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Report Highlights:

MY 2023/24 and MY 2024/25 soybean crush will be well below the five-year pre-pandemic average annual growth due to a slow economic recovery. Meanwhile, the palm oil supply, including for exports, is expected to be tight in MY 2023/24 and MY 2024/25 due to a strong demand for biodiesel production following Thailand's adoption of a higher biodiesel blend rate.

Executive Summary

Post forecasts MY 2023/24 and MY 2024/25 soybean imports to increase one percent a year due to sluggish economic recovery in 2023 and 2024. Thailand's soybean crush is expected to grow 2 percent in MY 2023/24 and 3 percent in MY 2024/25. Prior to the COVID-19 pandemic, the average 5-year annual growth rate was about 5 percent, but the slow post-pandemic recovery in domestic consumption of soybean oil and soybean meal for swine feed has impacted growth projections. Similarly, the MY 2023/24 and MY 2024/25 soybean demand will be well below the average annual demand prior to the 2021-2022 African Swine Fever (ASF) outbreak.

Palm oil supplies will likely be tight in MY 2023/24 and MY 2024/25 primarily due to a strong biodiesel demand in response to Thailand raising its mandatory blend rate to 7 percent in MY 2023/24 and MY 2024/25. Also, Post estimates domestic consumption of palm oil by households, food processing and other manufacturing will grow by 5 percent in MY 2023/24, as consumers shift to palm cooking oil, which is cheaper than soybean oil.

Section 1: Oilseed Situation and Outlook

1.1 Soybean Production

Oilseed, Soybean Market Year Begins Thailand	2022/2023		2023/2024		2024/2025	
	Sep 2022		Sep 2023		Sep 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	32	332	32	32	0	32
Area Harvested (1000 HA)	32	32	32	32	0	32
Beginning Stocks (1000 MT)	125	125	194	264	0	355
Production (1000 MT)	52	52	52	52	0	52
MY Imports (1000 MT)	3238	3238	3900	3270	0	3300
Total Supply (1000 MT)	3415	3415	4146	3586	0	3707
MY Exports (1000 MT)	1	1	1	1	0	1
Crush (1000 MT)	2100	2310	2550	2360	0	2430
Food Use Dom. Cons. (1000 MT)	270	280	290	290	0	300
Feed Waste Dom. Cons. (1000 MT)	850	560	900	580	0	600
Total Dom. Cons. (1000 MT)	3220	3150	3740	3230	0	3330
Ending Stocks (1000 MT)	194	264	405	355	0	376
Total Distribution (1000 MT)	3415	3415	4146	3586	0	3707
Yield (MT/HA)	1.625	1.625	1.625	1.625	0	1.625
(1000 HA), (1000 MT), (MT/HA)						

Annual soybean production is marginal at 50,000- 60,000 metric tons (MT). Farmers have no incentive to expand soybean acreage due to unattractive returns compared to other field crops, like corn and cassava. The Thai government still bans the cultivation of transgenic plants, including soybeans. Unlike Thailand’s price guarantee program for other row crops, the only government incentive for soybean production is the domestic purchase requirement for those who want to import soybeans.

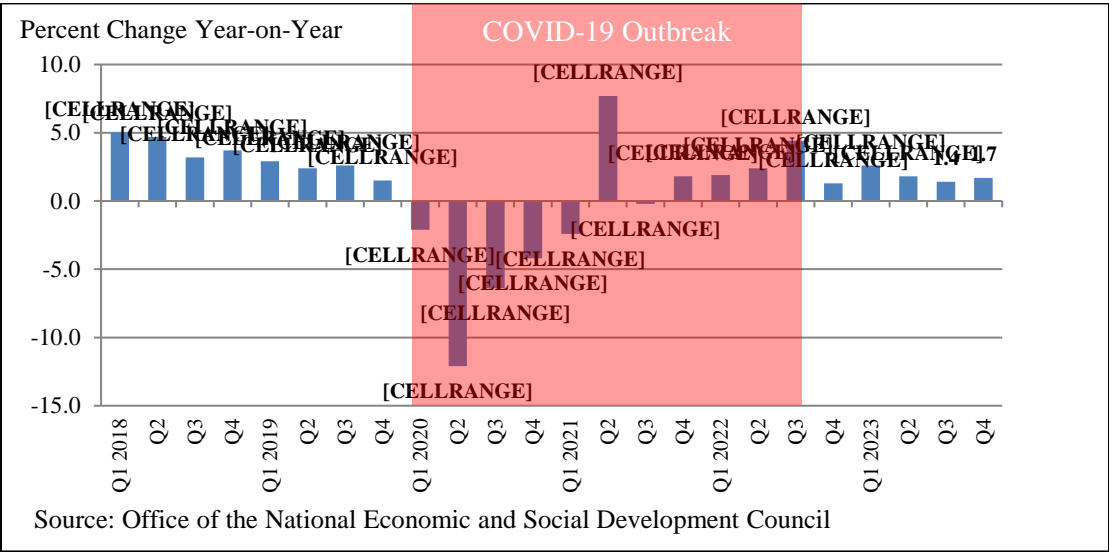
1.2 Soybean Consumption

1.2.1 Crush Demand

Around 70 percent of soybeans in Thailand are crushed for cooking oil. There are four active soybean crushers in Thailand: Thai Vegetable Oil (TVO), Thanakorn Vegetable Oil Products (TVOP), Porn Amnuay Sup Vegetable Oil, and Industrial Enterprise Co., Ltd. Their current combined crushing capacity is around 12,500 MT of soybeans a day. Presently, industry sources report that the crushers are running at around 60-70 percent of the total capacity. Aside from sales of cooking oil, the largest revenue stream for the crushers is the sale of soybean meal for animal feed.

