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Thailand

Sugar Annual

Annual 2010

Approved By:
Orestes Vasquez, Agricultural Attaché

Prepared By:
Ponnarong Prasertsri, Agricultural Specialist

Report Highlights:

TH0066 MY2009/2010 sugar production will likely decline by 3.6 percent due to lower-than-expected sugarcane production and sugar content due to unusual weather conditions. However, sugar production is forecast to recover to 7.2 million tons in MY2010/2011 in anticipation of bumper sugarcane production. MY2010/2011 sugar exports will likely increase to 5.2 million tons fueled by Thailand's new trade arrangements.

Executive Summary:

MY2009/2010 sugarcane production is lower than expected at 69.0 million tons resulting in reduction of sugar production to 6.9 million tons, down 3.6 percent from the previous year. However, sugar production will likely recover in MY2010/2011 in anticipation of a bumper sugarcane crop driven by acreage expansion. In addition, MY2010/2011 sugarcane support prices will likely remain attractive above 900 baht/ton ($28/MT).

Sugarcane will be primarily used for sugar production despite continued increase in gasohol consumption as sugar prices remain attractive as compared to ethanol prices. MY2009/2010 and MY2010/2011 sugar consumption is forecast to continue increasing due to a strong economic recovery.

MY2009/2010 sugar exports are revised down to 5.0 million tons, down 6.0 percent from the previous year due to a contraction in sugar production. However, MY2010/2011 sugar exports are forecast to recover, up 4-5 percent from the previous year, in anticipation of an increase in exportable supply due to a bumper sugarcane crop.

Commodities:

Sugar Cane for Centrifugal
Sugar, Centrifugal

1. Production

1.1 Sugarcane

MY2009/2010 sugarcane production is lower than expected at 69.0 million tons due to drier-than-expected weather condition in major growing area. Average yield is revised down to 65.7 tons/hectare but is still higher than the previous year. Also, MY2009/2010 sugarcane production is larger than the previous year's due to acreage expansion. However, low variance in thermoperiodicity affected sugar content, down significantly by 7.0 percent from the previous year to100.6 kg./ton of cane.

MY2010/2011 sugarcane production is forecast to increase by approximately 3.0 percent in anticipation of acreage expansion. Farmers will likely shift to sugarcane as current farm-gate prices surged to record 1,200 baht/ton ($38/MT), up 26.0 percent from the support prices, particularly in the northeast. However, some farmers cannot shift to sugarcane due to limited supplies of sugarcane seed. Meanwhile, average yield and sugar content will likely remain unchanged in anticipation of continued unusual weather conditions during the early stages of cultivation until late May 2010 due to the El Nino phenomenon.

1.2 Sugar

MY2009/2010 sugar production is revised downward to 6.9 million tons and down 3.6 percent from the previous year due to lower-than-expected sugarcane production. In addition, sugar content declined significantly to around 100.6 kg./ton of cane, as compared to 108.13 kg./ton of cane in the previous year.

MY2010/2011 sugar production is forecast to recover to 7.2 million tons, up 3.0 percent from the previous year, in anticipation of bumper sugarcane crop.

2. Consumption

MY2009/2010 and MY2010/2011 sugarcane will be primarily used for sugar production despite continued increase in gasohol consumption (a mixture of regular gasoline and ethanol). Sugar prices remain attractive, as compared to ethanol. Presently, there are 17 ethanol plants with production capacity of 2.9 million liters per day. They are primarily molasses-based ethanol. Only one of them is sugarcane-based ethanol plant which came on line last year. Presently, it is working at less than its full capacity of 200,000 liters/day (30 million liters/year). This plant has a daily milling volume of 5,000 tons of sugarcane that comes from contracted farming of 60,000 rai (9,600 hectares) in the northern region. Meanwhile, tapioca-based ethanol plants increased to five plants with a production capacity of 780,000 liters/day, accounting for approximately 30 percent of total ethanol production capacity.

MY2009/2010 and MY2010/2011 sugar consumption is forecast to continue to increase in anticipation of strong economic recovery in 2010 and 2011 with annual growth of 3.0 – 5.0 percent. In addition, domestic sugar prices will likely ease in the second half of 2010 driven down by shrink global sugar prices. Presently, world sugar prices trend downward in anticipation of production recovery in India and Brazil. Global raw sugar prices have dropped significantly back to normal averages of $16-17 cent/lb. in April 2010, as compared to record $30 cent/lb in February 2010. Per capita consumption of sugar is considerably high at 29.6 kilogram/year, far above normal standard of 10 kilogram/year.

