

Voluntary - Public

**Clearance Office:** Office of Global Analysis (OGA)

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## Thailand

**Post:** Bangkok

### Second Crop Intervention Program Expanded

**Report Categories:**

Grain and Feed

Trade Policy Monitoring

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**Report Highlights:**

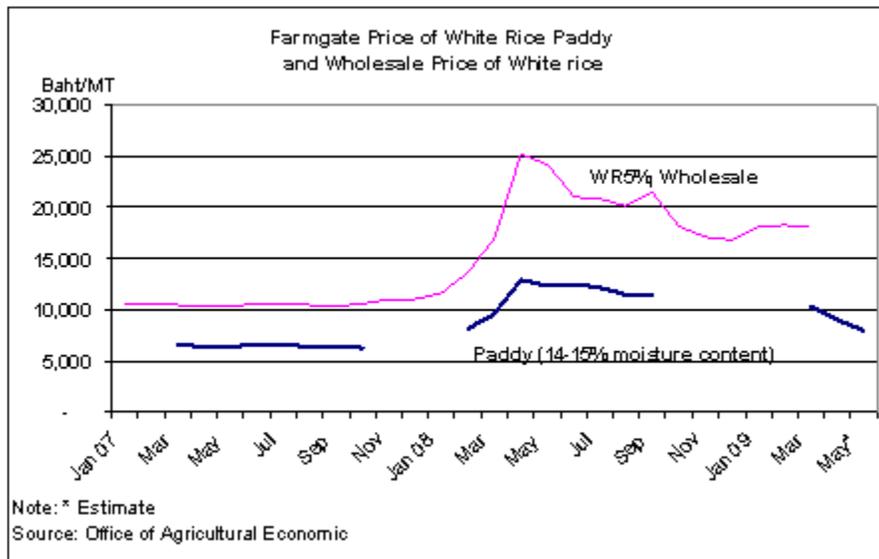
On May 6, the Cabinet expanded the current MY2008/09 second-crop rice intervention program by 1.5 million tons valued at 18 billion baht (\$517 million) due to concerns over declining domestic prices. Intervention prices remained unchanged at 10,800 – 12,000 baht/tons (\$310 – \$345/MT) which are 25-30 percent higher than current market prices.

**General Information:**

**Approval of current second-crop intervention target expansion to 4.0 MMT**

On May 6, the Cabinet expanded the current MY2008/09 second-crop rice intervention program by 1.5 million tons valued at 18 billion baht (\$517 million) due to concerns over declining domestic prices (TH9068). Over half of all the second crop has been harvested with anticipated bumper production of 4.0 – 4.5 million tons. Meanwhile, the original intervention target of 2.5 million tons, valued at 36 billion baht (\$1.0 billion) has been fulfilled three months ahead of schedule (March 16

– July 31, 2009). By the end of July 2009, the program is expected to reach the new target of 4.0 million tons of paddy as intervention prices remain unchanged at 10,800 – 12,000 baht/tons (\$310 – \$345/MT) which are 25-30 percent higher than current market prices.



### Temporarily Limited Domestic price slide

Expanding the intervention target will help mitigate the ongoing decline in farmgate prices. Fundamentally, domestic prices for the current second crop are expected to decline sharply as the market is now focused on the May 6 intervention stock tender of 3.0 million tons. Bidding prices of white rice were at 7,000 – 15,000 baht/ton (\$201 – \$431/MT, FOB), far below current market prices which are at approximately 17,000 – 18,000 baht/ton (\$510-\$530/MT). In addition, the Government is still holding 3.0 million tons of current-crop (MY2008/09) intervention stocks, excluding the recent target expansion. By the end of the MY2008/09 second-crop intervention program on July 31, government intervention stocks are expected to reach 3.0 - 4.0 million tons again due to the expansion of the second-crop program.

**End of report.**