

Associate Professor Nipon Poapongsakorn,
a distinguished fellow and former President,
Thailand Development Research Institute Foundation (TDRI)

Dr. Nipon Poapongsakorn formerly held the position of President of TDRI, and Dean, Faculty of Economics, Thammasat University, where he was also Associate Professor. He has been also teaching business and political economy course in the Executive MBA program of Thammasat University.



Nipon Poapongsakorn is the author of over 160 research articles and publications related to labour economics and human resources; agricultural and livestock policies; industrial economics, trade and investment; corruption and conflicts of interest, as well as economic evaluation and planning assessment. His on-going research is the rice research and long-term issues facing the rice industry. He now begins to do new research in the areas of water management, emphasizing on the institutional arrangement of flood management.

Nipon Poapongsakorn has advised governments, the ADB and the World Bank on issues from the rice price and agricultural policy, education and industrial policy to trade strategy. He is currently an executive member of the Asian Society of Agricultural Economists, member of the Tribunal of Public Information on Economy and Fiscal Information, the Legal Development Committee of the Council of State, and the National Reform Assembly Committee etc. He used to serve as committee members and directors of several government agencies, state enterprises and foundations, e.g., the Board of Investment, the National Economic and Social Development Board, the Trade Competition Committee, the Port Authority of Thailand, the Government Saving Bank, TMB Board of Directors and the Foundation of Rural Reconstruction and Development, etc.



Rice in Thailand: Production, Consumption, Export and Policy

Nipon Poapongsorn

Thailand Development Research Institute

The workshop on South-East Asian rice production.

Hosted by KNIT and TRF at the Rama Gardens Hotel, Bangkok

March 18th to March 22nd, 2013.

www.tdri.or.th



Outline

- Production
- Consumption
- Stock
- Export
- Paddy pledging project

www.tdri.or.th



RICE PRODUCTION

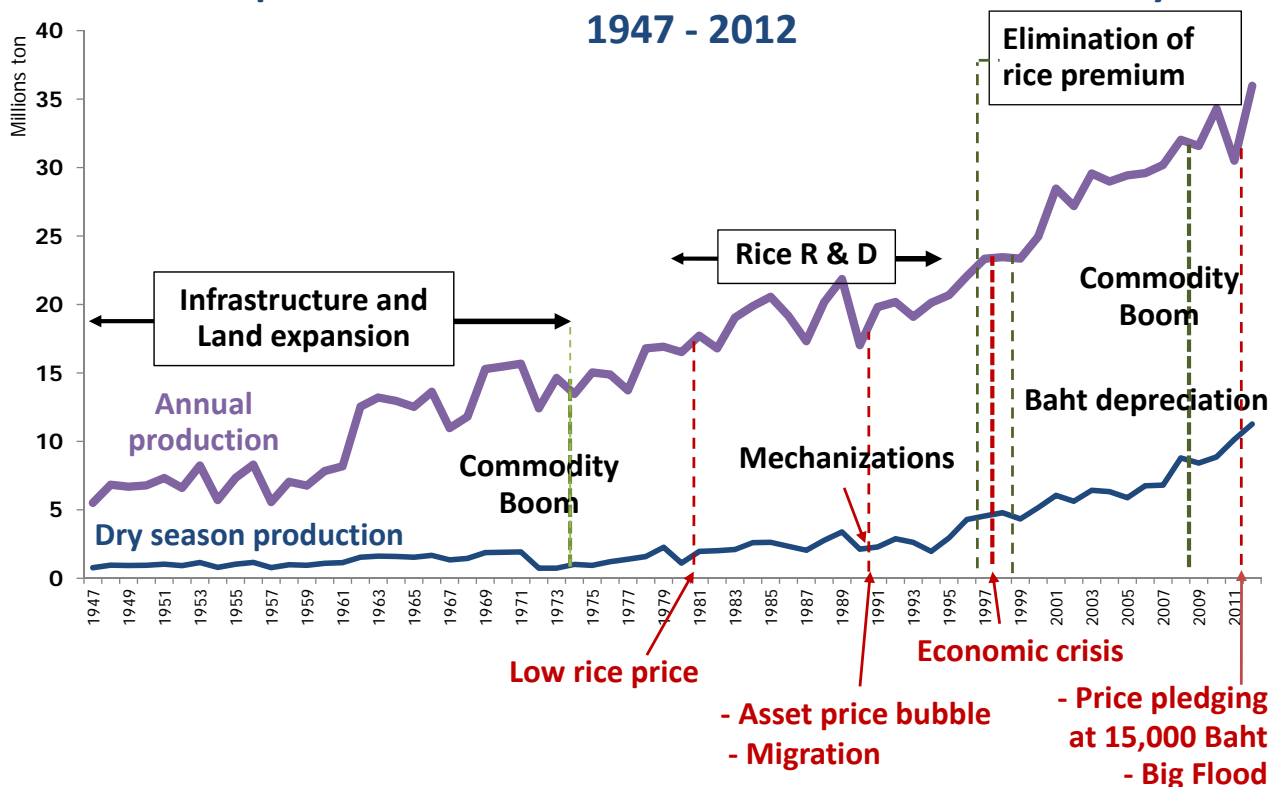
www.tdri.or.th



Rice output increased by 7 times in 65 years.

Expansion of Rice Production in modern Thai history

1947 - 2012

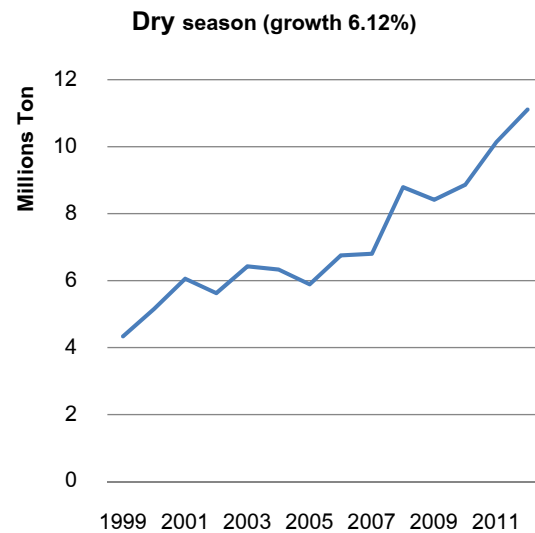
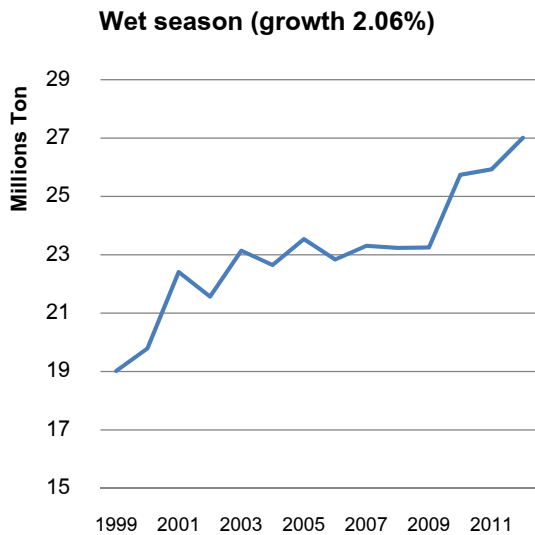


Source : TDRI,2012

www.tdri.or.th



Production (Tons)

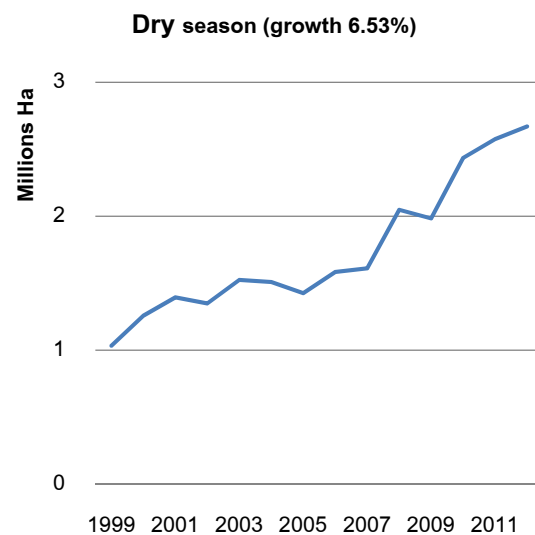
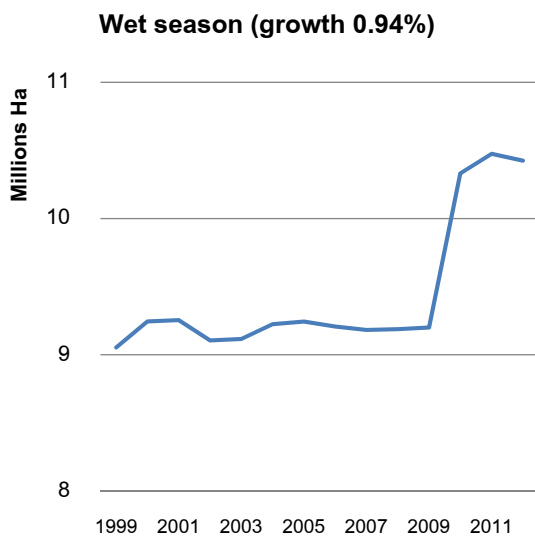


Source: OAE.

www.tdri.or.th



Planted area (Ha)

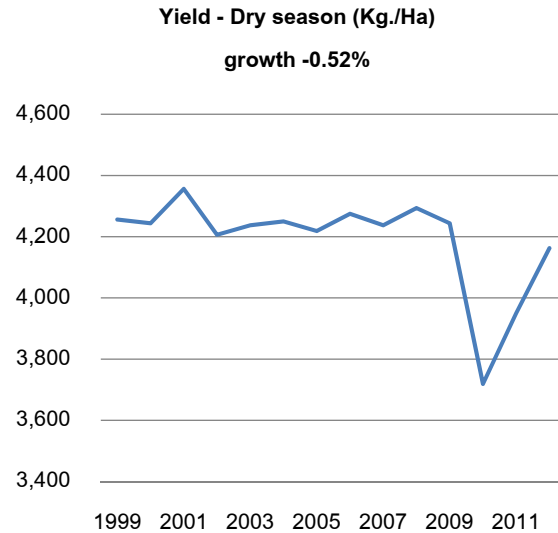
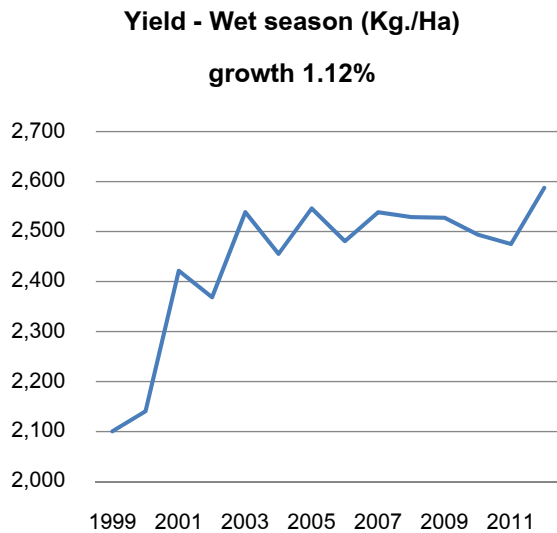


