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# GAIN Report

Global Agricultural Information Network

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**Date:** 8/17/2010

**GAIN Report Number:** TH0121

## **Thailand**

**Post:** Bangkok

### **Thailand Suspends Import Quota for Breeding Layers: Market Opportunity for U.S. Companies**

**Report Categories:**

Poultry and Products

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**Report Highlights:**

On July 13, 2010 the Thai Cabinet agreed to terminate the import quota regime for breeding layers in an attempt to ease escalating domestic egg prices. The policy change should increase breeding layer imports sharply in 2010. U.S. breeding layer companies should benefit from this change.

On July 13, 2010, the Thai Cabinet agreed to terminate the import quota regime for breeding layers in an attempt to ease escalating domestic egg prices. According to a report used in Cabinet discussions, egg farm-gate prices for May-June increased from 2.50 baht/unit (US\$ 7.7/100 units) to 2.80 baht/unit (US\$ 8.6/100 units), which in turn led retail prices for egg size No. 3 to rise from average 2.85 baht/unit to 3.15 baht/unit.

## **Background**

Import controls for breeding layers have been instituted in recent years through a government-appointed committee. In 2008 the Committee deemed it necessary to reduce import quota by 10 percent from a 2007 benchmark (405,721) to 365,149 birds. In 2009, a similar situation ensued and imports were further reduced 10 percent to 328,634 birds. Despite a continued decline in breeding stocks imports, egg supplies remained high in 2007 and 2008 as producers were able to increase layer productivity. However, egg and layer supplies became short in 2009 resulting in escalating egg and day old layer chick prices. In light of this situation, the Committee agreed in January 2010 to increase the breeding layer quota for 2010 to the 2007 benchmark of 405,721 birds.

## **Proposed Actions**

In addition to lifting the import quota, the Cabinet implemented the following measures under the Ministry of Commerce's responsibility:

- Work with the Thai Layer Raisers Association, layer farm cooperatives, and integrated layer chick operators in order to stabilize egg farm-gate prices at 2.80 baht/unit.
- Liaise with the Association of Egg Producers, Traders, and Exporters and large integrated layer chick operators to sell eggs directly to consumers through modern trade superstores and fresh markets at determined prices.
- Ask operators of community fresh markets to control wholesale prices and retail prices for egg at the levels determined by the Ministry of Commerce.
- The Ministry will increase enforcement of existing laws, i.e. Antitrust Act B.E. 2542 (A.D. 1999) and Determination of Prices for Goods and Service Act B.E. 2542 (A.D. 1999), to curb unfair trade practices such as a price-fixing among layer producers by limiting the supply of layer breeding stocks and crackdown on a tie-in-sale tactic by integrated layer chick producers that require customers to buy their feed in exchange for a continuous supply of layer chicks.

## **Current Outlook**

This policy change has stirred interest in layer chick imports by existing quota-eligible companies/cooperatives and layer raisers and cooperatives who were not eligible under the quota system. The Department of Livestock Development has received import permit applications that add up to 60-70,000 birds from mid July-August. Trade sources estimate that imports of breeding layer chicks may increase by 40-50 percent from 320,000 birds in 2009 to about 450-480,000 birds in 2010.

The policy change should also benefit the U.S. companies that supply layer breeding chicks to Thailand. Prior to introducing the import quota regime, Thailand's imports of U.S. layer breeding chicks amounted to 90,212 birds in 2007, worth US\$ 468,643. The imports declined sharply to 10,170 birds with US\$ 27,000 in value in 2008 and 8,475 birds with US\$ 30,000 in value in 2009. Other non-

U.S. suppliers include France, Netherlands, and the U.K.

End of Report.