

**Required Report:** Required - Public Distribution

**Date:** September 07, 2023

**Report Number:** TH2023-0053

## **Report Name:** Poultry and Products Annual

**Country:** Thailand

**Post:** Bangkok

**Report Category:** Poultry and Products

**Prepared By:** Ponnarong Prasertsri, Agricultural Specialist

**Approved By:** Mariya Rakhovskaya

### **Report Highlights:**

FAS Bangkok estimates Thailand's chicken meat production to marginally increase in 2023 amid a surge in exports, a slow recovery in the tourism sector and high feed costs. Post forecasts chicken meat production will further slow down in 2024 in line with chicken meat exports and a slow recovery in domestic consumption.

## Executive Summary

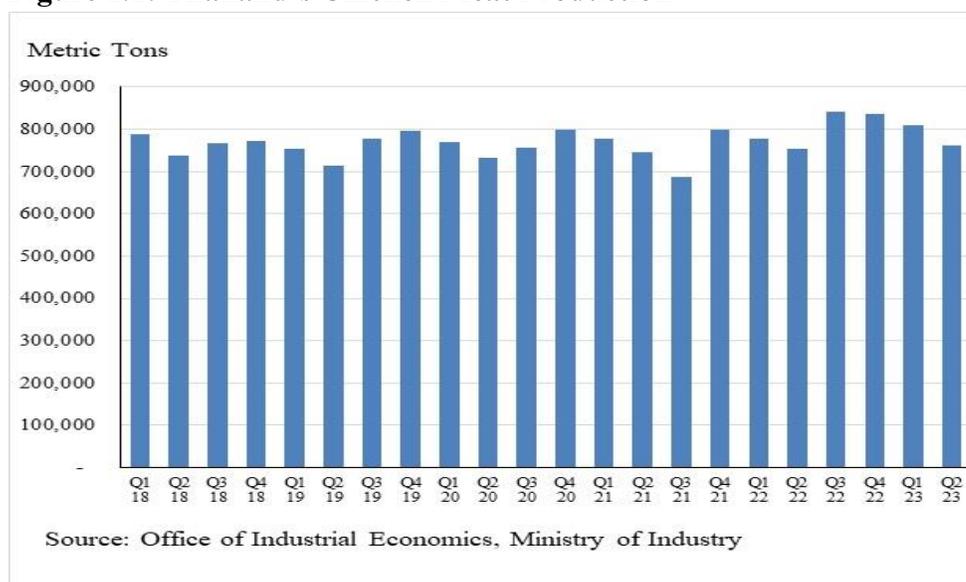
FAS Bangkok (Post) estimates 2023 chicken meat production will grow 4.5 percent over 2022, but still well below the 5-8 percent average annual growth before the pandemic. Although Thailand's raw chicken meat exports displayed double-digit growth in the first half of 2023, Post anticipates a much slower export pace for the rest of the year after Japan lifted its import restrictions on uncooked chicken meat from Brazil in August 2023. Domestic chicken meat consumption in 2023 will likely increase by about one percent from 2022 due to a slow recovery in tourist spending and a lack of government incentives for domestic tourism in 2023.

Post forecasts 2024 chicken meat production to grow around one percent due to a sluggish recovery of the tourism sector. Brazil's containment of its HPAI outbreak in 2023 may also limit Thailand's export prospects into 2024.