Post forecasts MY 2024/25 soybean crush demand to increase 3 percent, which is well below the average annual growth rate of around 5 percent over the five consecutive years prior to the pandemic. The sluggish growth stems from the slow recovery in (i) the domestic cooking oil consumption and (ii) the demand for soybean meal for swine feed. The government forecasts Thailand’s 2024 economy will recover by 2.2 – 3.2 percent from a slowdown of 1.9 percent in 2023, due to the delay in Thailand’s government spending as the Parliament did not pass the 3.5 trillion-baht (\$96.1 billion) budget bill for the 2024 fiscal year (October 1, 2023 – September 30, 2024) until March 22, 2024 (Figure 1.2.1.1). In addition, tourists’ expenditures will likely remain below pre-pandemic levels (40 million tourists in 2019) as Thailand estimates foreign tourist numbers at 28 million in 2023 and 35 million in 2024.

Figure 1.2.1.1: Thailand’s Economic Growth



Post expects the MY 2023/24 soybean crush to increase 2 percent after the sharp contraction in MY 2022/23. This is a slower growth pace than the crush demand in the first five months of MY 2023/24. Crushers are reportedly holding high soybean inventories due to lower-than-expected domestic consumption of cooking oil and soybean meal for animal feed, following an economic slowdown in the second half of 2023.

MY 2022/23 crush demand declined 23 percent from MY 2021/22 due to the reduction in soybean cooking oil consumption in the processed food industry and by households, following the economic slowdown since the last quarter of 2022. Moreover, the reduced soybean meal demand for swine feed offset the increased demand for poultry feed.

1.2.2 Food Use

Soybean use in beverage and processed food production is trending up, especially for soymilk and soy sauces. The demand for food-grade soybeans in beverages and processed foods accounts for approximately 9 percent of Thailand's total soybean consumption. Soymilk reportedly accounts for 30-40 percent of the total UHT milk market, up from around 15 percent over the past two decades, following the healthy drink trend. Industry sources expect Thailand's 2024 soymilk per capita consumption to be 12 liters a year, compared to 18 liters for cow's milk, which is far below the global per capita average of 113 liters of cow's milk. Soymilk accounts for around 93 percent of the market for plant-based alternatives to milk, despite a growing demand for other plant-based milk-like products, such as almond milk.

Post forecasts food-quality soybean demand for beverage and processed food production to grow around 3 percent in MY 2023/24 and in MY 2024/25. Meanwhile, MY 2022/23 food-quality soybean demand increased around 2 percent reflecting the economic slowdown in 2023. Domestic soymilk consumption growth partially offset the 10 percent drop in soymilk exports, particularly to ASEAN countries, which accounted for 71 percent of soymilk exports in MY 2022/23. Soymilk exports accounted for around 20 percent of the soymilk market value. In addition, the Office of Industrial Economics (OIE) reported that soy sauce production declined 3 percent in MY 2022/23, due to reduced domestic consumption, which offset a 17 percent increase in soy sauce exports.

1.2.3 Feed Use

Soybeans can be cooked or roasted to produce full fat soybeans. Full fat soybeans are usually used in feed rations when the cost of full fat soybeans is less than the combined cost of soybean meal and oil ingredients. Post forecasts MY 2023/24 and MY 2024/25 full fat soybean demand to increase around 3 percent each year. Still, the annual full fat soybean demand of around 600,000 MT is well below the average annual demand of 700,000 – 800,000 MT prior to the 2021-2022 ASF outbreak due to a slow recovery in swine production in 2023 and 2024. The Thai Feed Mill Association estimated swine production to increase one percent in 2023 after a 21 percent reduction in 2022, caused by the ASF outbreak. Meanwhile, MY 2022/23 full fat soybean demand declined around 13 percent despite soybean

meal prices increasing by 22 percent in MY 2022/23, as swine production in 2023 did not rebound after the ASF outbreak. Small farmers are still reluctant to resume swine farming, given unattractive farm-gate prices and high production costs.

1.3 Soybean Trade and Policy

Thailand relies on imported soybeans to meet domestic demand for vegetable oil, food, and animal feed as domestic soybean production is marginal. According to Thailand's World Trade Organization (WTO) commitment, soybean imports are subject to a tariff-rate quota of 10,922 MT with a 20 percent in-quota tariff and an 80 percent out-of-quota tariff. However, the government always allows unlimited duty-free imports of soybeans every year from WTO member countries due to insufficient domestic production. On November 29, 2022, the government approved unlimited imports of duty-free soybeans between 2023 and 2025. The government allowed only 16 food processing companies and importers who are members of eight trade associations¹ to import.

Post forecasts MY 2023/24 and MY 2024/25 soybean imports to increase one percent annually due to the slow economic recovery in 2023 and 2024. Soybean imports in the first five months of MY 2023/24 totaled 1.3 million MT, up 18 percent from the same period in MY 2022/23. Soybean imports from Brazil, which accounted for 88 percent of Thailand's soybean imports, increased 22 percent from the same period last year partly in response to shipping concerns related to the unrest in the Red Sea. Imports of U.S. soybeans, which represented 10 percent of Thailand's soybean imports, increased one percent from the same five-month period last year, following the 12 percent jump in the import demand for full-fat soybeans for animal feed during the first five months of MY 2023/24. Meanwhile, the imports of U.S. food-quality soybeans declined by 55 percent from the same period last year due to competition from Canada. Soybean imports in the remainder of MY 2023/24 are expected to decline significantly from the same period in MY 2022/23, as crushers are reportedly holding high soybean inventories following the economic slowdown in the second half of 2023.