3. Trade

MY2008/2009 sugar exports increased to 5.3 million tons, up 8.0 percent from the previous year. The increase reflected a surge in white and refined sugar exports, up 35.0 percent from the previous year due to tight exportable supplies of major exporting countries, India in particularly. India also imported record 327,560 tons of Thai white and refined sugar due to insufficient domestic supplies resulting from drought.

MY2009/2010 sugar exports are revised down to 5.0 million tons, down 6.0 percent from the previous year due to a contraction in sugar production. White and refine sugar exports are expected to decline significantly in anticipation of a recovery of sugarcane crops in major exporting countries including India. However, Thailand is able to fulfill the FY2010 US tariff quota of 14,743 metric tons (raw value) and probably fulfill an additional allocation of 1,214 metric tons.

MY2010/2011 sugar exports are forecast to recover, anticipating an increase of 4-5 percent due to a bumper sugarcane crop. Sugar exports to Asian countries which are Thailand’s primary markets will continue to increase driven by the implementation of new trade agreements. Some of these agreements allow sugar to enter duty free, particularly for South Korea and Malaysia. Meanwhile, Indonesia will likely remain the largest market for Thai sugar exports despite the fact that sugar is on the highly sensitive list under the ASEAN Free Trade Agreement (AFTA), due to transportation cost advantage. Presently, the tariff rate for sugar imports into Indonesia is 30 percent for raw sugar and 40 percent for refined sugar and will be cut to 5 and 10 percent respectively by 2015. In addition, in the Philippines sugar is also under the sensitive list under AFTA, with a 38-percent tariff rate which will be reduced to 5 percent in 2015.

Sugar imports into Thailand are duty free under AFTA, effective January 1, 2010. Meanwhile, imports from WTO member countries are at 65 percent tariff rate with a quota of 13,760 tons. The out-of-quota tariff is 94 percent. However, Thailand’s imports of sugar will remain marginal in MY2009/2010 and MY2010/2011 due to sufficient domestic supplies.

4. Stocks

MY2009/2010 and MY2010/2011 sugar stocks will likely decline to a normal average of 2.0 – 2.4 million tons in anticipation of an increase in domestic consumption and strong export demand driven by economic recovery. Meanwhile, an anticipated increase in sugarcane yield and total production will likely be less than its potential as unfavorable weather conditions remain and tight supplies of sugarcane seed.

5. Policy

MY2010/2011 sugarcane support prices will likely remain above 900 baht/tons ($28/MT), down slightly from 965 baht/tons ($30/MT) in MY2009/2010 due to declining global sugar prices. Meanwhile, domestic sugar prices will likely remain unchanged as the government is unlikely to change the existing price controls level set on May 1, 2008, which will remain higher than the export prices.

Statistic Table:

Table 1: Thailand's Sugarcane Production

Sugar Cane for Centrifugal Thailand Unit: 1,000 hectares 1,000 metric tons	2009			2010			2011		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Area Planted	1,025	1,025	1,025		1,050	1,050			1,080
Area Harvested	1,000	1,000	1,000		1,030	1,030			1,060
Production	74,000	66,500	66,500		72,000	69,000			71,000
Total Supply	74,000	66,500	66,500		72,000	69,000			71,000
Utilization for Sugar	73,930	66,430	66,430		71,920	68,920			70,920
Utilizatn for Alcohol	70	70	70		80	80			80
Total Utilization	74,000	66,500	66,500		72,000	69,000			71,000

Table 2: Thailand's Sugar Production, Supply and Demand

Sugar, Centrifugal Thailand Unit: 1,000 metric ton	2009			2010			2011		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Dec 2008			Market Year Begin: Dec 2009			Market Year Begin: Dec 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		New Post
			Data			Data			Data
Beginning Stocks	2,651	2,651	2,651	2,351	2,351	2,556			2,396
Beet Sugar Production	0	0		0	0	0			0
Cane Sugar Production	7,200	7,200	7,200	7,700	7,700	6,940			7,150
Total Sugar Production	7,200	7,200	7,200	7,700	7,700	6,940			7,150
Raw Imports	0	0		0	0	0			0
Refined Imp.(Raw Val)	0	0		0	0	0			0
Total Imports	0	0		0	0	0			0
Total Supply	9,851	9,851	9,851	10,051	10,051	9,496			9,546
Raw Exports	2,700	2,700	2,279	2,800	2,800	2,300			2,400
Refined Exp.(Raw Val)	2,800	2,800	3,016	3,000	3,000	2,700			2,800
Total Exports	5,500	5,500	5,295	5,800	5,800	5,000			5,200
Human Dom. Consumption	2,000	2,000	2,000	2,100	2,100	2,100			2,200
Other Disappearance	0	0	0	0	0	0			0
Total Use	2,000	2,000	2,000	2,100	2,100	2,100			2,200
Ending Stocks	2,351	2,351	2,556	2,151	2,151	2,396			2,146
Total Distribution	9,851	9,851	9,851	10,051	10,051	9,496			9,546