Source: OAE.

www.tdri.or.th



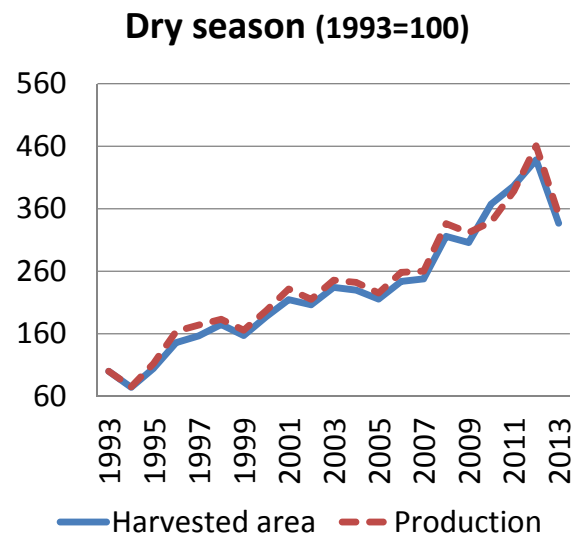
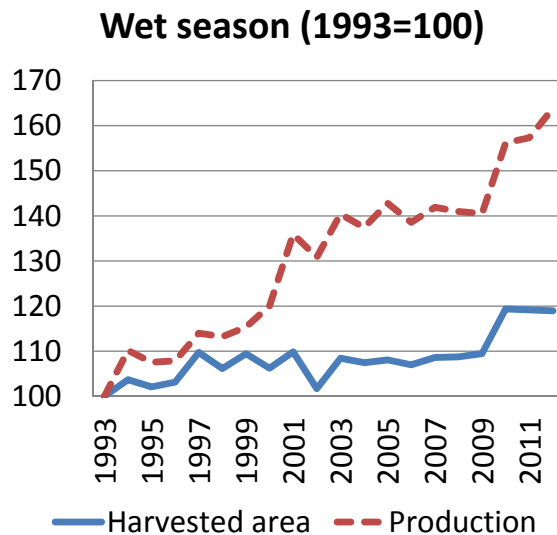
Yield (Kg./Ha)



Source: OAE.



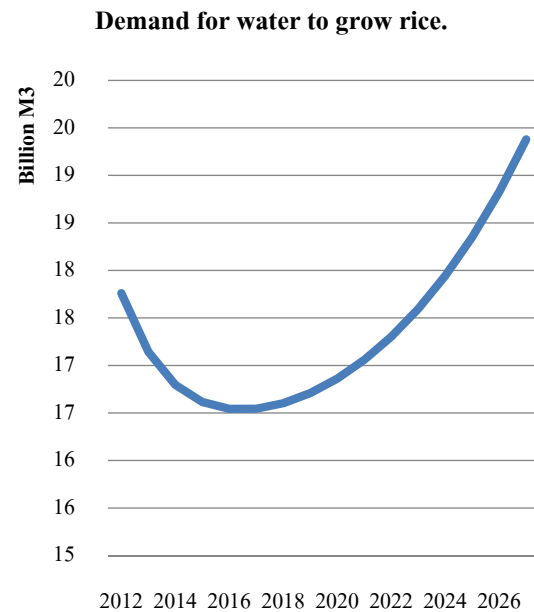
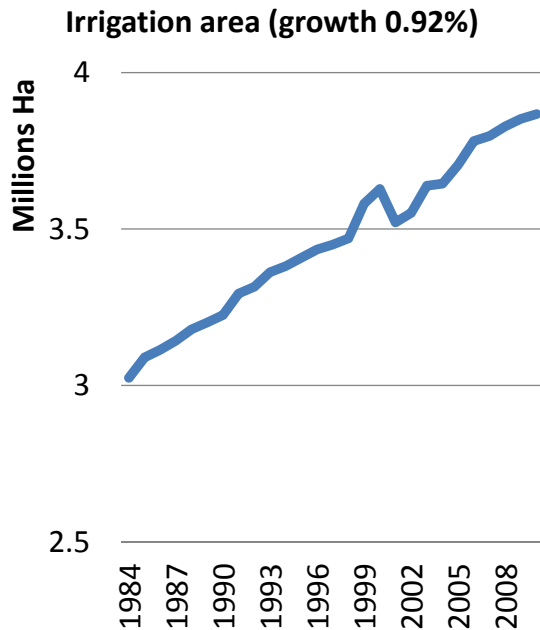
Index of harvested area and production



Source: OAE.



Water shortages are becoming more severe but irrigated area increased slowly.

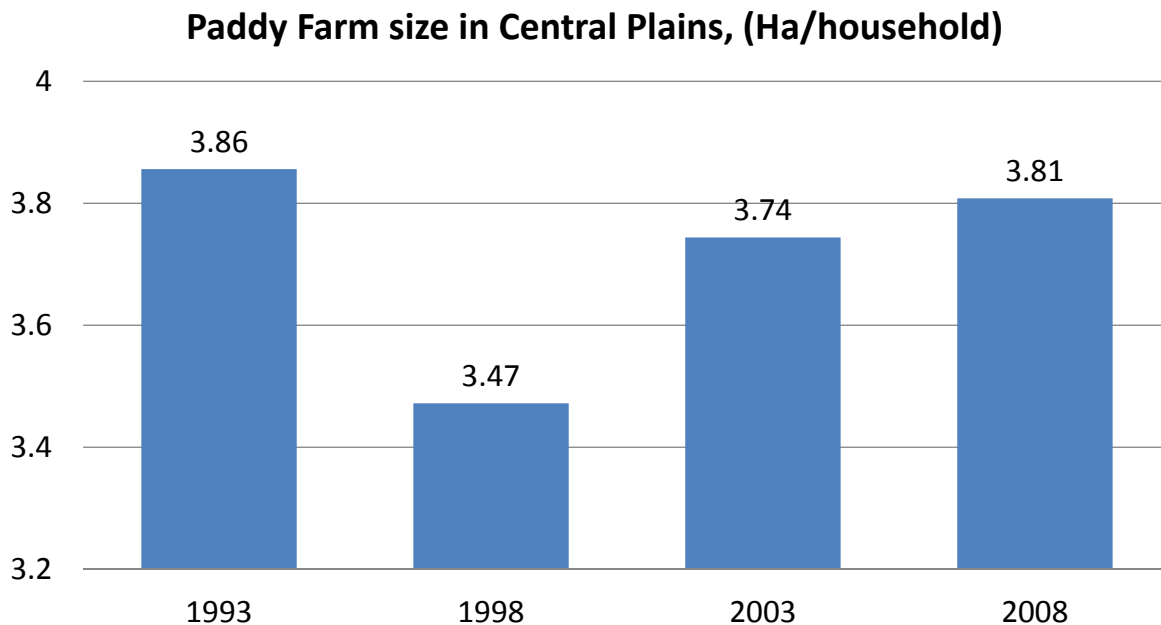


Source: RID and TDRI 2012.

www.tdri.or.th



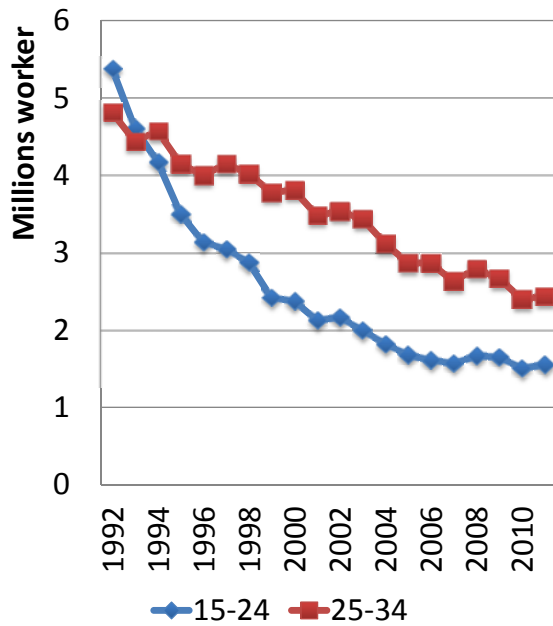
Land holding size increased.



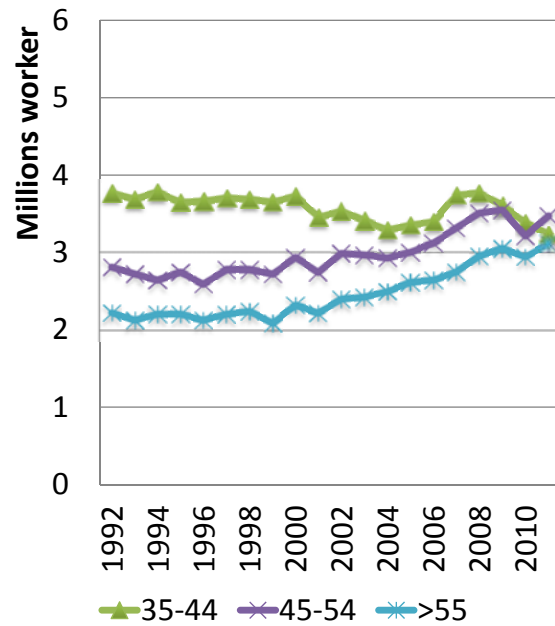
Source: NSO, Agricultural Census.