MY 2022/23 soybean imports totaled 3.2 million MT, down 0.2 percent from MY 2021/22 due mainly to reduced imports of soybeans for crush and for preparation as full fat soybeans for animal feed. Soybean imports from the United States in MY 2022/23 declined 31 percent, while Brazil, which supplied 83 percent of Thailand's soybean imports, had a 3 percent increase in soybean imports by Thailand. This trend reflects a longer-term pattern (Figure 1.3.1) as Brazilian soybeans supplanted U.S. soybeans based on price competitiveness and consolidation capacity at export. The market share of U.S. soybeans declined from 19 percent in MY 2021/22 to 13 percent in MY 2022/23 due to competition from food-quality soybeans from Canada and feed-grade soybeans from Brazil.

¹ The eight approved trade associations are the Soybean Oil and Rice Bran Oil Association, the Thai Feed Mill Association, the Feedstuff Users Promotion Association, the Thai Livestock Association, the Association of Agricultural Trade with Neighboring Countries, the Association of Agricultural Trade and Processing Industries, Food Processors Association, and the Thai Beverage Association.

Million Metric Tons

Month	U.S.	Canada	Brazil	Other
Jan-19	0.37	0.00	0.00	0.00
Feb-19	0.22	0.00	0.00	0.00
Mar-19	0.26	0.00	0.00	0.00
Apr-19	0.12	0.00	0.21	0.00
May-19	0.07	0.00	0.24	0.00
Jun-19	0.07	0.00	0.20	0.00
Jul-19	0.07	0.00	0.21	0.00
Aug-19	0.08	0.00	0.20	0.00
Sep-19	0.08	0.00	0.20	0.00
Oct-19	0.05	0.00	0.21	0.00
Nov-19	0.15	0.00	0.11	0.00
Dec-19	0.22	0.00	0.06	0.00
Jan-20	0.29	0.00	0.08	0.00
Feb-20	0.15	0.00	0.18	0.00
Mar-20	0.10	0.00	0.24	0.00
Apr-20	0.08	0.00	0.25	0.00
May-20	0.05	0.00	0.45	0.00
Jun-20	0.05	0.00	0.35	0.00
Jul-20	0.04	0.00	0.36	0.00
Aug-20	0.04	0.00	0.29	0.00
Sep-20	0.04	0.00	0.21	0.00
Oct-20	0.04	0.00	0.34	0.00
Nov-20	0.04	0.00	0.29	0.00
Dec-20	0.26	0.00	0.07	0.00
Jan-21	0.25	0.00	0.08	0.00
Feb-21	0.17	0.00	0.00	0.00
Mar-21	0.05	0.00	0.48	0.00
Apr-21	0.03	0.00	0.38	0.00
May-21	0.03	0.00	0.51	0.00
Jun-21	0.03	0.00	0.29	0.00
Jul-21	0.02	0.00	0.47	0.00
Aug-21	0.02	0.00	0.19	0.00
Sep-21	0.01	0.00	0.29	0.00
Oct-21	0.01	0.00	0.14	0.00
Nov-21	0.24	0.00	0.14	0.00
Dec-21	0.17	0.00	0.00	0.00
Jan-22	0.10	0.00	0.00	0.00
Feb-22	0.03	0.00	0.27	0.00
Mar-22	0.02	0.00	0.26	0.00
Apr-22	0.02	0.00	0.35	0.00
May-22	0.02	0.00	0.26	0.00
Jun-22	0.01	0.00	0.42	0.00
Jul-22	0.01	0.00	0.30	0.00
Aug-22	0.01	0.00	0.22	0.00
Sep-22	0.01	0.00	0.18	0.00
Oct-22	0.01	0.00	0.31	0.00
Nov-22	0.04	0.00	0.07	0.00
Dec-22	0.18	0.00	0.00	0.00
Jan-23	0.18	0.00	0.00	0.00
Feb-23	0.05	0.00	0.23	0.00
Mar-23	0.04	0.00	0.14	0.00
Apr-23	0.04	0.00	0.37	0.00
May-23	0.04	0.00	0.47	0.00
Jun-23	0.02	0.00	0.31	0.00
Jul-23	0.01	0.00	0.09	0.00
Aug-23	0.01	0.00	0.38	0.00
Sep-23	0.01	0.00	0.15	0.00
Oct-23	0.01	0.00	0.16	0.00
Nov-23	0.01	0.00	0.15	0.00
Dec-23	0.09	0.00	0.00	0.00
Jan-24	0.09	0.00	0.34	0.00

Source: Thai Customs Department

2.1 Soybean Meal

Meal, Soybean	2022/2023		2023/2024		2024/2025	
Market Year Begins	Sep 2022		Sep 2023		Sep 2024	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	2100	2310	2550	2360	0	2430
Extr. Rate, 999.9999 (PERCENT)	0.7776	0.7749	0.7784	0.7797	0	0.7778
Beginning Stocks (1000 MT)	216	216	139	346	0	186
Production (1000 MT)	1633	1790	1985	1840	0	1890
MY Imports (1000 MT)	3141	3141	3150	2850	0	3000
Total Supply (1000 MT)	4990	5147	5274	5036	0	5076
MY Exports (1000 MT)	101	101	100	100	0	100
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	4750	4700	4980	4750	0	4850
Total Dom. Cons. (1000 MT)	4750	4700	4980	4750	0	4850
Ending Stocks (1000 MT)	139	346	194	186	0	126
Total Distribution (1000 MT)	4990	5147	5274	5036	0	5076
(1000 MT), (PERCENT)						