Table 3: Thailand's Sugar and Molasses Yield and Prices

	MY 2009	MY 2010 (Estimate)	MY 2011 (Forecast)
Yield per metric ton of cane			
Sugar (kg.)	108.13	100.56	100.60
Molasses (kg.)	42.07	43.00	43.00
Farm price (ex-factory): Baht/ton	800-900	1,000 - 1,200	900 - 1,000
Wholesale prices			
Sugar (Baht/100 kg.)	2,033	2,033	2,033
Molasses (Baht/ton)	4,000	4,500	4,000

Table 4: Thailand's Exports of Sugar

Unit: Metric tons (raw value)

	2007	2008	2009	% change
U.S.	21,318	12,259	14,095	15.0
Indonesia	1,423,461	1,665,828	1,004,884	-39.7
Japan	560,483	916,460	724,676	-20.9
China	220,503	121,830	195,141	60.2
Malaysia	214,669	67,090	52,778	-21.3
South Korea	52,463	263,672	151,418	-42.6
Cambodia	217,013	299,141	493,914	65.1
Taiwan	83,381	431,978	298,451	-30.9
Russia	53,711	141,706	30,661	-78.4
Singapore	219,554	112,144	135,280	20.6
India	-	-	327,560	-
Other	1,608,782	1,016,629	1,868,754	83.8
Total	**4,675,338**	**5,048,737**	**5,297,612**	**4.9**

Table 5: Thailand's Exports of Raw Sugar (MTRV)

Destination	2004	2005	2006	2007	2008	2009	% change
China	252,455	175,529	221,503	160,292	20,520	115,086	460.8
Congo	-	-	-	-	-	-	0.0
Indonesia	463,426	423,816	196,017	736,749	1,094,179	854,174	-21.9
Iran	-	-	-	-	-	-	0.0
Japan	751,129	602,690	543,908	557,482	916,460	724,660	-20.9
North Korea	41	2,560	-	-	-	41,450	0.0
South Korea	144,877	87,423	38,376	48,316	246,516	141,589	-42.6
Malaysia	245,564	64,820	31,190	182,963	26,933	24,747	-8.1
Mozambique	-	-	-	-	-	-	0.0
Philippines	286	-	-	205	-	-	0.0
Romania	-	-	-	-	-	-	0.0
Russia	66,279	46,170	38,885	53,711	141,200	27,907	-80.2
Singapore	429	-	221	128	1,334	1,539	15.4
Sri Lanka	55,149	9,593	4,361	14,877	18,771	12,877	-31.4
Tanzania	10,841	208	770	54,070	6,618	8,297	25.4
Taiwan	313,528	75,544	53,282	62,059	246,061	180,675	-26.6
Ukraine	-	-	-	-	-	-	0.0
United States	14,615	14,615	24,939	21,299	12,259	14,095	15.0
UAE	-	-	-	-	221	257	16.3
Vietnam	-	70,179	51,505	11,126	41,626	23,598	-43.3
Others	23,333	18,172	16,890	68,163	8,725	100,915	1,056.6
Total	2,341,952	1,591,319	1,221,847	1,971,440	2,781,423	2,271,866	-18.3

Source: Office of the Cane and Sugar Board, Ministry of Industry

Table 6: Thailand's Exports of White and Refined Sugar (MTRV)