Young workers moved out of agriculture



Older workers remained in agriculture

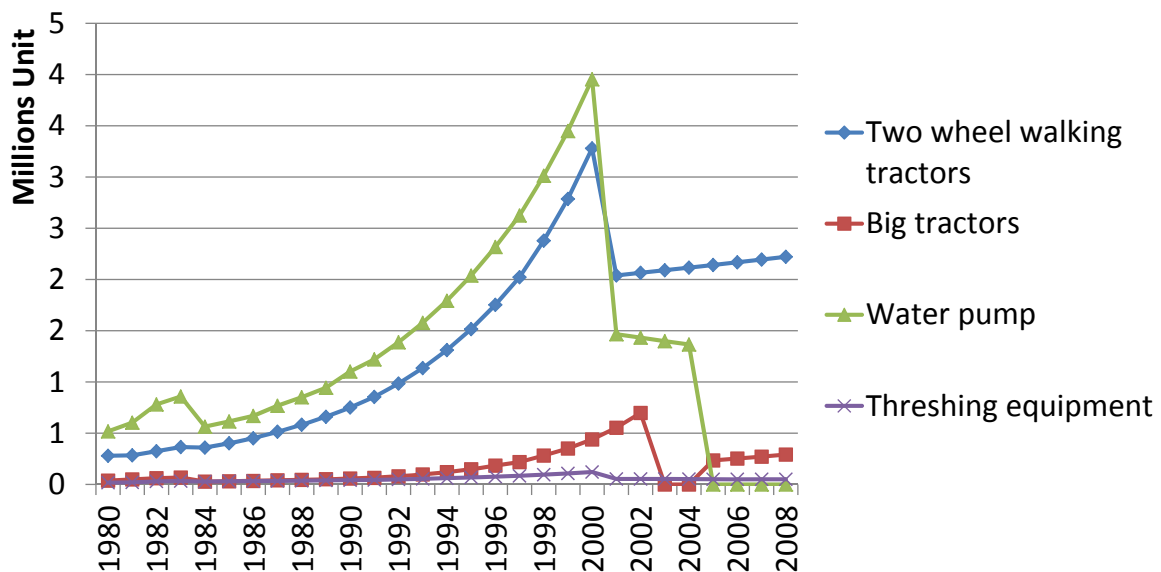


Source: NSO, Labor Force Survey.



The increased use of agricultural machinery.

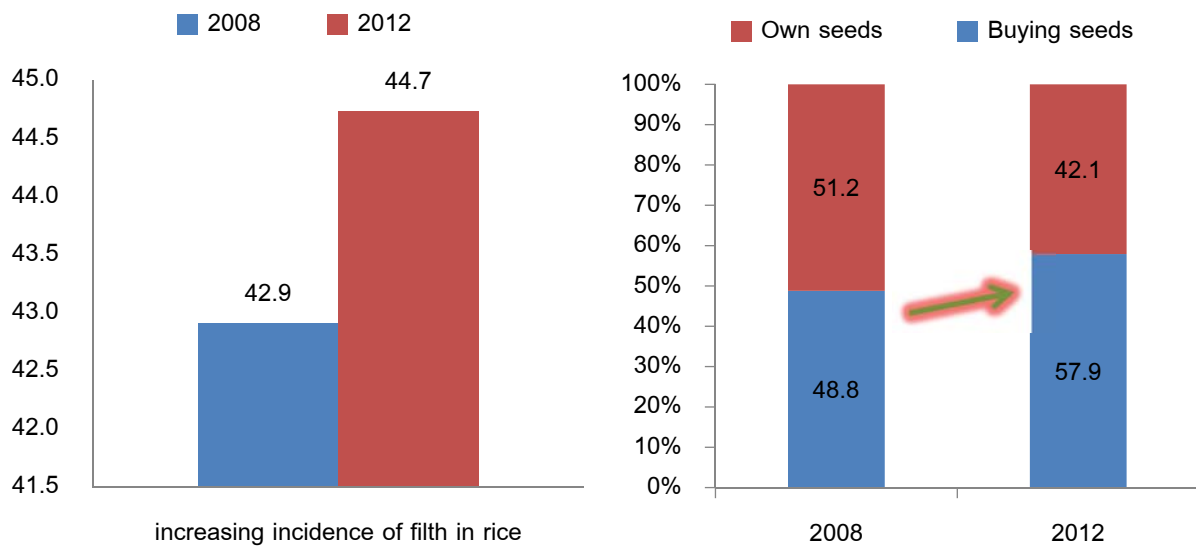
Number of agricultural machinery



Source: OAE and FAO.



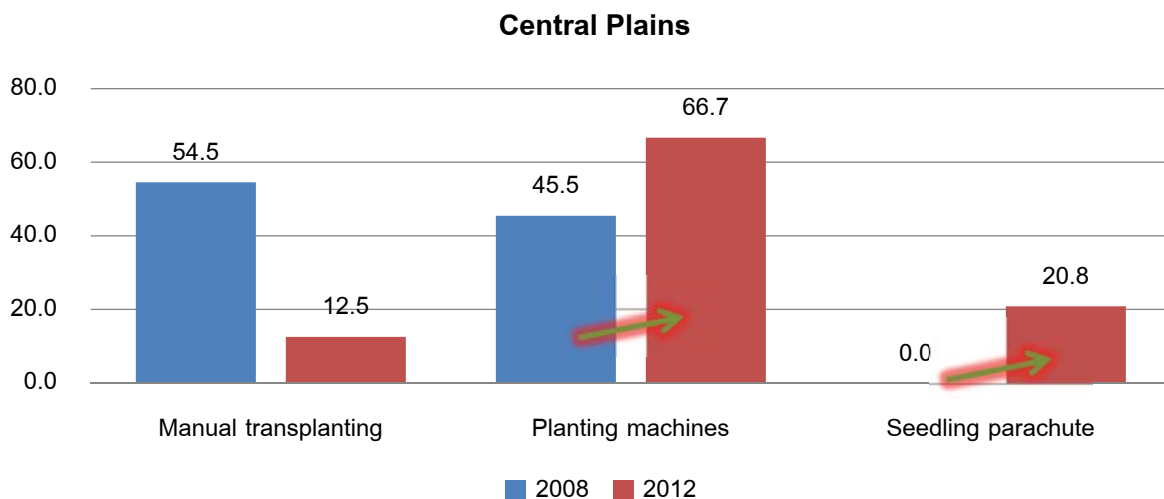
In response to increasing incidence of filth in rice seeds, farmers buy new seeds, rather than cleaning the seeds, thanks to family labor shortage



Source: TDRI Survey 2012.



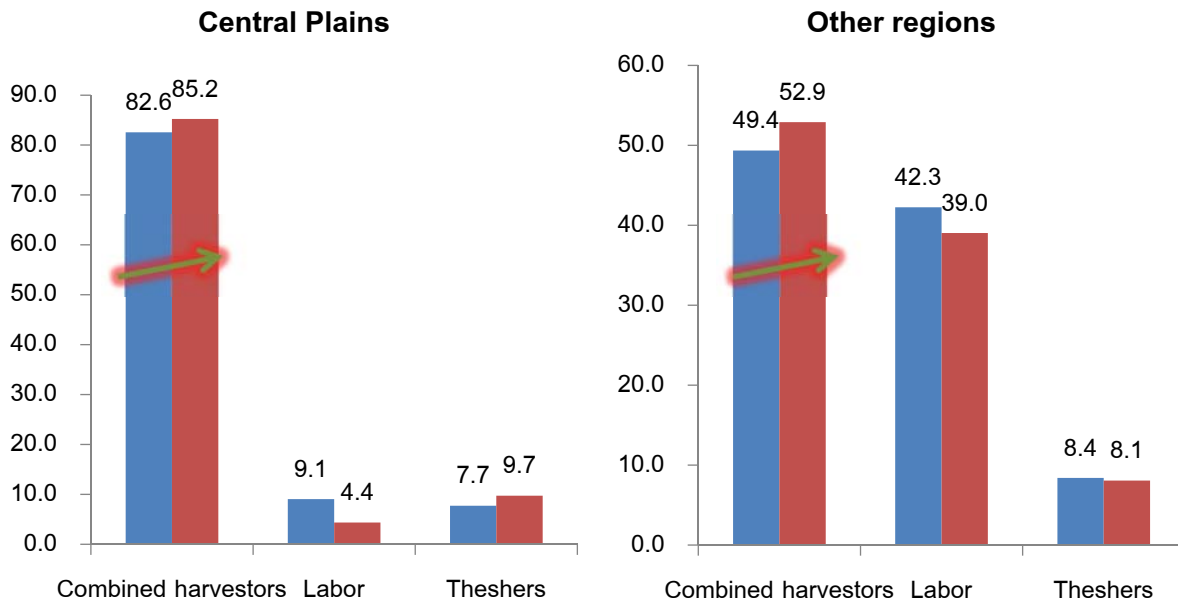
Increasing incidence of using planting machines and parachute in Central Plains: Time saving



Source: TDRI Survey 2012.



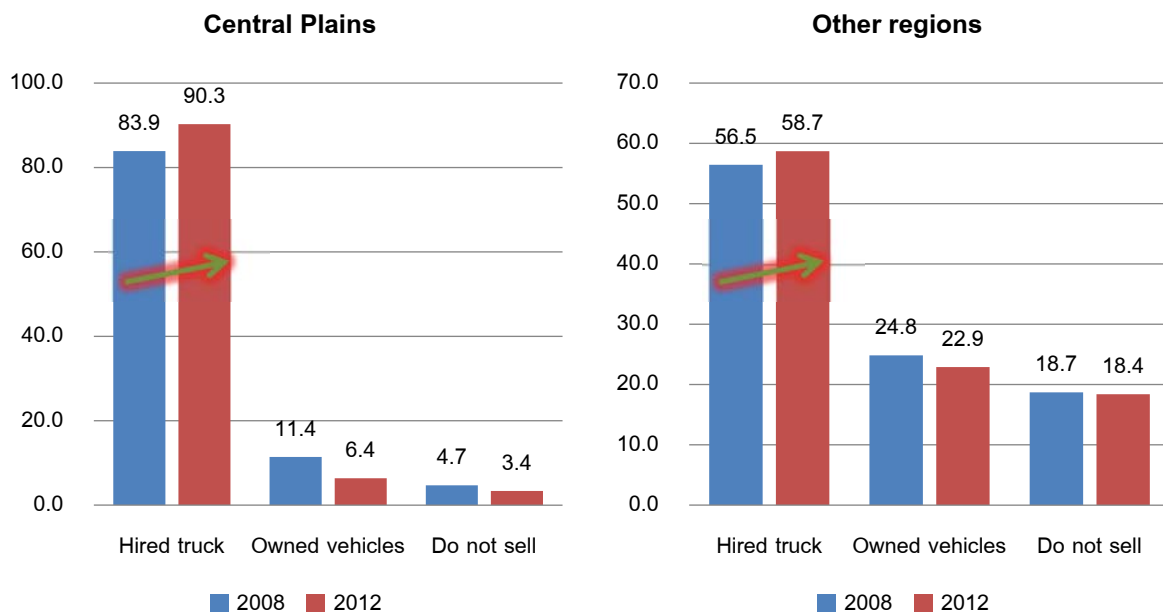
Increasing use of combined harvesters: time saving and cost reduction



Source: TDRI Survey 2012.