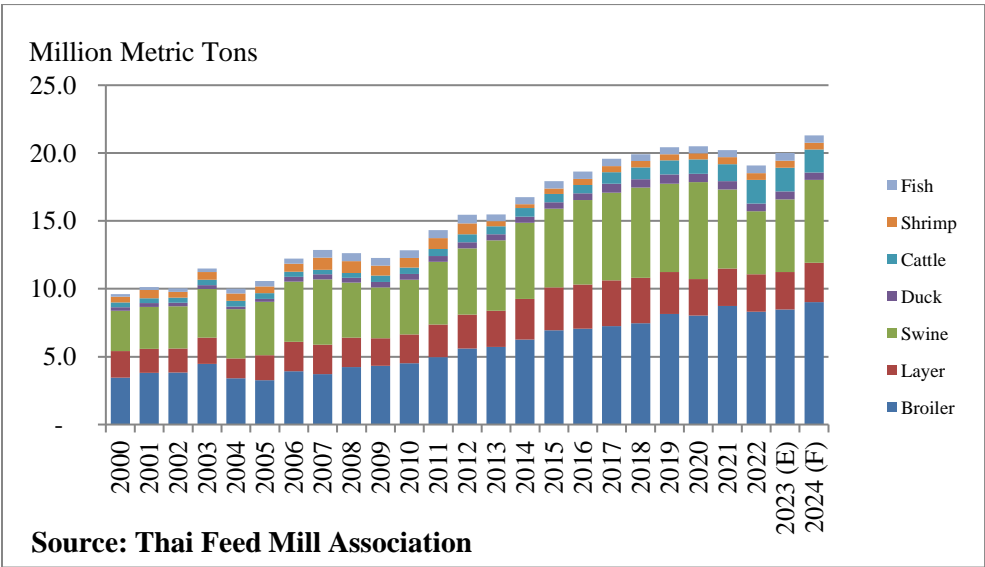
Soybean meal is the byproduct from cooking oil extraction using mostly imported soybeans due to the limited supply of domestic soybeans. Domestically crushed soybean meal is reportedly more premium than imported soybean meal due to greater freshness and higher quality standards. Feed mills normally pay 1-2 percent higher for domestically crushed soybean meal. The price of soybean meal produced in Thailand in 2023 and in the first two months of 2024 increased 2 percent and 5 percent, respectively, compared to imported soybean meal as crushers marked up domestically produced soybean meal to account for high freight costs, caused by the Red Sea crisis. Post forecasts a 2 percent production growth in domestically crushed soybean meal in MY 2023/24 and a 3 percent increase in MY 2024/25. This is well below the average annual crush growth trend prior to the ASF outbreak due to the slow recovery in swine production.

MY 2022/23 soybean meal production fell 23 percent due to a reduction in the production of cooking oil. Consumers shifted to the relatively cheaper palm oil as palm oil prices fell from the record high in MY 2021/22 to normal levels in MY 2022/23, which were approximately 25 percent cheaper than soybean oil prices.

2.1.2 Consumption

Soybean meal is mainly used for livestock feed with a small portion derived from food-grade soybeans used for soy sauce and curd production. Post forecasts soybean meal demand to grow respectively 1 and 2 percent in MY 2023/24 and MY 2024/25 due to a slow recovery in swine production, which will likely offset increasing soybean meal consumption in poultry production. The Thai Feed Mill Association (TFMA) expects poultry production in 2024 to grow around 7 percent, which is close to the annual growth of 5-8 percent prior to the COVID-19 outbreak in 2020. Meanwhile, swine production in 2024 is expected to increase by around 5 percent from 2023. According to the Thai Department of Livestock Development, swine production grew on average 8.9 percent a year between 2014 and 2018.

Figure 2.1.2.1: Feed Demand in Thailand



MY 2022/23 soybean meal consumption shrunk 6 percent from MY 2021/22 as the ASF outbreak impacted swine production. The reduced soybean meal demand for swine feed offset the increased demand for poultry feed. The TFMA estimated poultry production fell 6 percent in 2022 and recovered by 2 percent in 2023. Meanwhile, swine production declined 21 percent in 2022 and increased one percent in 2023 as swine farming did not recover from the ASF outbreak, especially among small farmers. Poultry feed demand typically represents 67 percent of Thailand’s total soybean meal demand, while swine feed accounts for 27 percent (Figure 2.1.2.1).

Depending on the availability of locally produced corn and duty-free imported corn from neighboring countries, feed mills rely on imported alternative feed ingredients. Soybean meal and alternative feed ingredients are substitutable to a certain degree depending on the digestibility, which varies by the livestock species. The increased demand for alternative feed ingredients, especially imported feed wheat, distiller’s dry grains with solubles (DDGS), and barley, following limited MY 2023/24 supplies of domestically produced corn and duty-free corn from Burma, may undermine the consumption growth of soybean meal. Still, soybean meal remains an essential protein source for livestock in Thailand (Table 2.1.2.1).