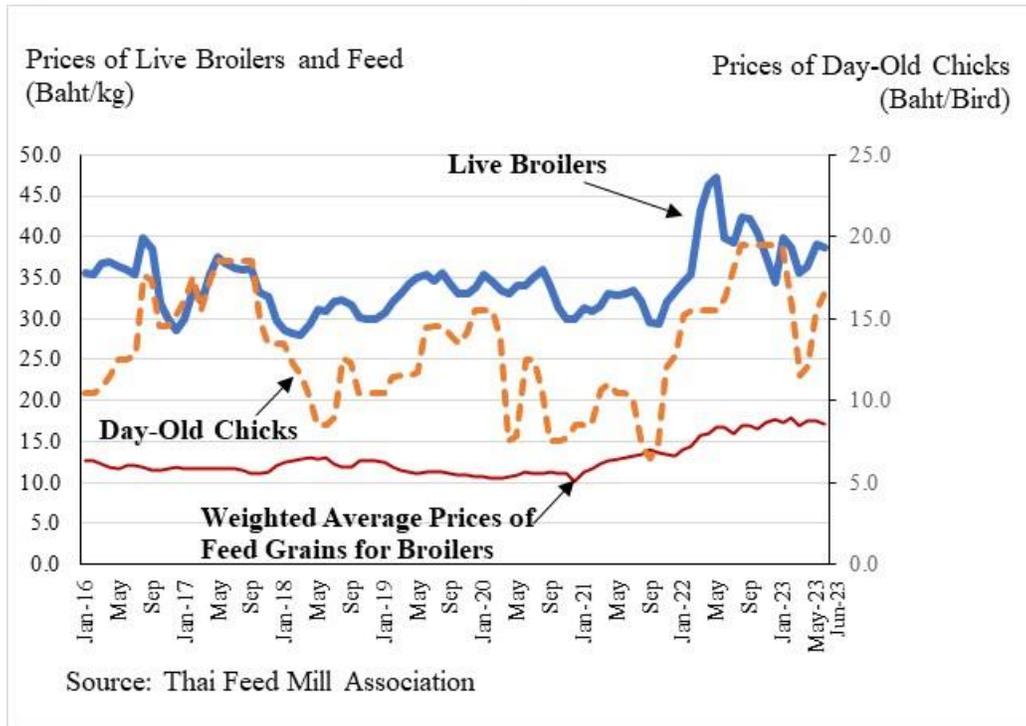
### 1. Production

Thailand's chicken meat production grew by 2 percent in the first half of 2023 compared to January-June of 2022 (Figure 1.1). Feed grains constituted 60-70 percent of total production costs in the first half of 2023 and jumped 11 percent from the same period in 2022 (Figure 1.2) due to continuing production and supply disruptions stemming from Russia's invasion of Ukraine. Meanwhile, the average price of day-old chicks in the first half of 2023 fell by 3 percent relative to the first half of 2022. Consequently, imports of broiler day-old chicks doubled in the first half of 2023. The United States supplied 63 percent of Thailand's total broiler day-old chick imports, while New Zealand accounted for 25 percent in the first half of 2023.

**Figure 1.1: Thailand's Chicken Meat Production**



**Figure 1.2: Prices of Live Broilers, Day-Old Chicks, and Broiler Feed**



Post projects 2023 chicken meat production to increase 4.5 percent from 2022, compared to the average annual growth of 5-8 percent prior to the COVID-19 outbreak in 2020. Integrated chicken farms are reportedly holding high inventories of chicken meat and facing high production costs due to the cost of feed ingredients. Although average feed ingredient prices began to level off in May 2023, July 2023 prices were still 5 percent higher than in July 2022. Meanwhile, farm-gate prices of live broilers tumbled a further 7 percent in July 2023.