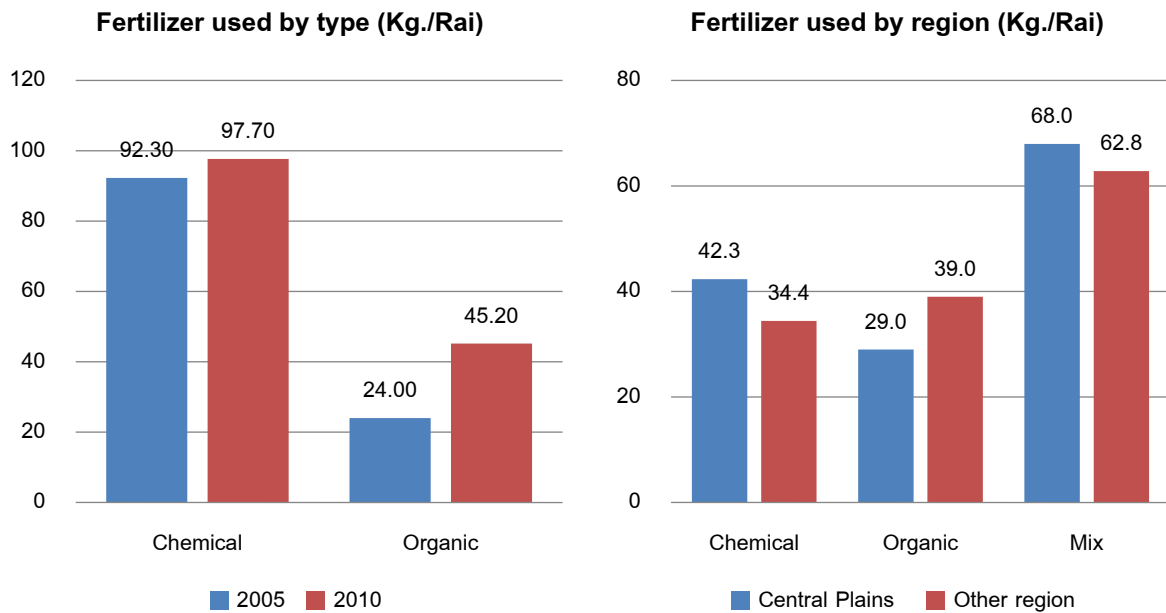
Hiring big trucks to transport paddy to the market rather than using own vehicles: time saving & lower transportation cost



Source: TDRI Survey 2012.



Rice farmers use more fertilizer and Central Plains use fertilizer more than other region

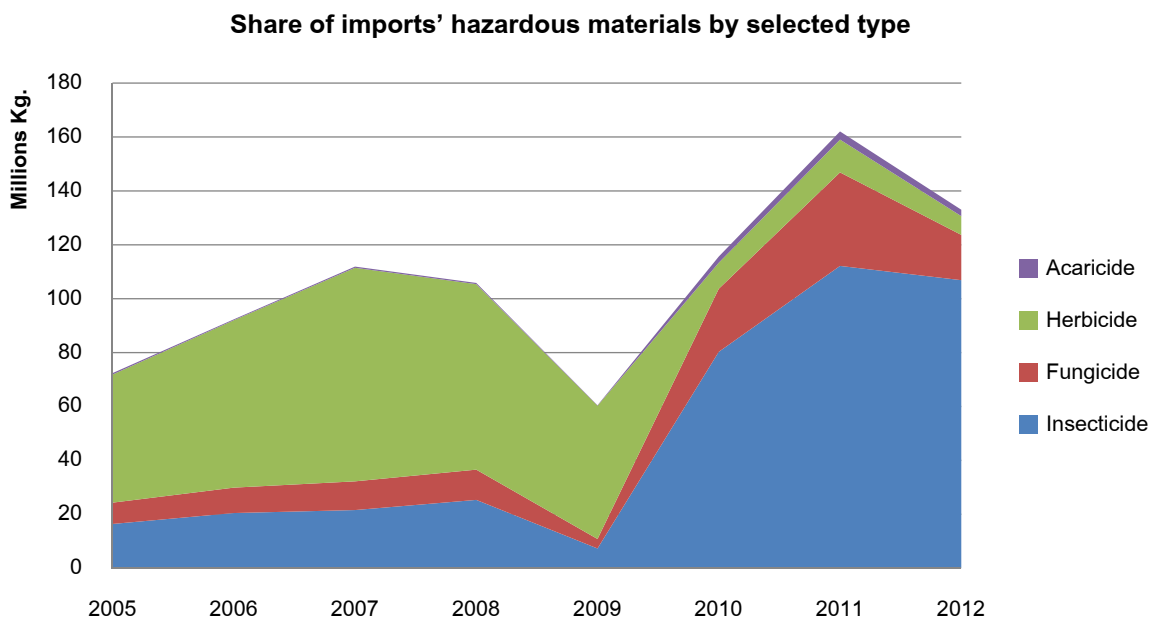


Source: TDRI Survey 2012.

www.tdri.or.th



Insecticide use on the rise due to duty free



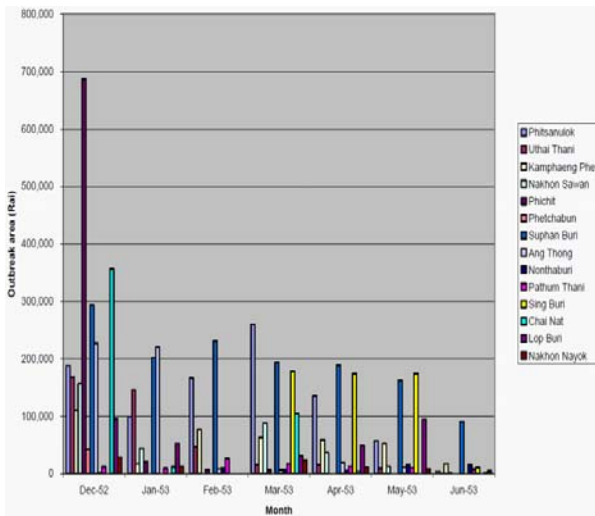
Source: DOA.

www.tdri.or.th



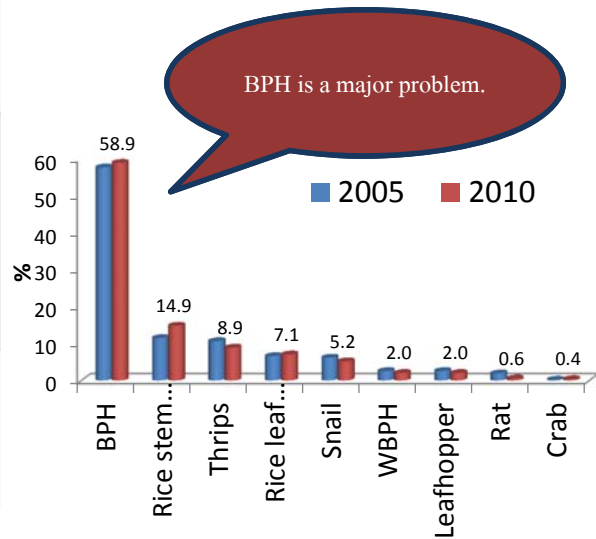
The outbreak of pest due to increasing cropping intensity

Areas of BPH outbreaks 2009-2010



Source: Wantana Sriratanasak, Sukanya Arunmit and Jintana Chaiwong. 2011.

Proportion of farmers who suffer from outbreak by type of pest 2005 and 2010

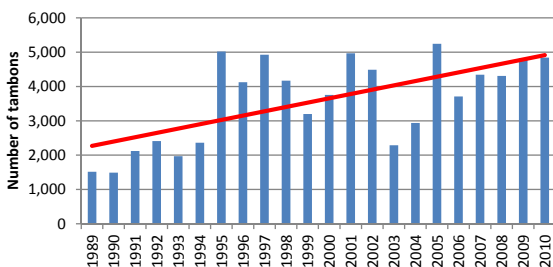


Source: TDRI Survey 2012.

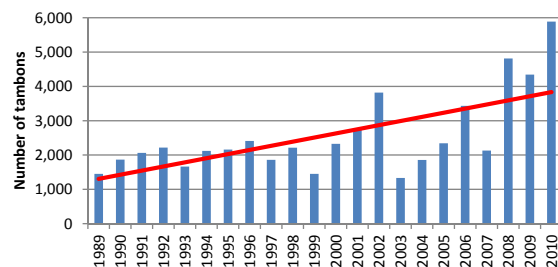


Disaster in Thailand 1989-2010

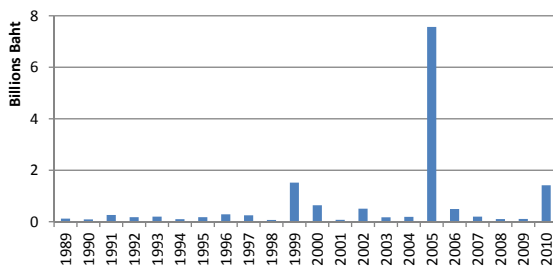
Number of drought-affected tambons



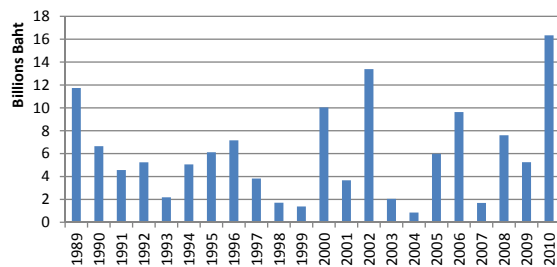
Number of flood-affected tambons



Value of drought damage



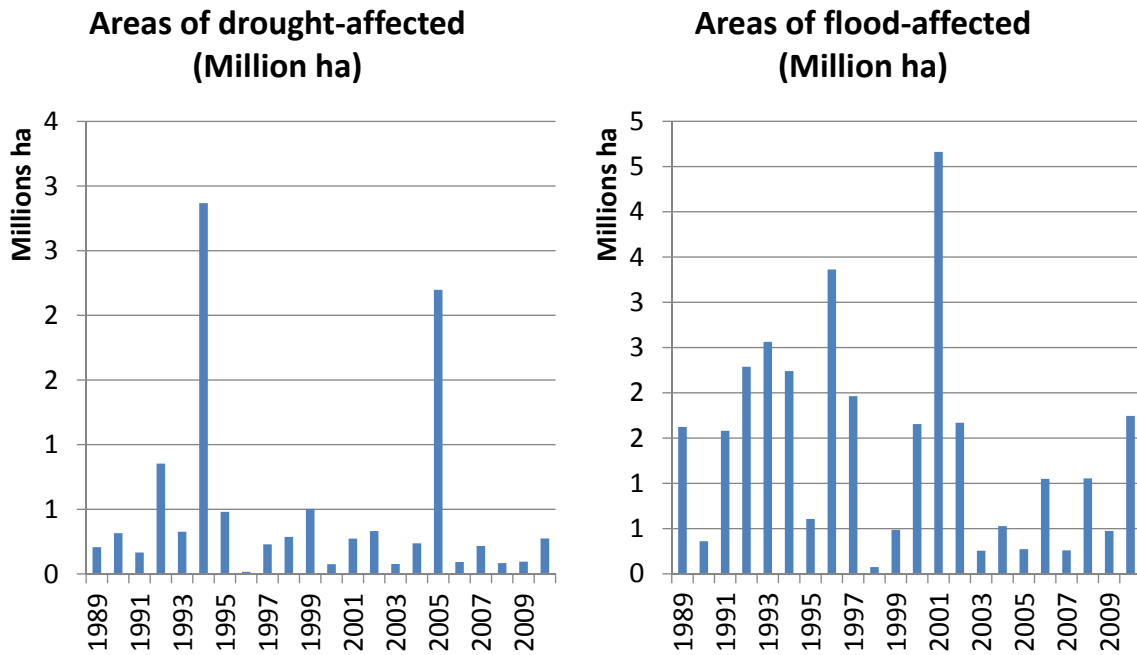
Value of flood damage



Source: Department of disaster prevention and mitigation.



