

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Thailand

### Grain and Feed Update

#### Rice Update

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**Report Highlights:**

TH0176 MY2010/11 total rice production is revised down to 30.7 million tons (20.3 million tons milled equivalent), which remains slightly above the previous year's production as flooding damage on main-crop production will likely be offset by anticipated increase in off-season crops production. Rice exports will likely increase to 8.8 million tons in 2010, up 3.0 percent from the previous year and higher than the government target of 8.5 million tons. The government still has outstanding intervention stocks of 2-3 million tons, of which 1-2 million tons are expected to be released early next year.



**Post:**  
Bangkok

### 1. MY2010/11 rice production remained slightly above last year despite flooding damage

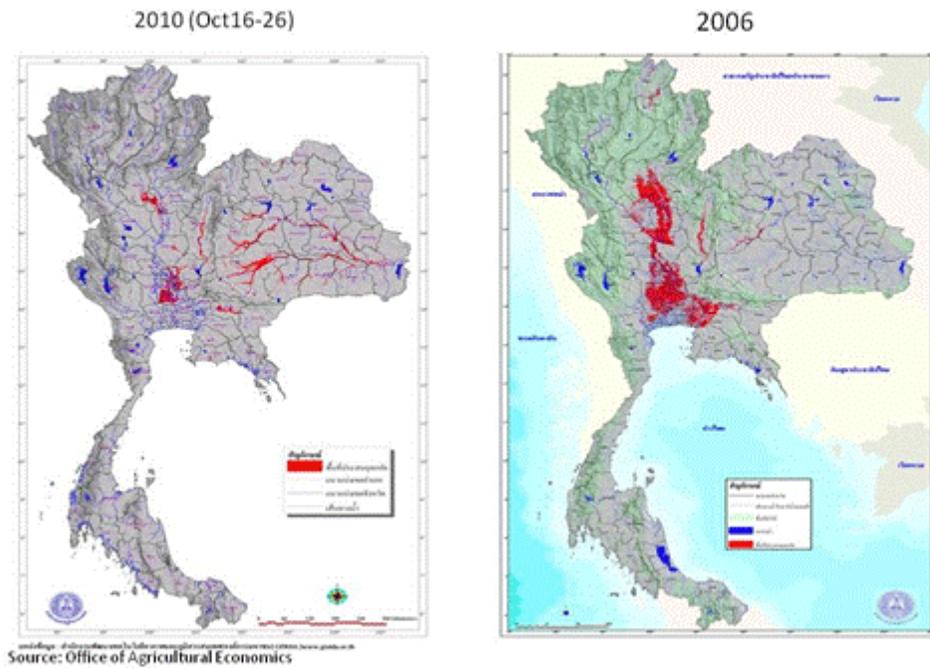
MY2010/11 total rice production is revised down to 30.7 million tons (20.3 million tons milled equivalent), which remains slightly above the previous year's production as flooding damage on main-crop production will likely be offset by anticipated increase in off-season crops production.

**Table 1: Thailand's Paddy Area, Production, and Yield**

	2008/09			2009/10			2010/11 (Sep 2010)			2010/11 (Dec 2010)		
	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total	Main Crop	Second Crop	Total
<b>Area (million hectare)</b>												
Cultivation	9.256	1.984	11.240	9.265	2.011	11.276	9.256	2.027	11.283	9.256	2.027	11.283
Harvest	8.818	1.982	10.800	8.993	1.947	10.940	9.067	1.963	11.030	8.704	1.963	10.667
<b>Production (million ton)</b>												
Rough	21.661	8.415	30.076	22.497	8.200	30.697	22.900	8.009	30.909	22.200	8.500	30.700
Rice	14.296	5.554	19.850	14.848	5.412	20.260	15.114	5.286	20.400	14.652	5.610	20.262
<b>Yield ( ton/hectare)</b>												
	2.340	4.241	2.676	2.428	4.078	2.722	2.474	3.951	2.739	2.398	4.193	2.721

