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Thailand

Processed Sweet Corn

Annual

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Report Highlights:
MY 2003 canned sweet corn production is forecast to continue its upward trend in response to strong export demand potential. Production of frozen sweet corn and canned baby corn will likely increase only moderately, despite strong global demand, as packers are losing their competitiveness to major competitors like China, Vietnam, Indonesia and some African countries.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

MY 2003 canned sweet corn production will likely continue its upward trend in response to continued strong export demand. Many food processors have focused more on canned sweet corn. Planted area of fresh sweet corn increased significantly in line with the expansion of contract farming. Meanwhile, MY 2003 frozen sweet corn production is forecast to increase moderately as export market is limited by strong competition in European and Asian market. Also, stronger Thai Baht is a major concern for exporters of canned sweet corn and frozen sweet corn.

As for canned baby corn, MY 2003 production is forecast to increase moderately, despite strong export demand. Many baby corn packers shifted to canned sweet corn in response to a better export potential for canned sweet corn. The rest moved toward high quality products as their price competitiveness with competitors' low and medium quality products is limited by relatively higher labor costs and the expected continued appreciation of the Thai Baht.

Section I: Situation and Outlook

1. Canned Sweet Corn and Frozen Sweet Corn

1.1 Production

In MY 2003, canned sweet corn (CSC) production is estimated to continue its upward trend to 82,500 metric tons in line with the expansion of the fresh sweet corn plantation that is due to continued strong export demand. Planted area is expected to reach 9,600 hectares in response to the expansion of contract farming from both existing and new sweet corn packers. Some baby corn packers and pineapple packers also shifted to CSC. In general, Thailand could cultivate three crops of fresh sweet corn a year. However, in some regions particularly in Northern Thailand which covers about 30-35 percent of total production, fresh sweet corn is reportedly harvested almost all year round. As a result, MY 2003 fresh sweet corn production is forecast to continue to increase to 217,000 metric tons (whole cob weight). However, the average yield of fresh sweet corn in MY 2003 is expected to be lower at approximately 7.5 mt/hectare from the average yield of 8-9 mt/hectare, despite having no serious outbreak of Downy Mildew disease this year, in response to this being a year having a variety transition period. (Sweet corn varieties are replaced every 3-5 years.) In MY 2003, a new variety is being cultivated, which should lead to a drop in the average yield in the first year, below the yield potential of 9-10 mt/hectare. Current farm prices for fresh sweet corn are approximately US$ 75-88/ton (3.00 – 3.50 Baht/kg), up slightly from the previous year. As for frozen sweet corn (FSC), MY 2003 production is expected to increase slightly to 1,250 metric tons. Trade sources reported that despite a high export potential, the expansion of frozen sweet corn production in Thailand has been limited by the high investment costs for the processing facilities and a cold-chain system which would be necessary due to the strict sanitary concerns of the export market.

In MY 2002, CSC production has been revised upward, following favorable export demand. Many food processors expanded their production line to include sweet corn, leading to a significant expansion in planted area of fresh sweet corn to approximately 7,416 hectares. However, trade sources reported that concerns over supply shortages still persist as some sweet corn packers, in particular those whose core business is not CSC, did not invest in contract farming. As a result, some large-scale sweet corn packers have to close their factories for about 3 months during the end of the year. As for FSC, MY 2002 production has been revised downward, following a contraction in exports.

1.2 Consumption

MY 2003 CSC and FSC consumption remained insignificant, as fresh sweet corn is more popular among Thai consumers. Domestic consumption of fresh sweet corn reportedly accounts for about 15 percent of total fresh sweet corn production. Meanwhile, CSC and FSC covers around 80 percent and 5 percent of total fresh sweet corn production, repectively. Most CSC and FSC are for exports.

1.3 Trade

In MY 2003, CSC exports are forecast to reach 79,600 metric tons, up significantly from the previous year's record 66,321 metric tons. Trade sources expected a good market potential in Asian countries, particularly in Japan, and also in the United States, as they develop their products to meet the premium grade. Some sweet corn packers could expand their market share in Japan market at the expense of the U.S. sweet corn which has been the major supply. At present, Thai sweet corn reportedly accounted for about less than 5 percent of total sweet corn import demand from Japan. Also, exports to the U.S. market are expected to continue their upward trend as some new high quality sweet corn packers already have a U.S. market distribution system for their traditional processed food products. Meanwhile, competitors like China, Vietnam and Indonesia are still focused on low and medium grades. However, Thailand's FSC market is limited by strong competition from China and Vietnam. Trade source reported that the current CSC export price remained unchanged from the previous year at around U.S. $ 6 /case (24 15-ounce cans). Meanwhile, the average FOB prices for FSC was reportedly at around 85 U.S. cent/kg.