Effect of flood and drought on agriculture 1989-2010

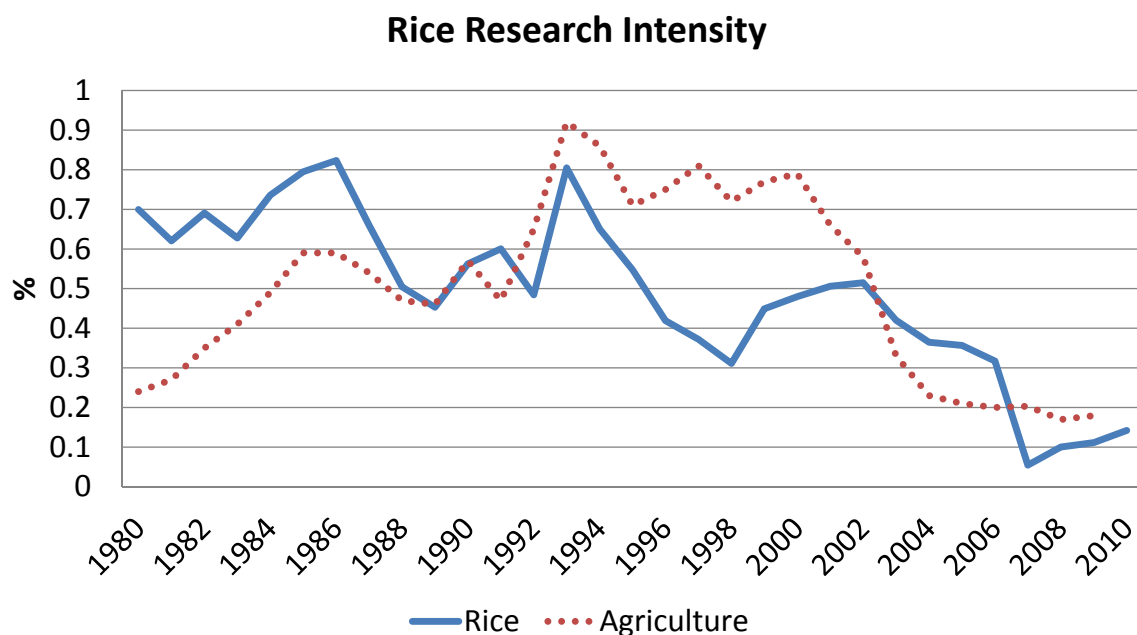


Source: Department of disaster prevention and mitigation.



Investment in research is declining.

To politicians, unlike extension services, investment in research do not yield short-term benefits



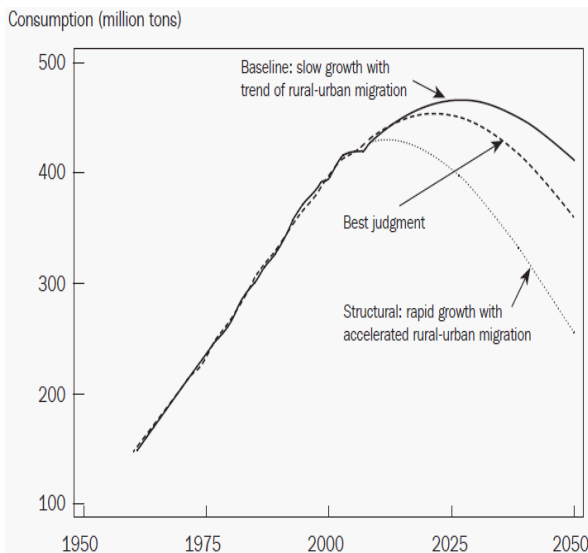


CONSUMPTION OF RICE

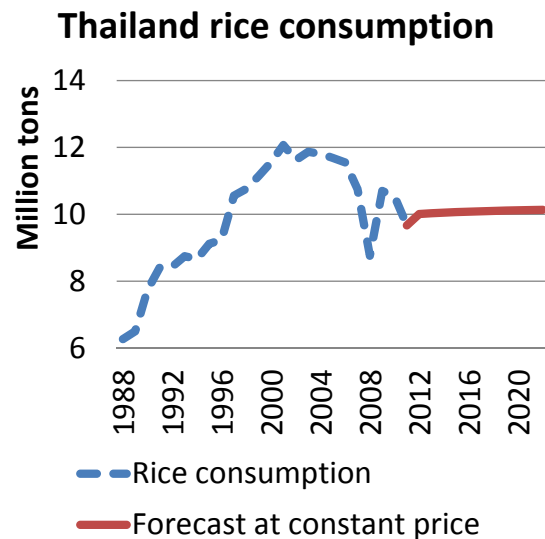


Rice consumption

Global rice consumption is increasing slowly. And may begin to decline in the next 10 years.



Thailand rice consumption in the next 10 years is increasing slowly.

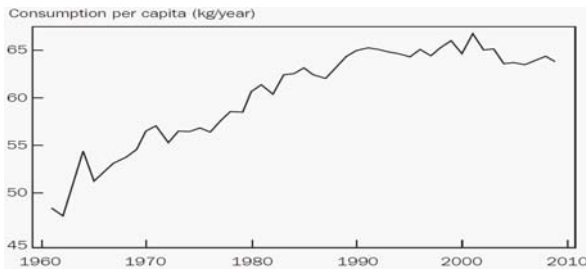


Source: C. Peter Timmer, Steven Block, and David Dawe, 2010.

Source: TDRI 2012.

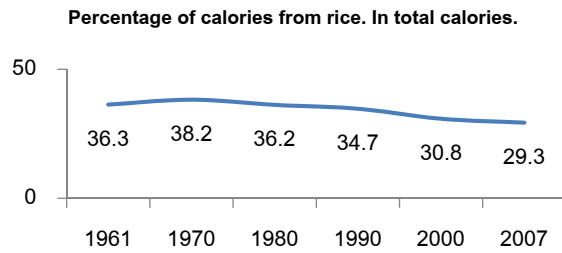


Global trends in the consumption of rice. 1961 - 2008.



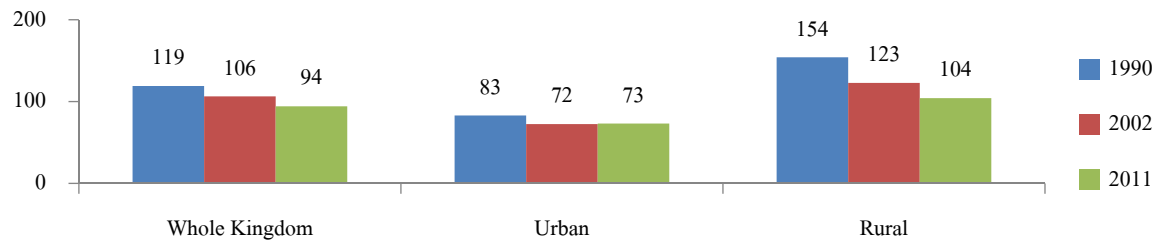
Source: C. Peter Timmer, Steven Block, and David Dawe, 2010.

Asian reduce the consumption of rice.



Source: FAO Food Balance Sheets.

Thailand: rice and flour consumption per capita (kg).



Source: NSO, SES.

www.tdri.or.th



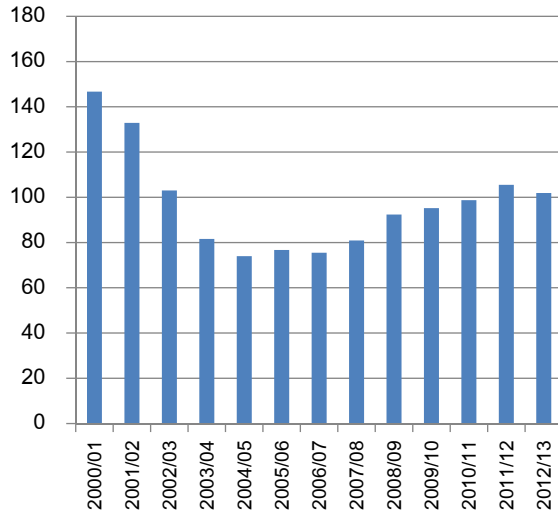
RICE STOCK (SKIP)
GOVERNMENT STOCK OF RICE IS ALWAYS
THE SECRET.

www.tdri.or.th

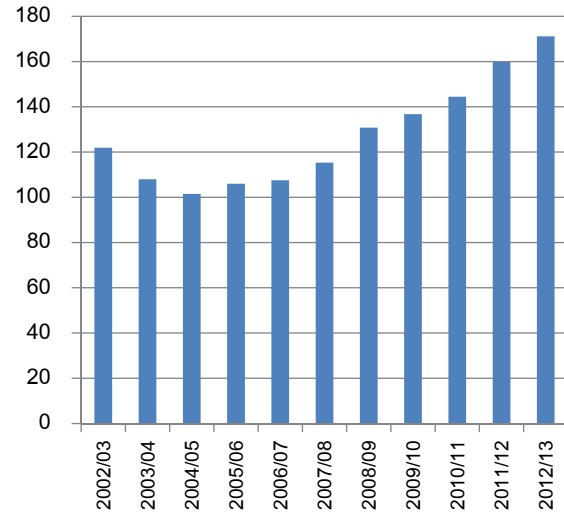


The actual quantity between 100 – 170 million tons.