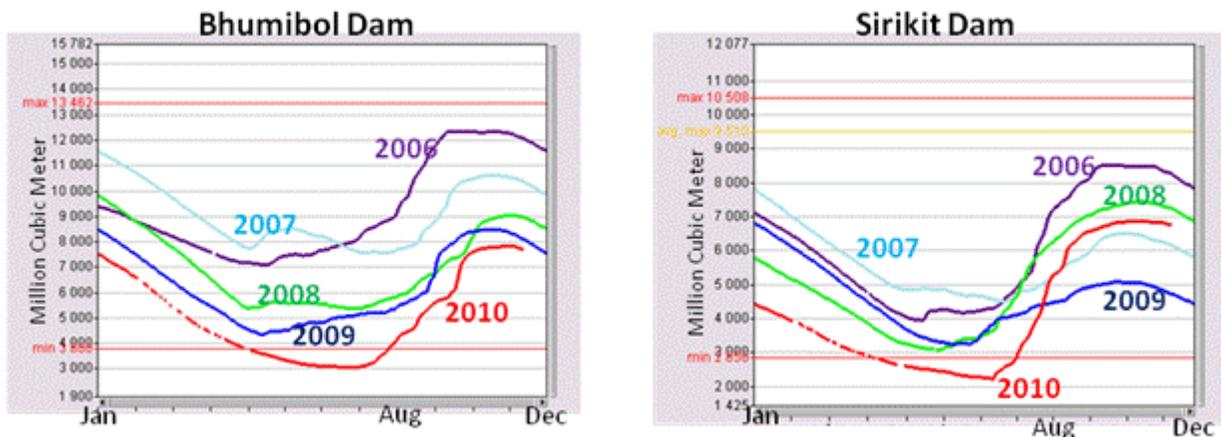
MY2010/11 main crop production is revised down to 22.2 million tons (14.7 million tons milled equivalent), down 1.3 percent from the previous year, due to crop damage from flooding in October. The production loss from flooding is estimated at 0.7 million tons (0.5 million tons milled equivalent), most of which is fragrant rice production in the lower northeast. Fragrant rice production in the northeast, accounting for approximately 80 percent of total fragrant rice production, is expected to decline to 5.2 million tons of paddy, down 5-10 percent from the previous year. The damaged area will likely total 1-2 million rai (0.3 million hectares) out of the government's estimate of total flooding areas of 7.5 million rai (1.2 million hectares). Unlike the severe flooding in 2006 with a total flooding areas of 5.0 million rai (0.8 million hectares), most of the damaged areas in 2010 are within the river basin of the lower northeast which accounts for around 5-6 percent of total planted areas in the northeast (Figure 1). So far, 80-90 percent of main crop in the northeast has been harvested with good head yield of 40-42 percent, up 2-3 percent from the previous year, due to favorable weather conditions during the harvest.

Figure 1: Flooding areas in 2010 VS 2006  
(as indicated in red color)

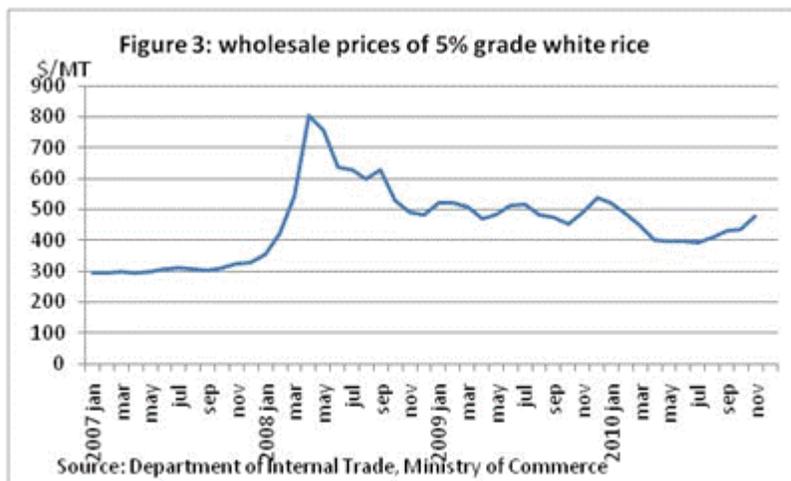


MY2010/11 off-season crop cultivation has begun in the central plain and the northeast in December 2010. The off-season paddy production (mostly white rice) is revised up from the previous forecast (8.0 million tons) to 8.5 million tons (5.6 million tons milled equivalent), up 3.7 percent from the previous year, as reservoir levels in major dams have recovered from critical levels (Figure 2). The heavy rains in October, that resulted in flooding helped increase reservoir levels for the off-season rice growing areas. The reservoir level increased to 75 percent of total major reservoirs' storage capacity in December, as compared to around 50 percent in August 2010. Also, the government has increased the off-season rice crop target to 12.6 million rai (2.02 million hectares), as compared to the previous year's target of 9.5 million rai (1.5 million hectares). In addition, current domestic prices of white rice are attractive, up significantly by 20 percent from July 2010 (Figure 3).

