

THAILAND

Thailand is the largest exporter of rice and the fourth largest exporter of sugar in the world. It has support programs for rice, sugarcane, and corn to stabilize domestic prices.

CORN

- The government utilizes a mortgage program for corn to stabilize domestic prices. Farmers obtain a loan by mortgaging the corn. For the MY 2008/09, farmers are eligible up to 1.5 million tons of corn under the program.
- Intervention prices are set at 8.5 baht/kg (\$243/MT).
- Thailand uses a TRQ for corn imports. The import quota remains at 54,700 MT at 20% in-quota tariff and imports beyond the quota amount are faced with a 73% tariff and a surcharge of 180 baht/MT (\$0.13/bu).

RICE

- The rice intervention policy is implemented through a mortgage program. Farmers obtain a loan by mortgaging the paddy. Farmers may redeem the loan within 4 months of harvest (loan rate is 3%, below the 6% market rate). The government is liable for loans not redeemed. In addition, monthly warehouse rental is paid to farmers.
- The National Rice Policy Committee set the MY 2008/09 second-crop intervention prices at 10,800 – 12,000 baht/ton (\$324-\$360/ton) for white rice paddy and targets 2.5 M tons of paddy for the same period effective March 16-July 31, 2009.
- The credit line for farmers is also revised down to 350,000 baht (\$9,804) per farmer for the same period compared to the 500,000 baht (\$14,006) per farmer in the previous program.
- Millers are required to buy rice from the market at no less than half of the total mortgaged price. The government pays storage and quality control costs to millers after 90 days. Millers are responsible for rice quality until the rice is milled.

SOYBEANS

- Soybean growers receive no production support from the government but processors are required to purchase soybeans at minimum prices. Currently, food processors must buy domestic Grade 1 soybeans for no less than 14 baht/kg (\$10.49/bu) at the factory or 13 baht/kg (\$9.75/bu) at the farm. Feed manufacturers must buy Grade 2 soybeans for no less than 12 baht/kg (\$9/bu) at the factory or 11 baht/kg (\$8.25/bu) at the farm. Crushers are required to buy domestic Grade 3 soybeans for no less than 11.50 baht/kg (\$8.62/bu) at the factory or 10.50 baht/kg (\$7.87) at the farm.

- Import controls have been the primary means by which domestic prices are supported. Eligible importers must make purchases from domestic producers at announced prices.
- The structure of the soybean crushing industry has developed into oligopolistic competition. Although there are about 10 soybean crushing mills in Thailand, Thai Vegetable Oil Co. (TVO) and Thanakorn Vegetable Oil Products Co. (TVOP) are currently the two largest crushers which capture almost 90% of total soybeans utilized by oil crushers.
- Thailand has a TRQ for soybeans with an in-quota tariff rate of 20% and an out-of-quota rate of 80%. However, imports from WTO country members currently have a 0% import duty.
- Imports from non-WTO member countries must be approved on a case by case basis by the Ministry of Commerce. The current import duty is 6%. Imports from Cambodia, Burma, and Laos are subject to 0% tariff under the Ayeyarwaddy-Chao Phaya-Mekong Economic Cooperation Strategy.

SUGAR

- The government maintains minimum prices for sugarcane (807 baht/MT or about \$0.08/lb raw sugar equivalent).
- The government controls sugar prices in the domestic market and regulates sugar sales by millers in the domestic market.
- Sugarcane has a 65% tariff rate under the quota of 13,760 MT and an out-of-quota tariff of 94%.

WHEAT

- Wheat production is insignificant.
- The tariff rate on imported wheat is 0.1 baht/kg (roughly \$0.07/bu) and the tariff rate on wheat flour is 5% (0.5 baht/kg).