Table 2.1.2.1: Thailand’s Protein Meal Ingredients (Soy Meal Equivalent) by MY

Unit: Thousand Metric Tons

	MY 2021/22	MY 2022/23	MY 2023/24 (Estimate)	MY 2024/25 (Forecast)
Soybean	5,000	4,700	4,750	4,850
Sunflower Seed	65	66	68	70
Rape Seed	285	520	290	300
Copra	-	-	-	-
Cotton Seed	-	-	-	-
Palm Kernel	250	237	242	231
Peanut	-	-	-	-
Fish	376	361	368	376
Corn Gluten Meal	-	-	-	-
DDGS	120	170	270	285
Total	6,096	6,054	5,988	6,112
% Change MY-on-MY	1.2	-0.7	-1.1	2.1

Source: Post’s estimates

2.1.3 Trade and Policy

Imported soybean meal is mostly used for feed. Post forecasts soybean meal imports in MY 2024/25 to increase 5 percent in line with growing poultry production. Meanwhile, MY 2023/24 soybean meal imports are expected to decline 9 percent from MY 2022/23 due to a slow recovery in swine production which offset the increased soybean meal demand for poultry production. In the first five months of MY 2023/24, soybean imports totaled 1.1 million MT, up 9 percent from the same period in MY 2022/23. The imports, primarily from Brazil, grew 12 percent from the same period last year and were unusually high due to concerns about shipping delays related to the Red Sea crisis.

MY 2022/23 soybean meal imports increased 2 percent from MY 2021/22 due to reduced supplies of domestically crushed soybean meal. Imports of Brazilian soybean meal accounted for 95 percent of Thailand's total MY 2022/23 soybean meal imports and increased 10 percent from MY 2021/22. Meanwhile, MY 2022/23 imports of U.S. soybean meal declined 72 percent and the U.S. market share shrunk to one percent from 3 percent in MY 2021/22.

Soybean meal imports are subject to a 230,559 MT TRQ with a 20 percent in-quota tariff and a 119 percent out-of-quota tariff rate, according to Thailand's WTO commitments. However, the government lowered the in-quota tariff rate to 2 percent with unlimited imports since 2009 to help reduce production costs for the livestock industry. On December 26, 2023, the Cabinet continued to allow unlimited in-quota soybean meal imports but on an annual basis, beginning on January 1, 2024, instead of the approval for three-year intervals as in the past. The in-quota tariff rate remains unchanged at 2 percent. The Thai government still limits import permits to the 11 trade associations that are eligible to import soybean meal. In 2024, the Ministry of Commerce's Department of Internal Trade continues to require eligible soybean meal importers to purchase locally produced soybean meal at prices not below 14.58 baht per kilogram (\$470/MT), the same minimum price as in 2023.

The Cabinet maintains a separate quota allocation for soybean meal for food processing with a 10 percent in-quota tariff rate. That is the same rate that was set in March 2018 when the Cabinet first approved the importation of soybean meal for food processing. The out-of-quota tariff rate is 133 percent. This policy intends to provide Thai processors of soybean sauce and curd with sufficient raw materials when the domestic soybean meal supply is low. The maximum quota for soybean meal imports for food processing is set at 230,559 MT per annum.

The Cabinet lifted a long-standing soybean meal export ban in April 2016. On December 4, 2023, the Ministry of Commerce's Department of Foreign Trade allocated an export quota of 425,537.984 MT of soybean meal in 2024, up 7 percent from 2023, to four soybean crushers in the following amounts: (1) 208,401.783 MT for Thai Vegetable Oil Public Company Limited; (2) 196,333.881 MT for Thanakorn Vegetable Oil Products Co., Ltd.; (3) 15,770.678 MT for Sime Darby Oils Morakot Public Company Limited; and (4) 5,031.642 MT for PAS Produce Export and Silo Co., Ltd.

2.2 Fish Meal

2.2.1 Production

Table 2.2.1.1: Thailand's Fish Meal Production, Supply and Distribution

Meal, Fish	2022/2023		2023/2024		2024/2025	
Market Year Begins	Jan 2023		Jan 2024		Jan 2025	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction (1000 MT)	1100	1150	1100	1170	0	1190
Extr. Rate, 999.9999 (PERCENT)	0.3136	0.3043	0.3273	0.3077	0	0.3067
Beginning Stocks (1000 MT)	9	9	10	10	0	15
Production (1000 MT)	345	350	360	360	0	365
MY Imports (1000 MT)	49	49	50	50	0	52
Total Supply (1000 MT)	403	408	420	420	0	432
MY Exports (1000 MT)	148	148	155	150	0	155
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	245	250	255	255	0	260
Total Dom. Cons. (1000 MT)	245	250	255	255	0	260
Ending Stocks (1000 MT)	10	10	10	15	0	17
Total Distribution (1000 MT)	403	408	420	420	0	432
(1000 MT), (PERCENT)						

Approximately two-thirds of total domestic fish meal production comes from surimi and canned tuna production waste. The remaining third is from bycatch products, which have been trending downward due to depleted fish stocks in both the Gulf of Thailand and the Andaman Sea. Post forecasts fish meal production in 2024 and 2025 to increase respectively 6 percent and one percent in anticipation of the increased surimi and canned tuna production waste as Thailand ramps up its canned fish production in anticipation of La Nina. Meanwhile, due to El Nino and overfishing, fish meal production in 2023 declined 3 percent from 2022 as surimi and canned tuna production waste decreased.

2.2.2 Consumption

Post forecasts fish meal demand in 2024 and 2025 to increase 2 percent annually as the growing demand for fish meal in poultry production will offset the slow recovery in swine production. The fish meal demand in poultry and swine feed rations accounted for around 53 percent and 27 percent, respectively, of the total fish meal consumption. The 2023 demand for fish meal in aquaculture feed rations, which accounts for around 20 percent of the total fish meal consumption, is estimated to remain on par with 2019 due to limited water supplies, as well as concerns about disease control in shrimp farming.