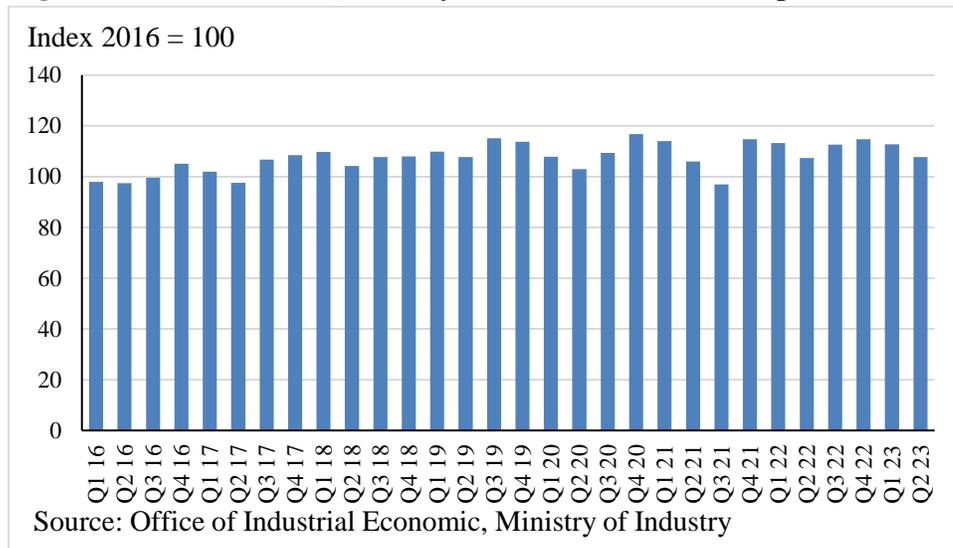
Post forecasts 2024 chicken meat production to grow around one percent in line with the expected slow domestic consumption growth, following an uneven recovery in tourism which remains the main driver of Thailand’s economic recovery. Integrated chicken farms will likely hesitate to expand their broiler population due to concern about high production costs, especially related to feed corn. The government continues to support corn farmers through a price guarantee program and restricts imports of feed wheat to protect local corn famers despite insufficient supplies of locally produced corn.

## 2. Consumption

Chicken meat consumption in the first half of 2023 declined slightly from the same period in 2022 (Figure 2.1) mainly due to an uneven recovery in tourism. Although the total number of foreign tourists between January-July of 2023 reached 15.4 million, far surpassing the total number of 11.2 million in 2022, the Bank of Thailand (BOT) reported that the average expenditure of foreign tourists was far below the average expenditure prior to pandemic. The BOT estimated the total tourism revenue in the first quarter of 2023 at just 65 percent of 2019 levels. The proportion of Chinese tourists, typically

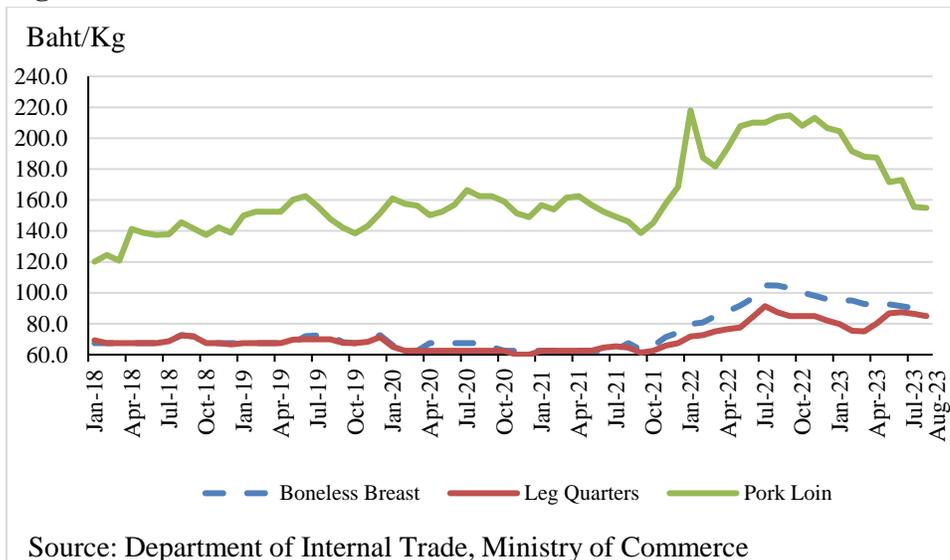
considered high spending, shrunk from 28 percent (accounting for 36 percent in total tourism revenue) in 2019 to 12 percent in the first seven months of 2023. At the same time, the Thai government did not offer any financial incentives to stimulate domestic tourism, as it had done during the pandemic.

