thailand | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 9444 | 9444 | 10247 | 10247 | 10700 | 10732 |
| Beginning Stocks | 11270 | 11270 | 8403 | 8387 | 5353 | 4787 |
| Milled Production | 15800 | 15800 | 19200 | 19200 | 20400 | 20430 |
| Rough Production | 23939 | 23939 | 29091 | 29091 | 30909 | 30955 |
| Milling Rate (.9999) | 6600 | 6600 | 6600 | 6600 | 6600 | 6600 |
| MY Imports | 300 | 300 | 250 | 200 | 250 | 200 |
| TY Imports | 300 | 300 | 250 | 200 | 250 | 200 |
| TY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 27370 | 27370 | 27853 | 27787 | 26003 | 25417 |
| MY Exports | 9867 | 9883 | 10500 | 11000 | 10000 | 10000 |
| TY Exports | 9867 | 9883 | 10500 | 11000 | 10000 | 10000 |
| Consumption and Residual | 9100 | 9100 | 12000 | 12000 | 11500 | 11500 |
| Ending Stocks | 8403 | 8387 | 5353 | 4787 | 4503 | 3917 |
| Total Distribution | 27370 | 27370 | 27853 | 27787 | 26003 | 25417 |
| Yield (Rough) | 2.5348 | 2.5348 | 2.839 | 2.839 | 2.8887 | 2.8844 |
| | | | | | | |

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

Table 1.2 Thailand's Rice Area, Production and Yield

| | 2015/16 | | | 2016/17 | | | 2017/18 | | |
|--------------------|-----------|-------------|--------|-----------|-------------|--------|-----------|-------------|--------|
| | Main Crop | Second Crop | Total | Main Crop | Second Crop | Total | Main Crop | Second Crop | Total |
| Area | | | | | | | | | |
| (Million Hectares) | | | | | | | | | |
| Cultivation | 9.096 | 1.055 | 10.151 | 8.745 | 1.900 | 10.645 | 9.000 | 2.000 | 11.000 |
| Harvest | 8.709 | 0.735 | 9.444 | 8.373 | 1.874 | 10.247 | 8.759 | 1.973 | 10.732 |
| Production | | | | | | | | | |
| (Million Tons) | | | | | | | | | |
| Rough | 20.973 | 2.966 | 23.939 | 20.909 | 8.182 | 29.091 | 22.318 | 8.637 | 30.955 |
| Rice | 13.842 | 1.958 | 15.800 | 13.800 | 5.400 | 19.200 | 14.730 | 5.700 | 20.430 |
| Yield | 2.408 | 4.035 | 2.535 | 2.497 | 4.366 | 2.839 | 2.548 | 4.377 | 2.884 |
| (Ton/Hectare) | | | | | | | | | |

Source: FAS Estimate

End of Report.