

## VIII. REPORTS ON FOOD FOR OTHER USES (ANIMAL FEED AND COMMODITY CROPS)

### Background

Thailand is a net exporter of food. In regards to animal feed and other commodity crops, Thailand has extensive growing areas and processing facilities, and currently imports substantially less than it exports. Still, Canadian companies have a long-standing relationship with Thailand in regards to the sale of these products (cereals are one of the top ten exports from Canada to Thailand). With this in mind, less emphasis will be placed on this section as it can be viewed as a mature market. Still, an overview of some of the larger components of this sector will be examined in light of current market situations, and Thailand's own domestic circumstances.

Thailand is in the midst of experiencing one of the most severe water shortages this century. Understandably, this is having serious negative effects on agricultural production. This shortage of water also helps explain why Thailand's agricultural production (particularly the ingredients for animal feed) has levelled off. Overall agricultural expansion is only forecast to grow at 2.3%. To a lesser extent, the water shortage has also contributed to the rise in agricultural prices as obtaining water has become more costly. These factors, in combination with pressure from the international trading community, are driving the price of Thailand's agricultural products steadily upward. This price increase, when combined with the rise in demand and a very low growth rate in local production, is helping to create new opportunities for Canadians looking to export agricultural products to Thailand.

There are several other reasons why local Thai agricultural production is declining:

- the price of land is very attractive and has caused many farmers to sell their land to developers
- many farmers are leaving the land as income levels for farmers have not kept pace with the overall rise in income levels in the rest of Thailand
- de-forestation has been the cause of several large landslides which have taken substantial areas of land out of cultivation
- the Thai Government is emphatically promoting crop diversification and replacement in an attempt to replace traditional, water intensive crops (like rice) with crops with higher yields and lower water consumption (fruits and vegetables) as well as outright switching to totally different approaches (animal husbandry)