**Figure 2.1: Thailand’s Quarterly Chicken Meat Consumption**



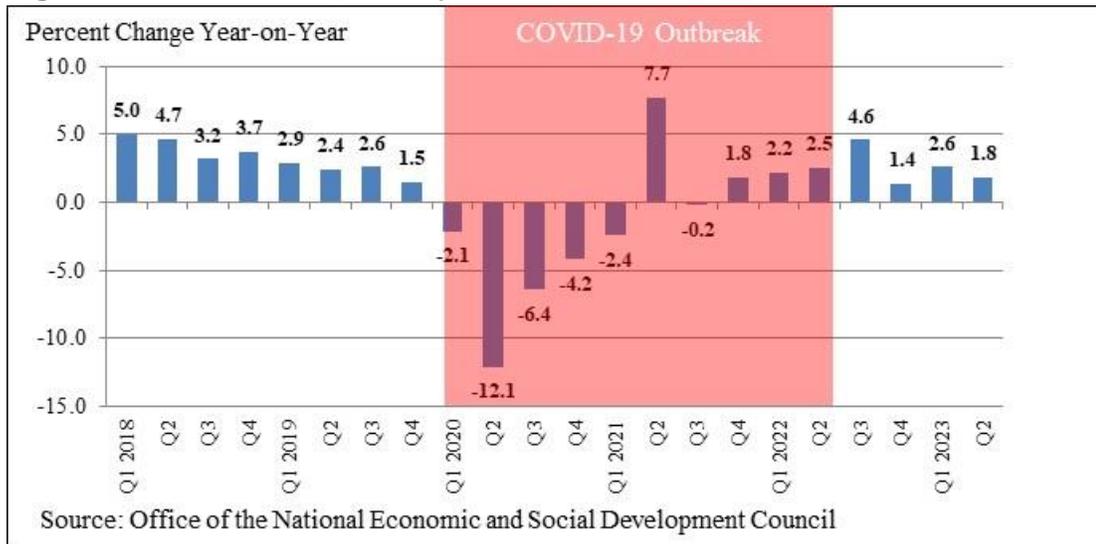
The average retail price of chicken meat in the first eight months of 2023 remained high, even as pork prices, impacted by the 2022 African Swine Fever (ASF) outbreak, began to fall (Figure 2.2). In response to the high production costs, the retail price for boneless chicken breast meat reached 92.41 baht per kilogram (\$1.22/lb) or 1 percent above the same period in 2022. The retail price for leg quarters surged 3 percent to 82.03 baht per kilogram (\$1.08/lb) compared to the January-August period in 2022. The relative price of chicken and pork meat further contributed to a downturn in the domestic consumption of chicken meat in the first half of 2023.

**Figure 2.2: Retail Prices of Chicken and Pork Meat**



Post expects domestic consumption of chicken meat in 2023 to grow around one percent from 2022 reflecting a slow economic recovery. The BOT projects Thailand’s economic growth to reach 3.6 percent in 2023 (Figure 2.3), driven by the expectation of 29 million foreign tourists, including 5 million Chinese tourists, in 2023, compared to 11.2 million in 2022. Still, this number would be substantially below the 2019 total of 40 million foreign tourists and the per tourist spending will likely be lower in 2023.

**Figure 2.3: Thailand’s Quarterly Economic Growth**



Post forecasts chicken meat consumption in 2024 to increase by 2 percent from 2023. The BOT expected a steady economic growth of 3.8 percent in 2024, mainly driven by the government’s forecast of 35.5 million foreign tourists.