In 2023, the domestic demand for fishmeal declined 4 percent from 2022 as swine production had not recovered from the ASF outbreak. Also, in 2023, farmers limited their fishmeal utilization in feed ration

as the average price of fishmeal increased 14 percent to a five-year record of 50.98 baht/kilogram (\$1,465/MT).

2.2.3 Trade and Policy

Thailand exports low-protein fish meal and imports high-protein fish meal. Post forecasts fish meal exports to grow by 1 percent in 2024 and a further 3 percent in 2025 in anticipation of larger exportable fish meal supplies from increased canned tuna production. Fish meal exports in 2023 increased 12 percent from 2022 due to a strong demand from China, which accounted for 82 percent of Thailand's total fishmeal exports. Fish meal exports to China totaled 121,736 MT in 2023, up 27 percent from 2022.

Post forecasts fish meal imports to increase 2 percent in 2024 and further increase by 4 percent in 2025 in line with the slow recovery in swine production, which the rapidly expanding poultry sector will not fully offset in 2024 and 2025. Meanwhile, the tight supplies of local fish meal in 2023 resulted in a 2 percent increase in fish meal imports.

Imports of high-protein fish meal (more than 60 percent protein content) are not subject to import permit requirements or quantity limitations. Meanwhile, imports of low-protein fish meal (below 60 percent) are subject to import permit requirements. In both cases, the applied import duties are 15 percent. Fish meal imports under the ASEAN Free Trade Area (AFTA), Thai-Australian FTA, Thai-New Zealand FTA, ASEAN-China FTA, and ASEAN-Australia-New Zealand FTA, and Japan-Thailand Economic Partnership Agreement, and Thai-Peru FTA are duty free.

Section 3: Vegetable Oil

3.1 Soybean Oil

3.1.1 Production

Table: Thailand's Soybean Oil Production, Supply and Distribution

Oil, Soybean Market Year Begins	2022/2023		2023/2024		2024/2025	
	Sep 2022		Sep 2023		Sep 2024	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	2100	2310	2550	2360	0	2430
Extr. Rate, 999.9999 (PERCENT)	0.1795	0.1797	0.1796	0.1801	0	0.1811
Beginning Stocks (1000 MT)	34	34	31	39	0	34
Production (1000 MT)	377	415	458	425	0	440
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	411	449	489	464	0	474
MY Exports (1000 MT)	220	220	190	230	0	240
Industrial Dom. Cons. (1000 MT)	50	40	50	45	0	47
Food Use Dom. Cons. (1000 MT)	110	150	215	155	0	160
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0

Total Dom. Cons. (1000 MT)	160	190	265	200	0	207
Ending Stocks (1000 MT)	31	39	34	34	0	27
Total Distribution (1000 MT)	411	449	489	464	0	474
(1000 MT) ,(PERCENT)						

Post forecasts soybean oil production in MY 2023/24 and MY 2024/25 to increase 2-3 percent annually, which is well below the average annual growth rate of around 5 percent during the five consecutive pre-pandemic years, due to the slow economic recovery which has impacted the disposable income of Thai consumers. According to the International Monetary Fund (IMF) report, Thailand's household debt increased to 91.6 percent of GDP in the last quarter of 2023, which was the highest household debt ratio among Southeast Asian countries. Foreign tourist expenditure is also expected to be below pre-COVID levels, even as the numbers of foreign tourists will likely reach 35 million in 2024 compared to 40 million in 2019.

MY 2022/23 soybean oil production declined 23 percent from the unusually high production levels in MY 2021/22 due to reduced domestic consumption, following the economic downturn. The shrinking domestic consumption of soybean cooking oil more than offset the continued increase in soybean oil exports. In addition, consumers shifted to the relatively cheaper palm oil as palm oil prices fell from the record high in MY 2021/22 to normal levels in MY 2022/23, which were approximately 25 percent cheaper than soybean oil prices.

3.1.2 Consumption

Post forecasts soybean oil consumption in MY 2023/24 and MY 2024/25 to increase 4-5 percent annually in anticipation of a growing soybean oil demand by the food processing industry driven by growing exports of processed food, especially canned seafood in 2024. Meanwhile, soybean oil consumption by households is expected to slowly increase in line with a gradual economic recovery in 2023 and 2024.

MY 2022/23 soybean oil consumption fell 53 percent from MY 2021/22. This is a drop from the unusually high soybean oil demand during the record surge in palm oil prices in MY 2021/22, caused by the disruption in the global supply and trade of sunflower oil when Russia invaded Ukraine in February 2022 and consumers shifted to soybean oil to substitute palm oil. Also, the soybean oil demand in the food processing industries declined significantly as food manufacturers reduced their production capacity in 2023 in response to a slow economic recovery.

3.1.3 Trade and Policy

Post forecasts soybean oil exports in MY 2023/24 and MY 2024/25 to grow 4-5 percent annually in line with expected acceleration in economic recovery of trading partners in Southeast Asia, which normally account for around 90 percent of total soybean oil exports. Meanwhile, soybean exports in MY 2022/23 increased a further 38 percent from the surge in MY 2021/22 when global supplies of palm oil were

tight, following disruption to Ukraine’s sunflower supply and export. The unusual surge in soybean oil exports to India and South Korea offset the reduced exports to the Southeast Asian countries. The resulting market shares of Thailand’s soybean oil exports were 33 percent for India and 9 percent for South Korea of the total MY 2022/23 soybean oil exports. Meanwhile, the market share of Southeast Asia countries declined to 50 percent in MY 2022/23.