Destination	2003	2004	2005	2006	2007	2008	2009	% change
Bangladesh	200,676	304,502	55,001	116,967	16,846	535	98,160	18247.7
Brunei	1,831	6,233	6,202	5,033	5,707	6,247	11,775	88.5
Burma	1,031	7,023	1,800	5,711	3,691	3,913	5,493	40.4
Cambodia	112,394	195,545	229,749	257,147	217,013	299,141	486,352	62.6
China	27,640	34,013	5,280	8,780	60,211	101,310	80,054	-21.0
India	348	803	-	-	-	-	327,560	-
Indonesia	903,304	864,095	750,834	115,279	686,712	571,649	150,711	-73.6
Iran	14,445	-	-	17,816	252,621	45,138	6,993	-84.5
Jordan	46,042	65,698	257	17,687	45,143	1,231	17,174	1295.1
North Korea	81,045	84,073	89,581	32,085	17,246	62,786	2,467	-96.1
South Korea	73,497	83,280	81,253	793	1,244	17,126	9,830	-42.6
Kenya	4,693	598	-	1,252	8,710	2,181	21,438	882.9
Laos	23,947	27,887	41,657	51,122	26,376	48,318	63,915	32.3
Malaysia	206,155	331,552	78,727	12,136	31,706	40,158	28,030	-30.2
Maldives	-	-	264	1,035	-	749	1,418	89.3
Pakistan	-	-	15,774	18,138	3,570	15,856	148,734	838.0
Philippines	45,878	51,193	18,427	33,606	95,537	103,143	82,982	-19.5
Russia	17,129	10,664	874	259	-	506	2,495	393.1
Saudi Arabia	5,350	-	-	1,873	9,131	25,562	35,153	37.5
Singapore	75,356	116,864	41,111	29,308	219,426	110,811	35,135	-68.3
Somalia	61,692	21,568	-	-	-	-	51,750	-
Sri Lanka	22,455	24,430	6,210	87,163	38,249	23,063	140,708	510.1
Syria	234,129	-	-	1,739	41,542	6,153	-	-100.0
Tanzania	25,351	10,352	1,190	134	20,444	4,727	22,259	370.9
UAE	5,280	15,095	129	26,568	64,354	53,498	100,511	87.9
Vietnam	-	4,347	2,390	10,983	34,053	59,546	110,217	85.1
Yemen	167,254	26,910	-	-	249,779	6,741	31,539	367.9
Others	330,120	206,120	71,627	172,249	554,587	657,226	952,893	45.0
Total	2,687,042	2,492,845	1,498,337	1,024,863	2,703,898	2,267,314	3,025,746	33.5

Source: Office of the Cane and Sugar Board, Ministry of Industry

Table 7: Thailand's Monthly Export Prices (F.O.B.) of Raw Sugar (Baht/Ton)

Month	2001	2002	2003	2004	2005	2006	2007	2008	2009
January	9,934	6,820	6,340	5,588	6,763	10,226	9,715	8,463	9,380
February	9,713	6,910	7,014	5,342	7,984	8,991	9,812	8,457	10,741
March	9,102	6,269	7,101	5,598	8,318	10,495	8,915	8,398	11,480
April	9,321	6,408	7,045	5,590	8,291	10,409	8,807	8,594	11,123
May	9,546	6,194	6,948	6,092	8,848	11,385	8,391	8,491	11,655
June	9,428	6,323	7,350	6,665	8,558	11,871	8,238	8,758	11,803
July	9,542	6,442	6,464	6,426	8,699	12,315	7,645	8,917	11,649
August	10,044	6,504	6,653	6,667	8,768	12,407	8,590	9,163	11,942
September	9,617	6,782	6,789	7,151	8,832	12,599	7,909	8,949	11,162
October	9,228	6,702	6,427	6,633	8,889	11,658	7,167	9,278	11,614
November	7,514	6,330	6,444	7,127	8,746	9,963	8,189	9,469	11,361
December	7,518	5,808	6,292	6,302	8,385	11,151	8,215	9,644	12,736
Average	9,368	6,415	6,891	6,249	8,561	11,389	8,502	8,882	11,465
Avg. Exchange rates (Baht/U.S.$)	44.43	42.96	41.48	40.22	40.22	37.88	34.52	33.31	34.29

Source : Office of the Cane and Sugar Board, Ministry of Industry

Table 8: Thailand's Monthly Export Prices (F.O.B.) of Plantation White Sugar (Baht/Ton)

Month	2001	2002	2003	2004	2005	2006	2007	2008	2009
January	10,245	8,851	8,582	7,189	9,549	10,226	11,994	10,100	10,100
February	10,227	8,578	8,129	6,965	9,923	12,471	11,498	9,254	9,254
March	9,927	8,142	8,362	7,488	10,063	14,286	10,738	10,104	10,104
April	9,791	8,324	8,530	7,506	10,251	13,396	11,042	10,085	10,085
May	9,972	7,971	8,554	7,566	10,357	13,673	10,722	10,818	10,818
June	10,309	7,714	8,318	8,108	10,443	14,898	10,470	10,239	10,239
July	10,794	8,182	7,977	7,716	10,929	15,016	10,251	16,789	13,446
August	11,033	7,742	7,914	8,341	11,186	13,786	10,132	10,459	13,391
September	10,897	8,393	7,778	8,762	10,806	14,496	10,202	11,762	14,077
October	10,091	8,751	7,068	9,996	11,475	13,745	9,112	11,987	14,439
November	10,359	9,046	7,592	9,319	11,399	12,859	9,616	10,855	15,211
December	10,658	8,830	7,696	9,569	11,236	15,552	9,522	11,253	15,855
Average	10,260	8,262	8,115	7,983	10,378	13,835	10,505	11,142	12,743
Avg. Exchange rates (Baht/U.S.$)	44.43	42.96	41.48	40.22	40.22	37.88	34.52	33.31	34.29