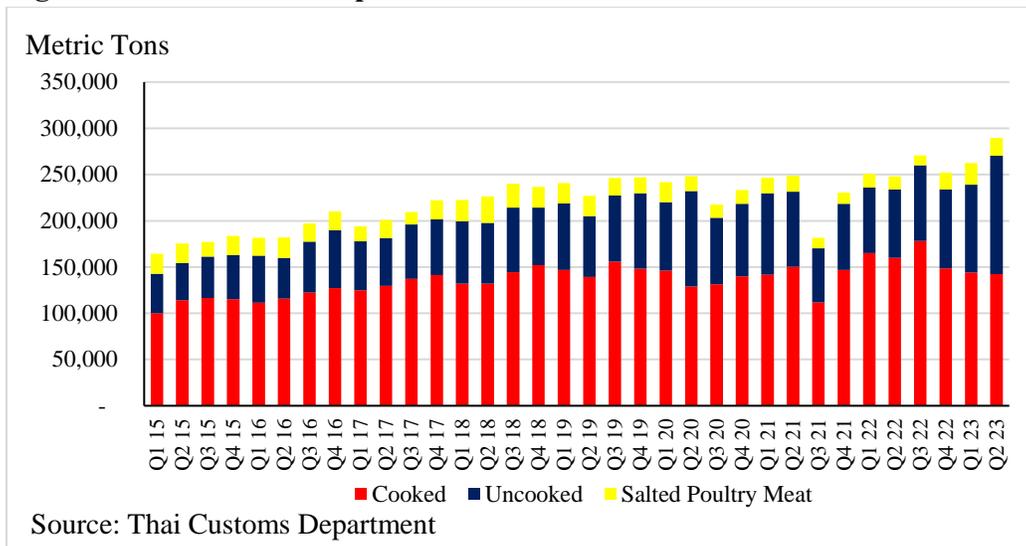
### 3. Trade

Chicken meat exports in the first half of 2023 totaled 551,961 metric tons (MT) or an 11 percent increase over exports in January-June 2022 due to a 73 percent surge in uncooked chicken meat exports in the second quarter of 2023 (Figure 3.1). Uncooked chicken meat exports reached 222,899 MT or 44 percent of Thailand's total chicken meat exports in the first half of 2023. The 55 percent spike in exports of uncooked chicken meat compared to the first half of 2022 reflected strong demand from China and Hong Kong as these markets placed import bans on poultry meat and products from European suppliers, which confirmed an outbreak of highly pathogenic avian influenza (HPAI) in February 2023. Thailand's uncooked chicken meat exports to China grew by 92 percent from the same period in 2022 and represented 24 percent of Thailand's total uncooked chicken meat exports in the first half of 2023. Hong Kong accounted for 13 percent of Thailand's January-June 2023 exports of uncooked chicken meat. These exports to Hong Kong represent a whopping 426 percent increase from the first half of 2022.

Prior to 2004, when Thailand experienced an HPAI outbreak, exports of uncooked chicken meat represented 70 percent of total chicken meat exports (see [TH4088: Poultry and Products Annual 2004, August 13, 2004](#)).

Meanwhile, exports of cooked chicken meat in the first half of 2023 totaled 286,563 MT, down 12 percent from the same period last year due to reduced exports to Japan which accounted for around half of total cooked chicken meat exports. Still, Thai exports of cooked chicken meat to the United Kingdom (28 percent of Thailand's total cooked chicken meat exports) and the EU (12 percent of Thailand's total cooked chicken meat exports) grew 7-8 percent in the first half of 2023.

**Figure 3.1: Thailand's Exports of Chicken Meat**



Post estimates Thailand's chicken meat exports will grow approximately 7 percent in 2023 as the pace of exports slows down with Brazil resuming their global exports of uncooked chicken meat following an HPAI outbreak in May 2023 (please see [BR2023-0013: Grain and Feed Update, June 30, 2023](#)). In 2022, Thailand (42 percent) and Brazil (39 percent) were Japan's top suppliers of chicken meat. Japan's 2022 imports of chicken meat from Thailand were 64 percent cooked and 36 percent uncooked. On the other hand, 95 percent of Japan's imports of Brazilian chicken meat were uncooked. Brazil's uncooked chicken meat was also 8-9 percent cheaper than Thailand's uncooked chicken meat.

