



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

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## Thailand

### Agricultural Situation

### Cabinet Approves Corn Mortgage Program

### 2008

**Approved by:**

Maysa Kunasirrat, Agricultural Assistant  
U.S. Embassy

**Prepared by:**

Corey Pickelsimer, Agricultural Attaché

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**Report Highlights:**

On October 28, 2008 the Thai cabinet endorsed a mortgage program to shield Thai farmers from declining world corn prices. The Cabinet also agreed to suspend corn imports under the Ayeyawaddy-Chao Phraya-Mekong Economic Cooperation Strategy framework, which allows for unlimited volume corn imports at zero percent tariff from neighboring countries (Cambodia, Laos, and Burma). Since the window for Thailand's 2008 corn import quota has passed, the suspension of the ACMECS agreement will effectively shut off corn imports from neighboring countries through the end of the year.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Bangkok [TH1]  
[TH]

On October 28, 2008 the Thai cabinet endorsed a mortgage program to stabilize corn prices. Mortgage prices for corn will be set at 8.50 baht/kg (approx. \$243/ton) at 14 percent moisture. Despite a lack of detail in the Cabinet synopsis, the Thai media reported that the Government set a target of 500,000 tons under the mortgage program. Farmers can redeem corn within 90 days at an interest rate of 3 percent. The mortgage program will likely reach the target volume at 500,000 tons because of price difference between mortgage price of 8.50 baht/kg and current farm gate price of around 6.53 Baht (approx. \$192/ton). The benefit of the Cabinet decision will not only extend to farmers, but also to corn traders currently holding private stocks.

The Cabinet also agreed to suspend corn imports under the Ayeyawaddy-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) framework, which allows for unlimited volume corn imports at zero percent tariff from neighboring countries (Cambodia, Laos, and Burma). The suspension of this regional agreement is to last through the end of 2008. This action only applies to Thailand's regional commitment under ACMECS, and does not appear to violate Thailand's WTO commitments for their corn import quota. Since the window for Thailand's 2008 corn import quota has passed, the suspension of the ACMECS agreement will effectively shut off corn imports from neighboring countries through the end of the year. The suspension was enacted to shield Thai corn producers from declining world commodity prices for corn.

End of Report.