USDA – World Ending Stocks
(mil. tons)



FAO – World Ending Stocks
(mil. tons)



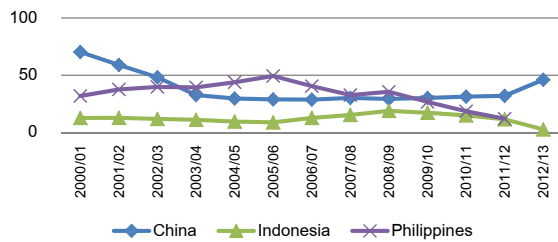
Source: USDA and FAO.

www.tdri.or.th

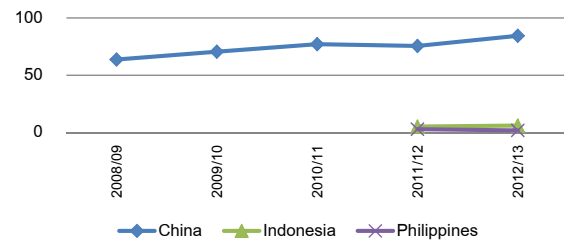


China increased ending stock.

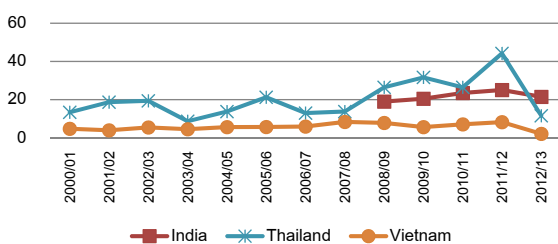
USDA – Ending stock (mil. tons)



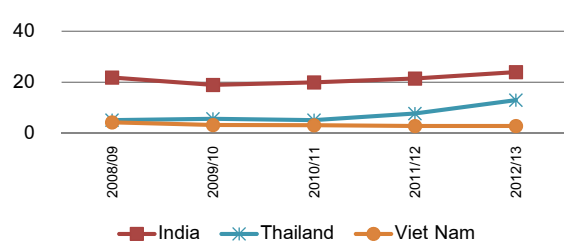
FAO - Stock Variation (mil. tons)



USDA – Ending stock (mil. tons)



FAO - Stock Variation (mil. tons)



Source: USDA and FAO.

www.tdri.or.th



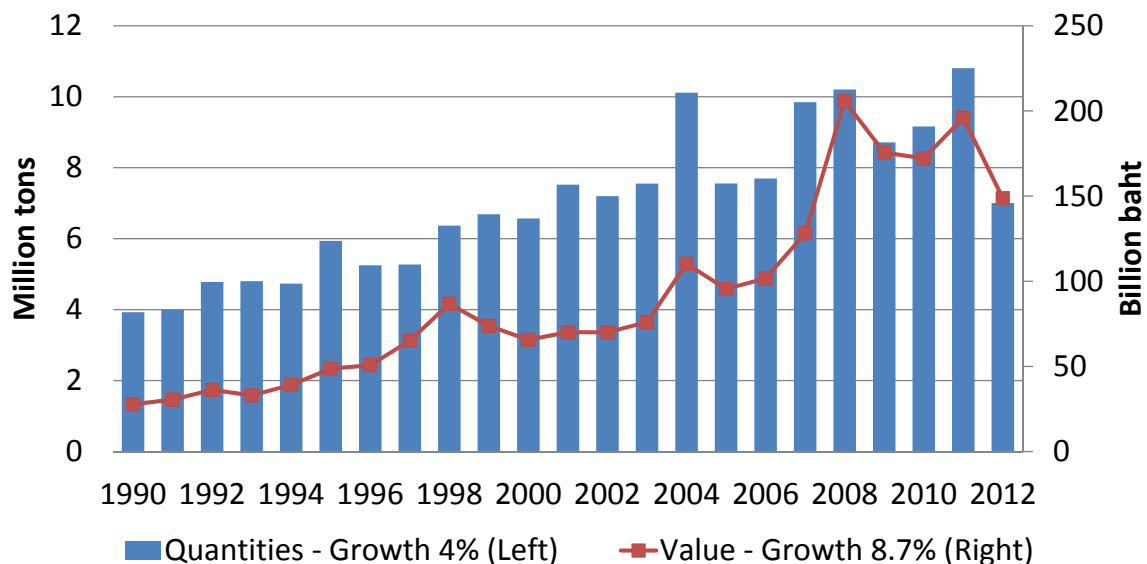
RICE EXPORT: THAILAND AS THE WORLD LARGEST RICE EXPORTER???

www.tdri.or.th



Rice export jumped from 4 mt to 11 mt between 1990 and 2011, then declined drastically due to the paddy pledging policy

Rice export of Thailand 1990-2012



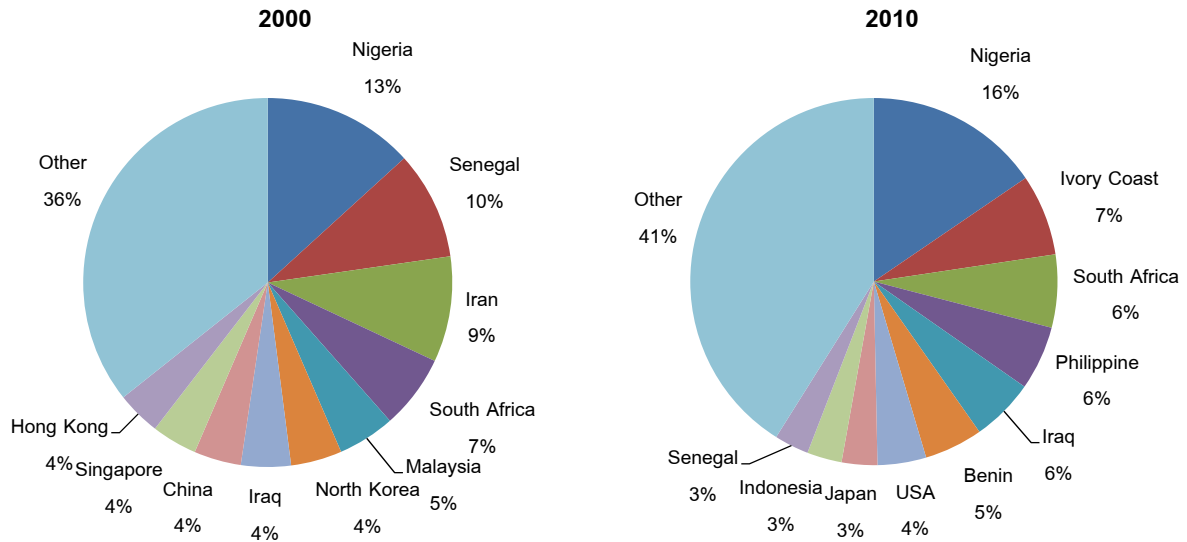
Source: Thai Rice Exporters Association and Ministry of Commerce.

www.tdri.or.th



Export markets are very diversified, thanks to the effort of private exporters

Top 10 destinations



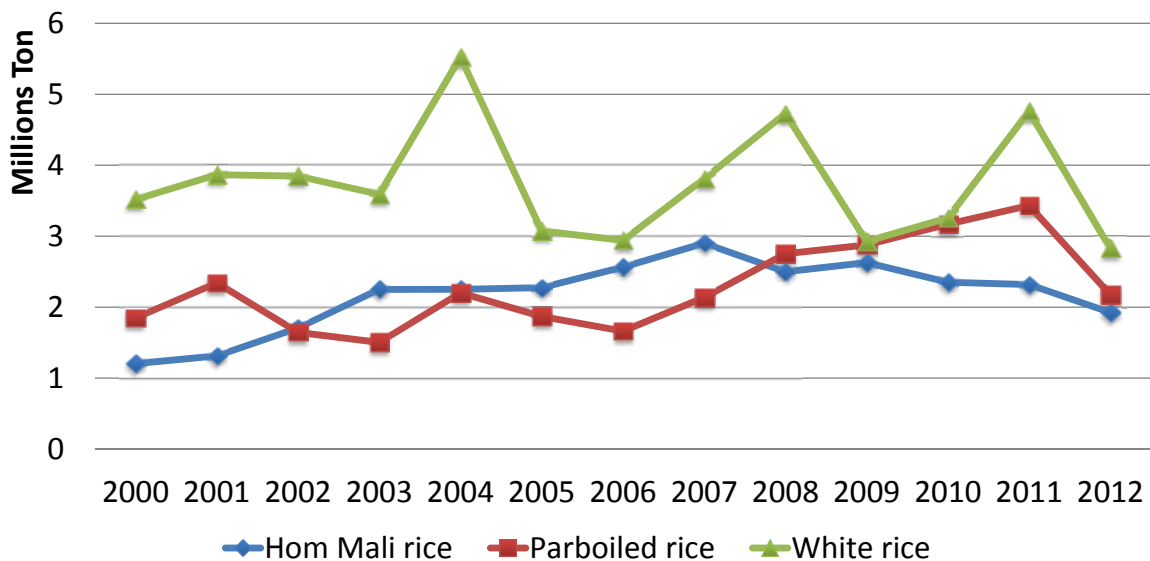
Source: Thai Rice Exporters Association.

www.tdri.or.th



Almost equal export shares of 3 types of rice

Rice export by selected rice

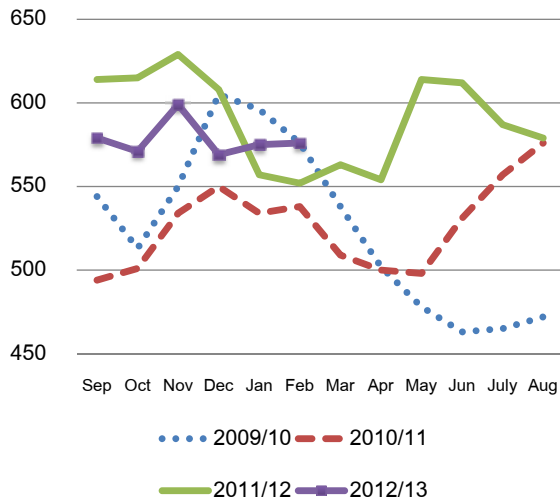


Source: Thai Rice Exporters Association.