From late June until August 2023, Japan restricted imports of uncooked chicken meat from Brazil due to an HPAI outbreak in Brazil. Yet, throughout the outbreak, China, which primarily imports uncooked chicken, continued to import Brazilian chicken meat that represented about half of China's total chicken meat imports.

The average export price for frozen uncooked chicken meat from Thailand in the first half of 2023 was \$2,547/MT.

Post projects Thailand's exports of cooked chicken meat will continue to decline in the second half of 2023 due to reportedly shrinking purchase orders from Japan and the EU as these importers face persistent high inflation and interest rates that curb consumer spending.

Post forecasts 2024 chicken meat exports to grow 3 percent relative to 2023 due to the expected recovery in exports of cooked chicken meat that will likely offset the reduced exports of uncooked chicken meat. Uncooked chicken meat exports are expected to decline significantly as Brazil's broiler production recovers from the 2023 HPAI outbreak. Japan's imports of Brazilian uncooked chicken products will likely bounce back due to more competitive prices than Thailand's uncooked chicken meat. Post projects Thailand's 2024 uncooked chicken meat exports will return to the typical 30-35 percent share of total chicken meat exports (Figure 3.1).

#### **4. Stocks**

The OIE reported that Thailand's chicken meat processors held large inventories of chicken meat, which increased around 10-20 percent in the second quarter of 2023, due to lower-than-expected growth in domestic consumption, which accounts for around 70 percent of total domestic production. Chicken meat processors reportedly began to curb production in the second quarter of 2023 to draw down stocks of chicken meat.

#### **5. Policy**

Thailand is a highly protected market where the government only allows the importation of certain types of poultry meat. The Thai government practically bans U.S. chicken meat products through nontransparent import permit controls. In addition to high import tariffs (30-40 percent for chilled or frozen uncooked meat and 30 percent for cooked chicken meat), the Thai Department of Livestock Development arbitrarily applies a high import permit fee (7 baht/kg or approximately \$200/MT) on uncooked products to protect the domestic market from imports.

#### **6. Marketing**

There are limited market opportunities for U.S. chicken meat products in Thailand due to tariff and non-tariff barriers. Thai consumers, similarly to other Asian markets, prefer dark chicken meat to white meat. Therefore, the most promising chicken parts would be leg-quarters, mechanically deboned meat (MDM), and value-added chicken meat. Food processors (sausage processors in the case of MDM) and supermarkets would be the most promising targets. In the future, Thailand may import bone-in-leg chicken meat for processing and re-export to markets outside the EU<sup>1</sup>, including Japan.

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<sup>1</sup>Salted and cooked skinless boneless breasts constitute 95% of Thailand's total chicken meat exports to the EU.

## Appendix Table

**Table 1: Thailand's Production, Supply and Distribution for Chicken Meat**

Meat, Chicken	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Beginning Stocks</b> (1000 MT)	78	78	48	48	0	69
<b>Production</b> (1000 MT)	3300	3300	3450	3450	0	3490
<b>Total Imports</b> (1000 MT)	1	1	1	1	0	1
<b>Total Supply</b> (1000 MT)	3379	3379	3499	3499	0	3560
<b>Total Exports</b> (1000 MT)	1021	1021	1090	1090	0	1120
<b>Human Consumption</b> (1000 MT)	2310	2310	2369	2340	0	2390
<b>Other Use, Losses</b> (1000 MT)	0	0	0	0	0	0
<b>Total Dom. Consumption</b> (1000 MT)	2310	2310	2369	2340	0	2390
<b>Total Use</b> (1000 MT)	3331	3331	3459	3430	0	3510
<b>Ending Stocks</b> (1000 MT)	48	48	40	69	0	50
<b>Total Distribution</b> (1000 MT)	3379	3379	3499	3499	0	3560
(1000 MT)						

### Attachments:

No Attachments