MY 2002 CSC exports have been revised upward to 66,321 metric tons, up around 50 percent for the second consecutive year. This is in response to growing market demand from European countries, in particular Germany, who has gone from 1,983 metric tons to 6,449 metric tons. Also, exports to the United Kingdom, Thailand's largest importer of CSC, reached 11,523 metric tons, up around 39 percent from the previous year. As for the Asian market, exports to South Korea, the second largest importer of Thai CSC, continued to increase, reaching 9,760 metric tons, up around 22 percent from the previous year. Import demand from Japan increased to 1,411 metric tons, up significantly from the 543 metric tons in the previous year, in response to relatively cheaper prices and acceptable quality, as compared to the high quality products of the U.S. which is Japan's largest supplier of CSC. Exports of Thai CSC to the U.S. market also increased to 1,928 metric tons, up around 19 percent from the previous year.

On the other hand, MY 2002 exports of FSC have been revised downward slightly to 1,072 metric tons, following mainly a reduction in exports to Belgium, the second largest importer of Thai FSC, due to a higher transportation cost-triggered disadvantage to Hungary (a major supplier of FSC in the European countries.) Also, Thai FSC faced strong competition from relatively cheaper FSC from China and Vietnam. However, FSC exports to Australia, Thailand's largest importer of FSC, increased significantly to 463 metric tons, up around 33 percent from the previous year, due mainly to dry weather conditions in Australia that limited production their.

Imports of CSC and FSC remained insignificant, as fresh sweet corn consumption is more popular among Thai consumers. All imported CSC and FSC are from the U.S. and sold only in the modern-trade outlets in large cities.

1.4 Stock

CSC stock will likely remain low due mainly to strong export demand. Trade sources reported that sweet corn packers generally maintained the stock level at around 3 months of use in preparation for tight supplies at the end of the year.

1.5 Policy

The government's import policy on CSC remained unchanged at 30 percent ad valorem or 25 baht/kg (whichever is higher) tariff rate, plus 7 percent value added tax assessed on total import costs. Meanwhile, the tariff rate for FSC is 40 percent.

2. Canned Baby Corn

2.1 Production

MY 2003 canned baby corn (CBC) production will likely increase moderately to 69,500 metric tons, as many baby corn packers shifted their production lines to produce more CSC due to anticipated stronger returns from the good export potential, as compared to CBC. Moreover, baby corn packers reportedly faced strong price competition from cheaper CBC from China, Indonesia, Vietnam and African countries. However some baby corn packers still focused on CBC but invested more in quality improvements to their premium grade product.

In MY 2002, CBC production has been revised upward in response to an unexpected strong export demand as China, a major competitor, was affected by SARS (Severe Acute Respiratory Syndrome). Trade souces reported that buyers shifted away from Chinese CBC to buy Thai CBC as they were more confident in Thailand's sanitary standards. The major planted area for fresh baby corn remained in the Central Plain and the North which accounted for about 50 and 30 percent of total planted area, respectively. About 80-90 percent of fresh baby corn production is used for CBC production, almost all of which is exported.

2.2 Consumption

Like CSC, CBC consumption is insignificant as fresh baby corn is more popular among Thai consumers. Also, the sales of CBC are limited only in modern-trade outlets in large cities.

2.3 Trade

MY 2003 CBC exports are forecast to increase slightly to 69,000 metric tons, as Thai baby corn packers face price competition from some African countries, China, Vietnam and Indonesia, despite continued strong global export demand. Trade sources expected that the average FOB prices for Thai CBC will likely continue to decline by 5 percent from the previous year to around U.S.$ 7-8 /case. Moreover, exports of Thai CBC are expected to be limited by a stronger Thai Baht.

In MY 2002, CBC exports recovered to 64,984 metric tons, up 11 percent from the previous year, mainly in response to the outbreak of SARS in China during the second half of MY 2002. Buyers shifted from buying relatively cheaper Chinese CBC to buy more Thai CBC because they were not certain about sanitary standards in China. Exports to the U.S., which is Thailand's largest market for CBC (35 percent of total Thai CBC exports), totaled 22,660 metric tons, up 15 percent from the previous year. Also, CBC exports to some European countries increased significantly, in particular to the Netherlands and the U.K. Moreover, exports of CBC to Australia grew significantly to 4,372 metric tons due to the impact of dry weather conditions there.

2.4 Stock

MY 2003 CBC stock is expected to be at a minimal level. In general, CBC is made to order as fresh baby corn is produced year round.

2.5 Policy

Like CSC, the government's import policy on CBC remained unchanged at 30 percent ad valorem or 25 baht/kg (whichever is higher) tariff rate, plus 7 percent value added tax assessed on total import costs.