Soybean oil imports are marginal as the imports of both crude and refined oil are subject to a tariff-rate quota under Thailand’s WTO commitment. In addition, non-transparent import permit administration discourages imports totaling less than 1,000 MT annually. The import quota for soybean oil is limited to 2,281 MT with a 20 percent in-quota tariff rate and a 146 percent out-of-quota tariff rate.

3.2 Palm Oil

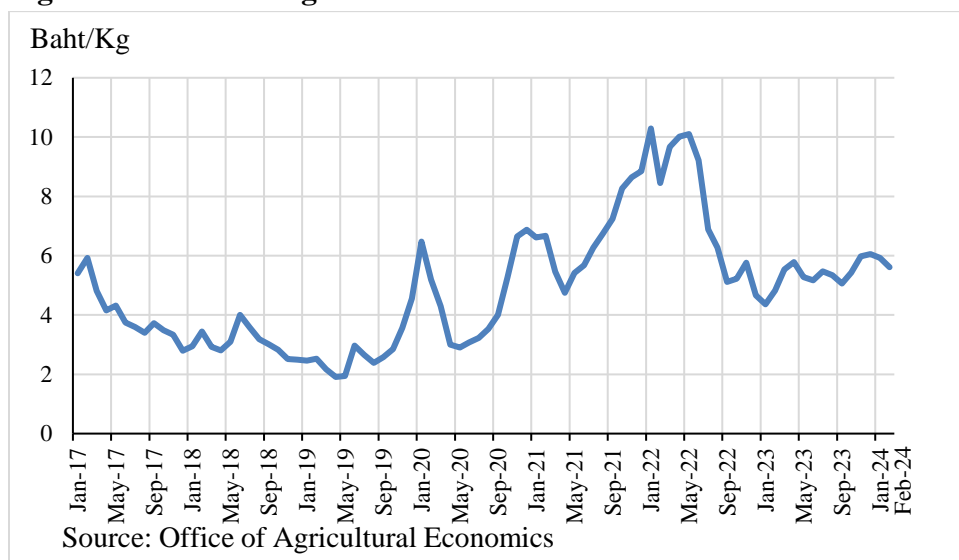
3.2.1 Production

Table 3.2.1.1: Thailand’s Palm Oil Production, Supply and Distribution

Oil, Palm Market Year Begins Thailand	2022/2023		2023/2024		2024/2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	992	1000	1000	1020	0	1030
Trees (1000 TREES)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	476	476	306	418	0	229
Production (1000 MT)	3415	3328	3450	3280	0	3360
MY Imports (1000 MT)	2	0	2	1	0	1
Total Supply (1000 MT)	3893	3804	3758	3699	0	3590
MY Exports (1000 MT)	902	902	550	800	0	600
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	1300	1465	1400	1600	0	1660
Food Use Dom. Cons. (1000 MT)	1350	972	1330	1020	0	1060
Feed Waste Dom. Cons. (1000 MT)	35	47	35	50	0	52
Total Dom. Cons. (1000 MT)	2685	2484	2765	2670	0	2772
Ending Stocks (1000 MT)	306	418	443	229	0	218
Total Distribution (1000 MT)	3893	3804	3758	3699	0	3590
Yield (MT/HA)	3.4425	3.328	3.45	3.2157	0	3.2621
(1000 HA), (1000 TREES), (1000 MT), (MT/HA)						

Post forecasts MY 2024/25 palm oil production to increase 2 percent due to a continued expansion of harvesting areas since 2021, when palm oil plantation replaced rubber plantations, rice crops, and abandoned land, in response to attractive palm oil prices. In the first two months of 2024, the average farm-gate price of fresh fruit bunches (FFB) was 26 percent higher than in the same period last year (Figure 3.2.1.1).

Figure 3.2.1.1: Farm-gate Price of Thailand's Palm Oil Between 2017 and early 2024



MY 2023/24 palm oil production is expected to decline by one percent due to unfavorable weather conditions similar to MY 2022/23. The Thai Meteorological Department (TMD) reported precipitation in 2023 was 6 percent below normal precipitation and 24 percent lower than 2022. The Office of Agricultural Economics (OAE) and the Department of Internal Trade (DIT) estimated the average yield of FFB to drop 3 percent and the oil extraction rate to fall by one percent in MY 2023/24.

MY 2022/23 palm oil production declined one percent from MY 2021/22 due to the reduced FFB production. The OAE estimated oil palm production to decline 2 percent due to unfavorable weather conditions in major growing areas which resulted in a 4 percent reduction in the average yield of FFB that outweighed the expansion in the harvested area of oil palm plantations. The shrinking FFB production also offset the 3 percent increase in the average extraction rate.

3.2.2 Consumption

Palm oil is used in food processing, which mainly includes cooking oil, margarine, and non-dairy creamer, as well as for biodiesel production, consumer products like soap and cosmetics, and pharmaceuticals. Post forecasts MY 2024/25 palm oil consumption growth to slow down to 4 percent from MY 2023/24, following the anticipated slow economic recovery in 2024-2025. The demand for palm oil for industrial use is expected to grow by 4 percent in line with growing biodiesel production, which accounts for around 70 percent of total palm oil consumption. In addition, the Euro 5 standard B7 (7% palm oil-based blend) will be the primary biodiesel blend available in the market in 2025. Also, palm cooking oil accounts for around 70 percent of total cooking oil consumption (by households and food processing industry) as prices of palm cooking oil are relatively lower than of other cooking oils.