**Figure 2: Reservoir Levels in Major Dams**



Source: Electricity Generating Authority of Thailand

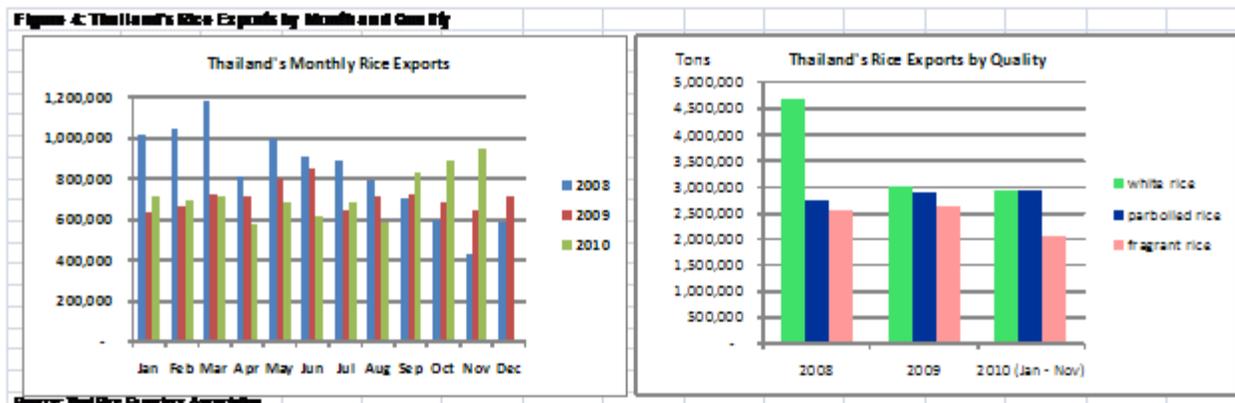


Source: Department of Internal Trade, Ministry of Commerce

## 2. Rice exports accelerated in the last quarter of 2010

Rice exports will likely increase to 8.8 million tons in 2010, up 3.0 percent from the previous year and higher than the government target of 8.5 million tons. Rice exports accelerated in the last quarter of the year when the government released old-crop intervention stock of 2-3 million tons since August 2010. Thai white rice prices became attractive in African market, compared to Vietnamese rice prices, as prices of old-crop rice stock were 15-20 percent lower than market prices. In addition, on December 7, 2010 Indonesia decided to buy 230,000 tons of Thai white rice for prompt shipment in December 2010 – January 2011 as Vietnamese white rice exportable supplies tighten. White rice exports during September – November 2010 increased significantly by 40-50 percent from the same period in the previous year. Also, parboiled rice exports continued to grow in 2010 (January – November), up 9.5 percent from the previous year as India still banned its non-basmati rice exports. However, fragrant rice exports declined by 12.0 percent from the previous year due to competition from Vietnamese fragrant rice (including Cambodia origin) which is 30-40 percent cheaper, and a mixture of Pathumthani fragrant rice in Chinese market which is 20 percent cheaper than premium Thai fragrant rice. Exporters and

millers still have large carry-over stock of fragrant rice, resulting in stable fragrant rice prices despite flooding- triggered reduction in new-crop (MY2010/11) fragrant rice production.



### 3. Intervention stock release of 1-2 million tons likely early next year

The government still has outstanding intervention stocks of 2-3 million tons, most of which are old-crop white rice. The intervention stocks of 1-2 million tons are expected to be release early next year as the flooding damage to MY2010/11 main rice crop is marginal. The government will likely keep 1.0 million tons of the intervention stock as a safety stock for food security purpose. The stock release will benefit Thai rice export to increase to 9-10 million tons in 2011 as it will enable Thai rice exporters to compete with Vietnamese rice.

#### Appendix Table: Thailand's Rice Production, Supply and Demand

Rice, Milled Thailand	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	10,800	10,800	10,940	10,940	10,930	10,667
Beginning Stocks	2,707	2,707	4,787	4,787	6,647	6,547
Milled Production	19,850	19,850	20,260	20,260	20,350	20,262
Rough Production	30,076	30,076	30,697	30,697	30,833	30,700
Milling Rate (.9999)	6,600	6,600	6,600	6,600	6,600	6,600
MY Imports	300	300	300	300	350	300
TY Imports	300	300	300	300	350	300
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	22,857	22,857	25,347	25,347	27,347	27,109
MY Exports	8,570	8,570	8,500	8,800	9,700	10,000
TY Exports	8,570	8,570	8,500	8,800	9,700	10,000
Consumption and Residual	9,500	9,500	10,200	10,000	10,200	10,200
Ending Stocks	4,787	4,787	6,647	6,547	7,447	6,909
Total Distribution	22,857	22,857	25,347	25,347	27,347	27,109
Yield (Rough)	3.	2.7848	3.	2.8059	3.	2.878

End of report