Source: Office of the Cane and Sugar Board, Ministry of Industry

Table 9: Thailand's Average Prices of Domestic Plantation White Sugar and Sugar

Calendar Year	Plantation White Sugar		Sugarcane	
	Wholesale (Baht/100 kg.)	Retail (Baht/kg.)	Initial	Actual
			(Baht/metric ton)	
1980	1,011	11.65	Nil	650
1981	1,019	11.51	Nil	510
1982	1,075	11.94	350	381
1983	1,091	12.00	421	421
1984	1,162	12.00	395	380
1985	1,097	12.00	330	388
1986	1,099	12.00	375	408
1987	1,097	12.00	405	462
1988	1,098	12.00	450	527
1989	1,098	12.00	460	596
1990	1,099	12.00	460	442
1991	1,099	12.00	399	480
1992	1,099	12.00	420	516
1993	1,099	12.00	490	533
1994	1,099	12.00	520	569
1995	1,099	12.00	500	538
1996	1,099	12.00	500	561
1997	1,099	12.00	600	703
1998	1,100	12.50	500	485
1999	1,100	12.50	450	478
2000	1,177	12.50	600	693
2001	1,177	13.25	530	520
2002	1,177	13.25	500	531
2003	1,177	13.25	465	504
2004	1,177	13.25	620	658
2005	1,177	13.25	800	847
2006	1,498	16.5	800	702.19
2007	1,498	16.5	638	672
2008	2,033	21.85	830	N.A.
2009	2,033	21.85	965	N.A.

Note:

* The revenue sharing system of 70:30 to cane planters and millers started in 1982/83 when the initial cane price began to be quoted.
* The purchasing cane based on C.C.S. system starts in 1993/94 crushing season with the standard quality of cane at 10 C.C.S.
* Average final cane price has been split into different assessments for different regions since 1996/97.
* The retail price of plantation white sugar raised to 13.25 baht/kg in Jun. 2, 2000.
* Wholesale prices and retail prices of plantation white sugar raised to 1,498 baht/kg and 16.50 baht/kg, respectively, on Mar. 7, 2006.
* Wholesale prices and retail prices of plantation white sugar raised to 2,033 baht/kg and 21.85 baht/kg, respectively, on May 1, 2008.

Source: Office of the Cane and Sugar Board, Ministry of Industry

Table 10: Thailand's Sugar Utilization by Industry
Unit: Metric Ton

Type of Industry	2005	2006	2007	2008	2009
BEVERAGES (Exluding Alcoholic Drink)					
Refined Sugar	201,535	296,127	213,037	215,573	232,063
White Sugar	116,388	65,635	134,982	148,359	149,727
Sub - Total	317,923	361,762	348,019	363,932	381,790
CAKE & BREAD and Alcoholic Drink					
Refined Sugar	7,502	11,618	10,123	9,236	3,987
White Sugar	8,897	9,624	12,695	13,955	10,981
Sub - Total	16,399	21,242	22,818	23,191	14,968
FRUIT & FOOD PRODUCTS					
Refined Sugar	71,324	146,172	80,250	67,099	68,584
White Sugar	118,672	134,755	129,500	127,951	119,451
Sub - Total	189,996	280,927	209,750	195,050	188,035
DAIRY PRODUCTS					
Refined Sugar	18,131	48,666	28,110	33,985	35,857
White Sugar	126,350	92,698	116,905	116,544	129,472
Sub - Total	144,481	141,364	145,015	150,529	165,329
CONFECTIONARY PRODUCTS					
Refined Sugar	4,599	8,811	7,760	6,095	7,169
White Sugar	29,929	22,769	15,619	15,882	54,104
Sub - Total	34,528	31,580	23,379	21,977	61,273
PHARMACEUTICAL PRODUCTS & MISCELLANEOUS					
Refined Sugar	26,603	18,759	15,485	8,018	17,353
White Sugar	5,322	1,994	568	916	3,309
Sub - Total	31,925	20,753	16,053	8,934	20,662

Source: Production and Distribution Administration Center, Office of Cane and Sugar Board

End of report.