MY 2023/24 total palm oil consumption is expected to increase 7 percent from MY 2022/23 due mainly to the increased palm oil demand for industrial application. Palm oil demand for industrial uses will likely increase by 9 percent due to a strong biodiesel demand due to a higher mandatory blend rate. The

Ministry of Energy (MOE) expects the biodiesel demand to increase to 1.7 billion liters in 2024, up 6 percent from 2023. The MOE estimated the derived palm oil demand to grow by around 11 percent as the mandatory blend rate for biodiesel approaches 7 percent in Bangkok from May 2024 and nationwide from September 2024. Also, the domestic consumption for palm cooking oil by households and food processing and consumer product industry is expected to increase by 5 percent in MY 2023/24. This is well above the economic recovery pace as consumers shift to palm cooking oil, which is cheaper than soybean oil.

MY 2022/23 palm oil consumption increased 14 percent from MY 2021/22. This increase was well above the average annual economic growth in 2022 and 2023, as palm oil prices had declined since the second half of 2022. The average wholesale price of crude palm oil in 2023 fell 31 percent from the record high in 2022. The demand for palm oil for industrial uses grew around 14 percent due mainly to the increase in biodiesel production as mandatory blend rates rose from a minimum of 5 percent during the surge in palm oil prices in the first half of 2022 to 6.6 percent since October 2022. The OIE also reported that domestic consumption of palm cooking oil in food processing and consumer product industry in 2023 increased 12 percent from 2022.

3.2.3 Trade

Thailand's imports of palm oil are marginal as the government protects domestic palm oil producers by allowing only the state-owned Public Warehouse Organization to bring in imports. Nearly all imports are refined, bleached, and deodorized crude palm oil (RBD).

Post forecasts palm oil exports to decline significantly in MY 2023/24 and MY 2024/25 in anticipation of limited exportable supplies following strong domestic demand for palm oil for food and industrial use, especially for biodiesel production. In MY 2022/23, palm oil exports declined 7 percent from MY 2021/22, following growing domestic demand for palm oil in biodiesel production due to a higher mandatory blend rate.

3.2.4 Stocks

Post forecasts tight stocks of palm oil in MY 2023/24 and MY 2024/25, down significantly from MY 2022/23 due to increased domestic demand for palm oil for biodiesel production. The stocks levels in MY 2023/24 and MY 2024/25 are likely to be well below the government-set safety levels of 250,000 – 300,000 MT.

3.2.5 Policy

In February 2024, the Cabinet approved the December 13, 2023, decision by the Energy Policy Committee to adopt B7 as the primary biodiesel blend rate in Thailand. The government has not yet finalized the price guarantee program for MY 2023/24 palm oil production as farm-gate prices of FFB are still higher than the MY 2022/23 intervention price, which was set at 4 baht per kilogram (\$114/MT) with a maximum acreage of 25 rai (4 hectares) per household. The guaranteed price was calculated from

the production cost of 2,800 baht per MT (\$80/MT) and transportation cost of 250 baht per MT (\$7/MT) with a profit margin of 932 baht per MT (\$27/MT). Farmers eligible for the program received a compensation under this program when the market prices fell below the guaranteed price. As in MY 2021/22, the MY 2022/23 price guarantee program did not compensate farmers as market prices were above the guaranteed prices.

Appendix Tables

Table 1: Thailand's Palm Kernel Oil Production, Supply and Distribution

Oil, Palm Kernel Market Year Begins Thailand	2022/2023		2023/2024		2024/2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	854	910	870	905	0	925
Extr. Rate, 999.9999 (PERCENT)	0.4567	0.4604	0.4552	0.4608	0	0.4595
Beginning Stocks (1000 MT)	51	51	58	77	0	81
Production (1000 MT)	390	419	396	417	0	425
MY Imports (1000 MT)	5	5	15	5	0	5
Total Supply (1000 MT)	446	475	469	499	0	511
MY Exports (1000 MT)	108	108	145	120	0	150
Industrial Dom. Cons. (1000 MT)	180	195	185	200	0	210
Food Use Dom. Cons. (1000 MT)	100	95	80	98	0	100
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	280	290	265	298	0	310
Ending Stocks (1000 MT)	58	77	59	81	0	51
Total Distribution (1000 MT)	446	475	469	499	0	511
(1000 MT), (PERCENT)						

Table 2: Thailand's Palm Kernel Meal Production, Supply and Distribution

Meal, Palm Kernel Market Year Begins Thailand	2022/2023		2023/2024		2024/2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	854	910	870	905	0	925
Extr. Rate, 999.9999 (PERCENT)	0.4918	0.489	0.4885	0.4895	0	0.4865
Beginning Stocks (1000 MT)	0	0	0	95	0	38
Production (1000 MT)	420	445	425	443	0	450
MY Imports (1000 MT)	334	334	300	200	0	190
Total Supply (1000 MT)	754	779	725	738	0	678
MY Exports (1000 MT)	19	19	5	20	0	28
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	735	665	720	680	0	650
Total Dom. Cons. (1000 MT)	735	665	720	680	0	650
Ending Stocks (1000 MT)	0	95	0	38	0	0
Total Distribution (1000 MT)	754	779	725	738	0	678
(1000 MT), (PERCENT)						

End of report.

Attachments:

No Attachments