Section II: Statistic Tables

Table 1: Thailand's Production, Supply and Demand for Canned Sweet Corn

Commodity: Canned Sweet Corn (METRIC TONS)

THAILAND	Revised 2001		Prelim 2002		Forecast 2003	
	old	new	old	new	old	new
Market Year Begin	07/2001		07/2002		07/2003	
Beg. Stocks	5350	7367	6521	6521	0	5605
Production	28000	45000	50500	67500	0	82500
Net Production	21600	36000	40400	54000	0	66000
Imports	5	13	5	5	0	7
TOTAL Supply	33355	52380	57026	74026	0	88112
Exports	30000	44359	50000	66321	0	79600
Domestic Consump.	1150	1500	1600	2100	0	2512
Ending Stocks	2205	6521	5426	5605	0	6000
TOTAL Distribution	33355	52380	57026	74026	0	88112

Table 2: Thailand's Exports of Canned Sweet Corn

Export Trade Matrix			
Country	Thailand		
Commodity	Canned Sweet Corn		
Time Period	Jan-Dec	Units:	Metric Ton
Exports for:	2002		**2003**
U.S.	1236	U.S.	1428
Others		Others	
Korea, South	8802	Korea, South	5085
United Kingdom	10559	United Kingdom	5799
Germany	4257	Germany	3392
Taiwan	3855	Taiwan	2050
Japan	756	Japan	947
Estonia	2520	Estonia	930
China	436	China	115
Philippines	1534	Philippines	918
Russia	4429	Russia	1549
Sweden	1323	Sweden	621
Total for Others	38471		21406
Others not Listed	18972		13498
Grand Total	57443		34904

Note: Export figures in 2003 cover January-June 2002

Table 3: Thailand's Production, Supply and Demand for Frozen Sweet Corn

Commodity: Frozen Sweet Corn (METRIC TONS)

THAILAND	Revised 2001		Prelim 2002		Forecast 2003	
	old	new	old	new	old	new
Market Year Begin	07/2001		07/2002		07/2003	
Beg. Stocks	142	142	130	130	0	126
Production	1500	1250	1300	1200	0	1250
Imports	30	26	30	18	0	10
TOTAL Supply	1672	1418	1460	1348	0	1386
Exports	1400	1148	1200	1072	0	1120
Domestic Consump.	140	140	150	150	0	150
Ending Stocks	132	130	110	126	0	116
TOTAL Distribution	1672	1418	1460	1348	0	1386

Table 4: Thailand's Exports of Frozen Sweet Corn

EXPORT TRADE MATRIX			
Country	Thailand		
Commodity	Frozen Sweet Corn		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	**2002**		2003
U.S.	45	U.S.	18
Others		Others	
Australia	381	Australia	255
Africa, South	59	Africa, South	0
U.K.	53	U.K.	8
Belgium	371	Belgium	156
Denmark	14	Denmark	0
Netherlands	20	Netherlands	0
Japan	96	Japan	55
Taiwan	82	Taiwan	15
Italy	10	Italy	0
China	10	China	10
Total for Others	1096		499
Others not Listed	40		0
Grand Total	1181		517

Note: Export figures in 2003 cover January - June

Table 5: Thailand's Production, Supply and Demand for Canned Baby Corn

Commodity: Canned Baby Corn (METRIC TONS)

THAILAND	Revised 2001		Prelim 2002		Forecast 2003	
	old	new	old	new	old	new
Market Year Begin	07/2001		07/2002		07/2003	
Beg. Stocks	3500	3481	3476	3476	0	2992
Production	56000	59000	60000	65000	0	69500
Imports	0	0	0	0	0	0
TOTAL Supply	59500	62481	63476	68476	0	72492
Exports	56000	58555	60000	64984	0	69000
Domestic Consump.	450	450	500	500	0	550
Ending Stocks	3050	3476	2976	2992	0	2942
TOTAL Distribution	59500	62481	63476	68476	0	72492

Table 6: Thailand's Exports of Canned Baby Corn

EXPORT TRADE MATRIX			
Country	Thailand		
Commodity	Canned Baby Corn		
Time period	Jan-Dec	Units:	Metric Ton
Exports for:	**2002**		2003
U.S.	20848	U.S.	12116
Others		Others	
Japan	3681	Japan	1581
Netherlands	5924	Netherlands	2190
Germany	4145	Germany	2072
Australia	3605	Australia	2346
Canada	3400	Canada	1838
United Kingdo	2303	United Kingdo	1080
Israel	1084	Israel	649
Sweden	1752	Sweden	1017
Hong Kong	1035	Hong Kong	597
France	1285	France	690
Total for Othe	28214		14060
Others not Lis	12352		7103
Grand Total	61414		33279

Note: Export figures in 2003 cover January - June