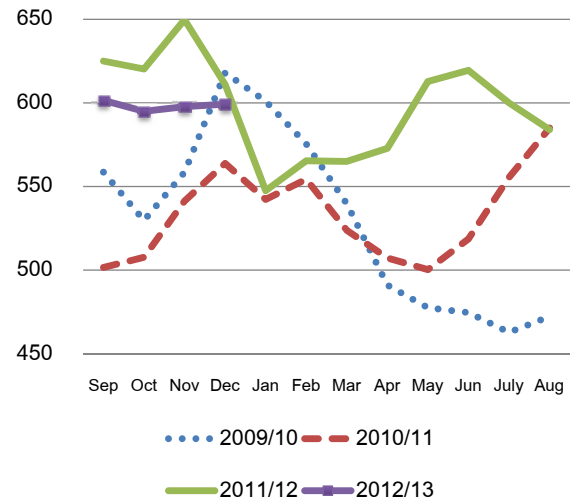
www.tdri.or.th



FOB white rice 100% Grade B
[USDA]



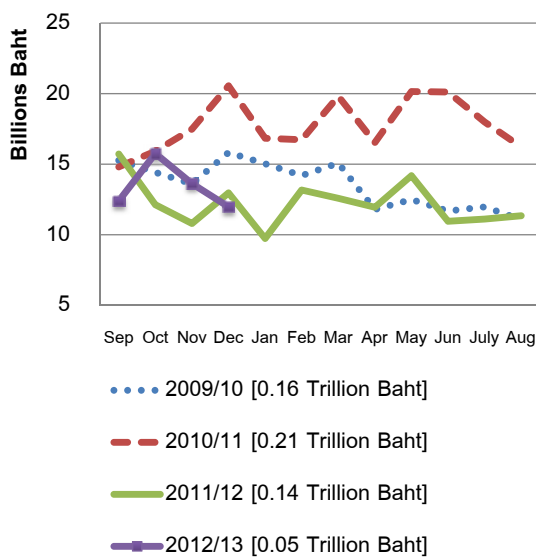
FOB white rice 100% Grade B
[Thai Rice Exporters Association]



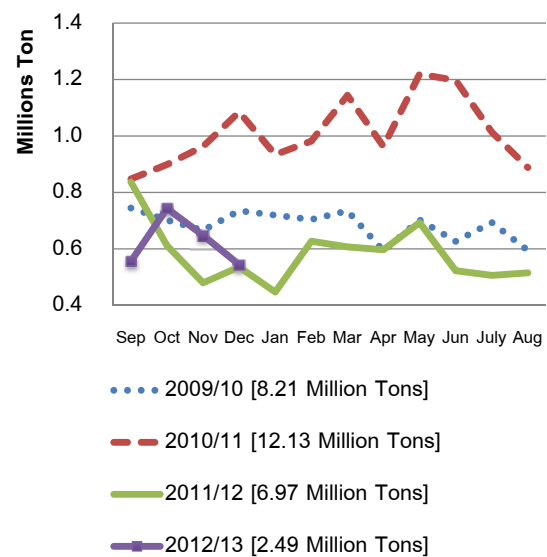
Source: Thai Rice Exporters Association and USDA.



Value of total rice export



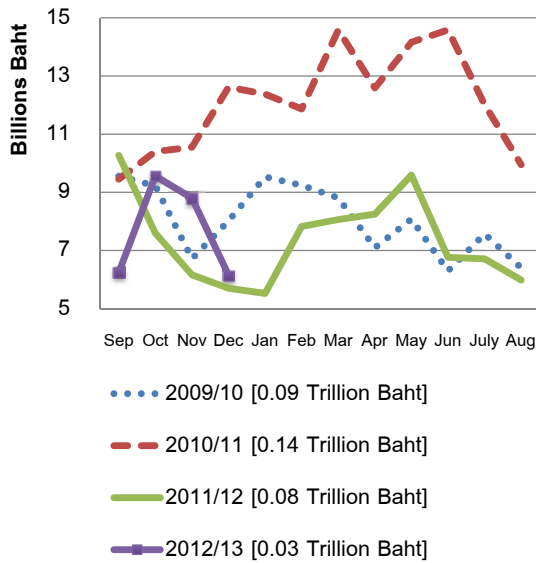
Quantity of total rice export



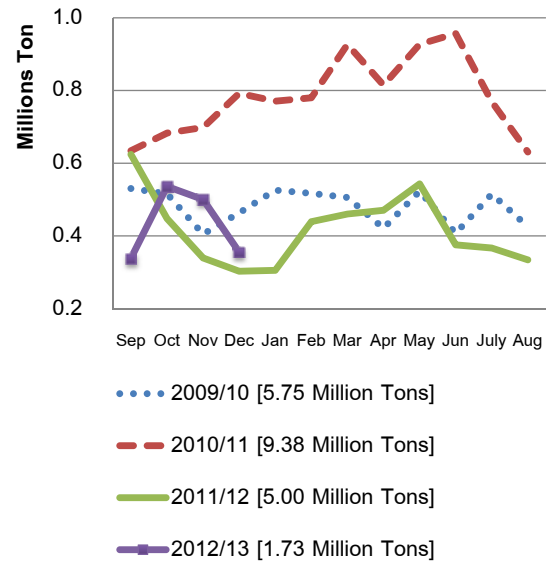
Source: Thai Rice Exporters Association.



Value of white rice export



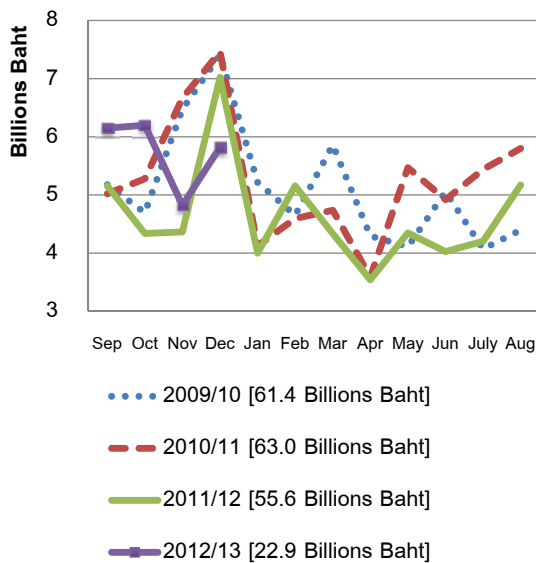
Quantity of white rice export



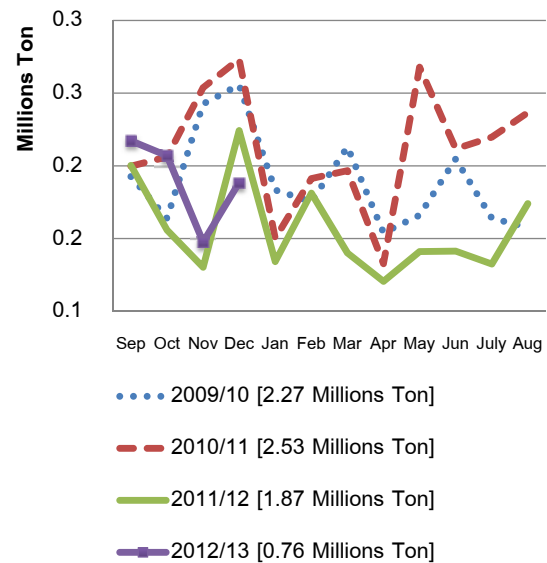
Source: Thai Rice Exporters Association.



Value of Hom Mali rice export



Quantity of Hom Mali rice export



Source: Thai Rice Exporters Association.



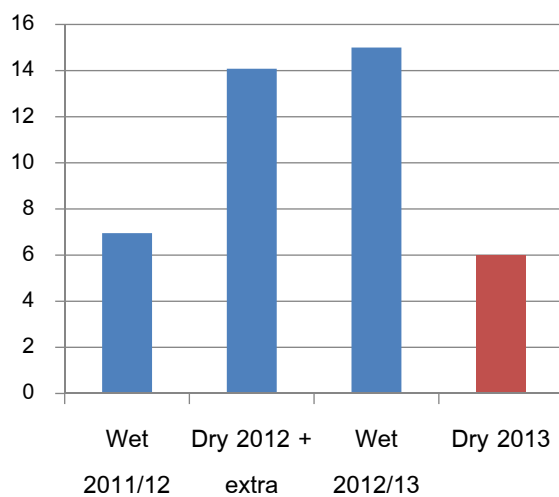
PADDY PLEDGING PROJECT

www.tdri.or.th

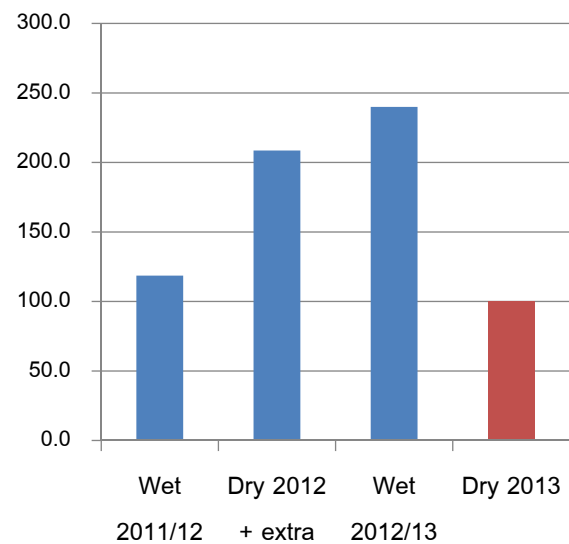


Amount and value of paddy sold under the pledging project

**Paddy (36 million tons in 3
seasons)**



Value (670 billion baht)

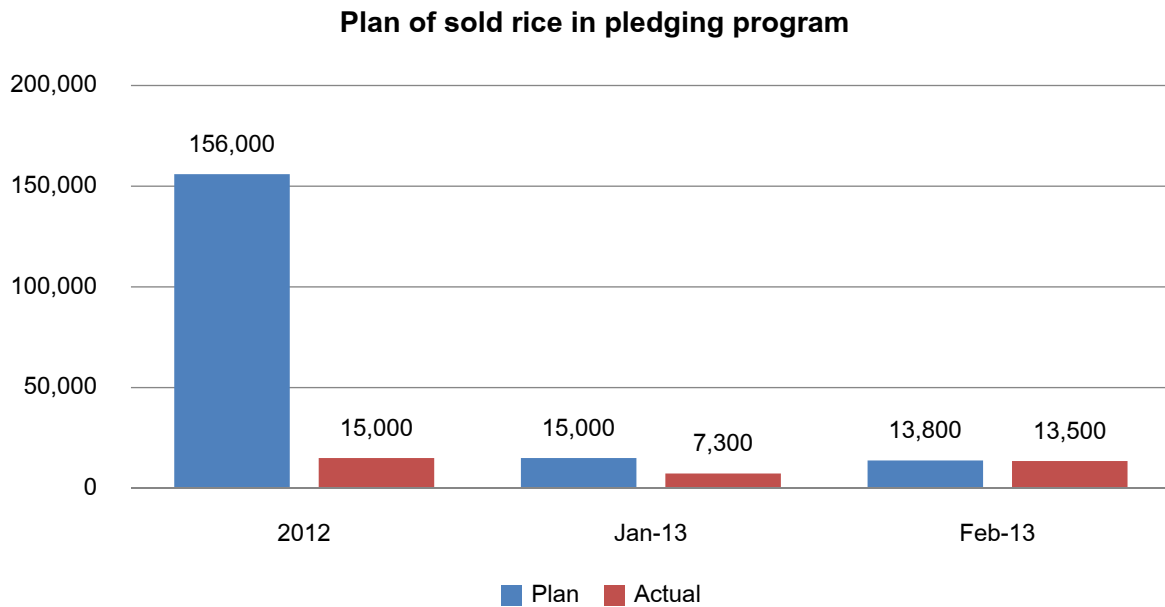


Source: BAAC.

www.tdri.or.th



Government's poor export performance. The rice was sold only 60 billion baht in 2012.

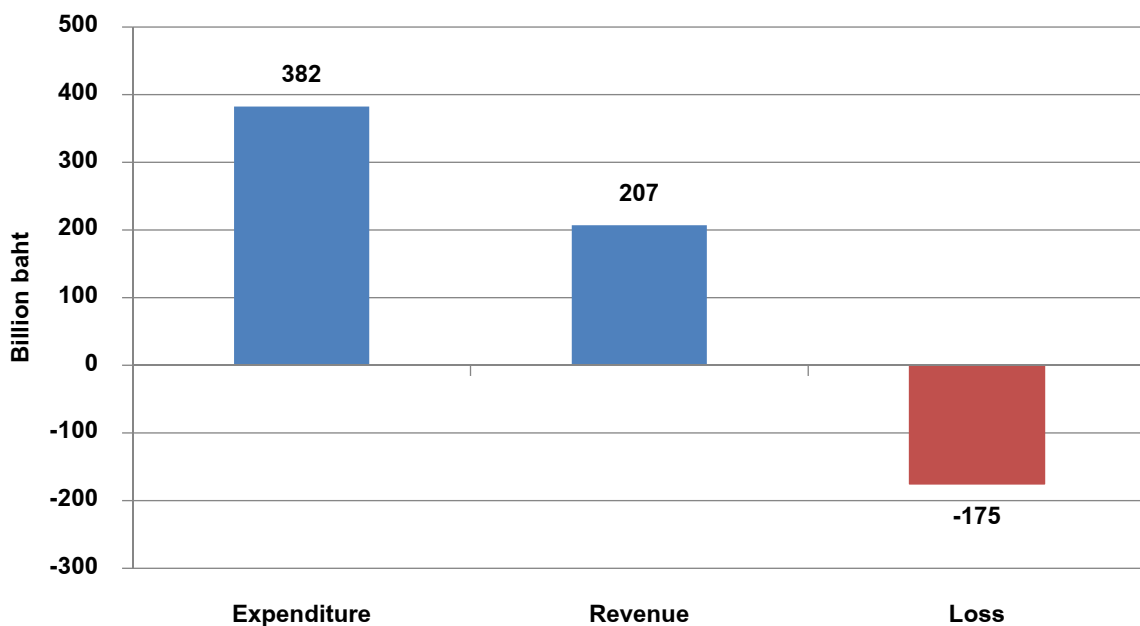


Source: MOC and BAAC.

www.tdri.or.th



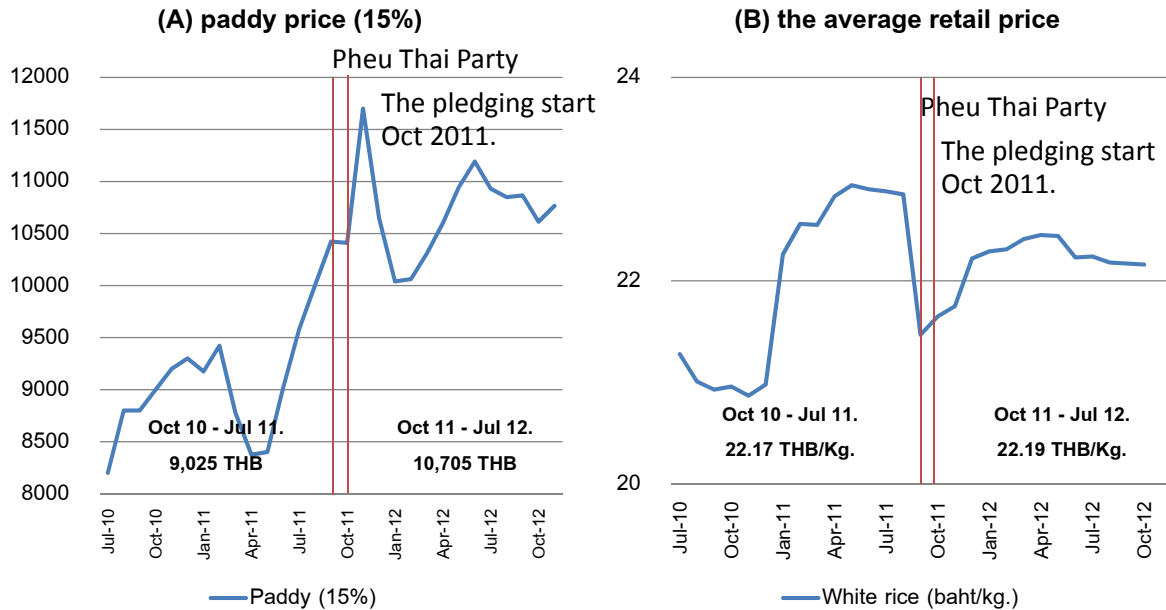
Profit and loss of rice pledging program.



Source: TDRI.



Paddy expensive, Cheap rice



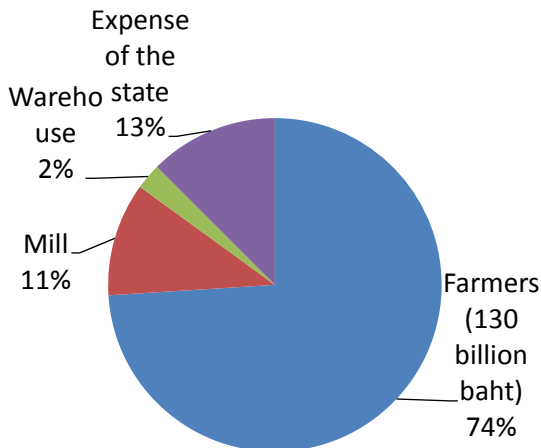
Source: Rice price at Ayutthaya. Rice Mills Association of Thailand and the Office of Trade and Economic Indices. Ministry of Commerce



Who Won, Who Lost

Gainers

Losses of 175 billion baht (If no corruption).



Source: TDRI.

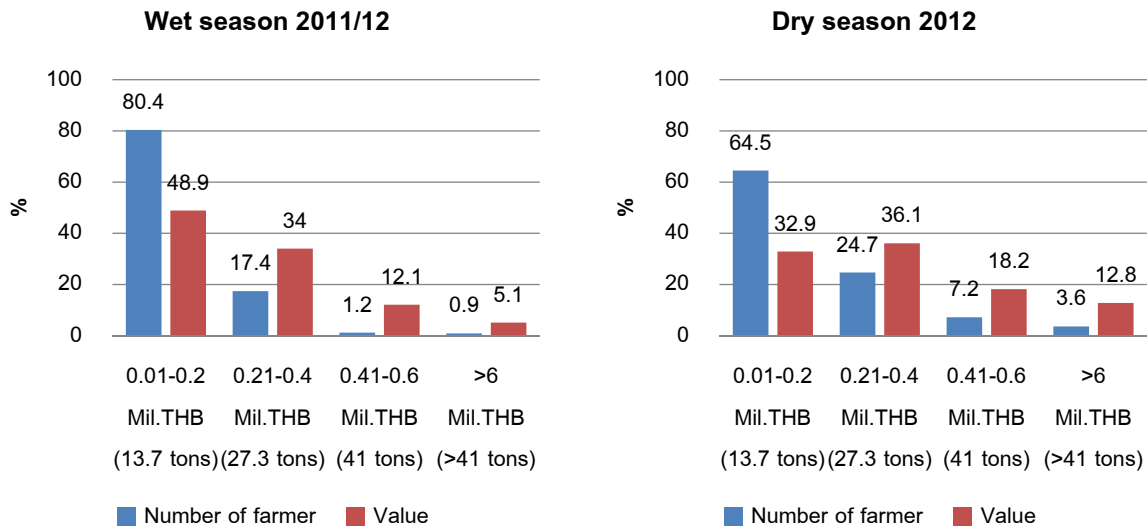
Losers

- Taxpayers.
- Export business.
- Business, who not have to pull some strings



Who sold rice to the program? (Cont.)

The benefits of farmers participating in the pledging program by the pledging value.



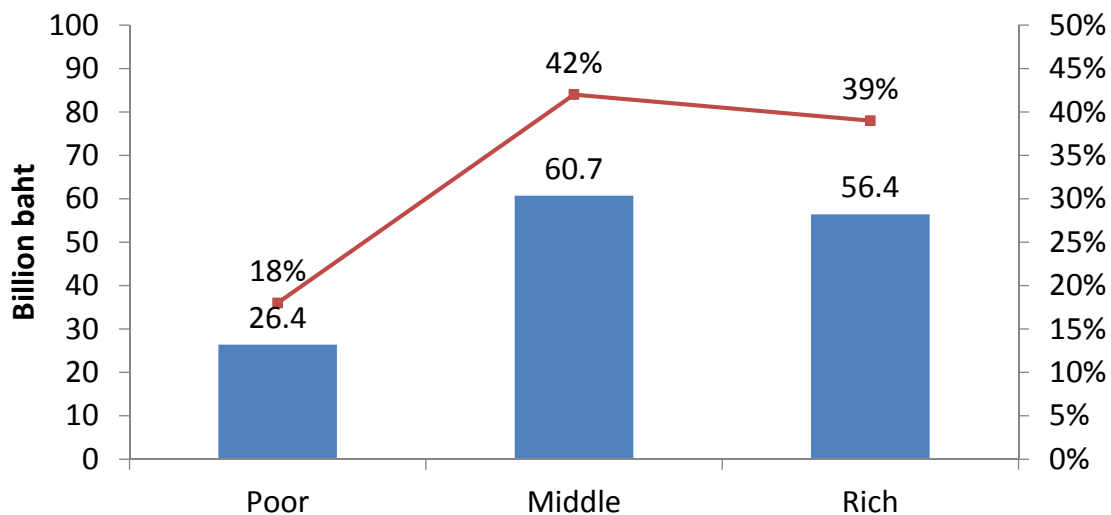
Source: BAAC.

www.tdri.or.th



Who have benefited? Poor or rich farmers?

- spread the benefits of pledging program (assuming that every farmer who sold rice at 15,000 baht / ton).



Source: Ammar, calculate from SES, NSO.



THANK YOU

www.tdri.or.th