

Thailand Is Rapidly Emerging As Corn Belt of the Far East

One of the world's foremost rice exporters, Thailand is fast gaining status in production and trade of yet another grain-corn-in the process enlarging its foothold in the growing feedgrain markets of Japan, the Republic of China (Taiwan), and other Far Eastern nations.

Although a young industry compared to the age-old rice culture, corn production already has assumed an important role in Thailand's economy. It is, for instance, agriculture's third largest foreign exchange earner behind rice and rubber. And some sources believe that with improved production methods corn could eventually edge out rice for the top position.

Seeming to support this challenge, Thai corn production in the last two decades has only once fallen off the rising trend that has increased production more than 20 fold to over 2.3 million metric tons in 1973 and 3 million estimated for 1974. And Thai Development Plan goals see this reaching 3.5 million by 1976.

Although common throughout Thailand, corn production is concentrated in the nine Provinces to the north and east of the Central Plain rice bowl. And three Provinces—Nakhon Sawan, Lopburi, and Saraburi—account for more than half of total production.

The crop has been grown here for many years, but only since the 1950's has it been produced commercially as grain. Importation of the deep-orange flint "Guatemala" corn facilitated this development, and by 1959 farmers were rapidly clearing timber areas so they could plant the new feedgrain.

These efforts were translated into snowballing production growth. From just a little over 100,000 metric tons in 1955 and 1956, production soared past a million tons by 1965 and 2 million by 1971, as acreage expansion continued

unabated.

Growth was encouraged by the crop's easy adaptation to Thailand's tropical climate, although being raingrown corn remained subject to shortfalls in times of inadequate precipitation. The vulnerability showed up in 1972, when drought reduced output to 1.3 million metric tons from 2.2 million the year before, for the only interruption of corn's 20-year up-tend.

The 1972 shortfall also set off a scramble in 1973 for supplies among markets in the Far East—boosting U. S. sales in the process, but also underlined Thailand's importance today to corn trade in that part of the world.

Corn first became one of the country's major exports in 1960, when its production passed 540,000 metric tons and exports reached 500,000. Today, such shipments total around 1.8 million tons—roughly 80 percent of total corn production—and have catapulted Thailand into the top ranks of world corn trade: the country is usually the fourth or fifth largest exporter, although its 3-4 percent of the world market is still dwarfed by the United States 50-60 percent share.

Foreign exchange earnings from this trade amounted to the equivalent of \$140.8 million in 1973—because of last year's high prices and alltime record, despite a sharp contraction in volume that year.

Japan and Taiwan have traditionally been the main customers for Thai corn and through bilateral agreements guaranteeing markets—have given major encouragement to expansion in Thailand's corn production.

The bilateral corn trade agreement with Japan is by far the most important ever concluded by Thailand and has the longest history. Begun in the 1966-67 crop year, it is renewed each year, with terms including: A specific formulation by which monthly export prices the total volume of

corn to be shipped to Japan for the year; and a general agreement on the monthly pattern of these exports.

This agreement—concluded as part of Japan's efforts to diversify trade and generally encourage Asian development—has reserved for Japan the major part of Thailand's corn exports. By 1972, such shipments had reached around 1 million metric tons, or about 55 percent of Thailand's total export trade.

Concluded for the first time on September 28, 1970, the trade agreement with Taiwan is virtually the same as with Japan and is negotiated each year following the signing of the Japanese agreement. The quantity involved is smaller than that negotiated with Japan—about half a million metric tons a year—but has upped sales to Taiwan manifold from the negligible amounts sold prior to 1967.

Other important markets for Thai corn include Singapore, which took 183,900 metric tons in 1972; Hong Kong, 95,843; and Malaysia, 86,836.

Because of the export market's importance, farm prices for corn are based on export quotations—derived largely from the price formulas specified in the bilateral contracts with Japan and Taiwan. Such formulas, in turn, are based upon the price of corn in the Chicago futures market.

Generally, farmers get 50-55 percent of the export price. But seldom do they hold their crops to sell at the season's end or when prices are high, instead selling sometime during the harvest period. This is in part because of the lack of modern storage facilities in the Provinces, which necessitates quick movement of corn from the growing areas.

In contrast to the growing export market, domestic use of corn in Thailand is limited, totaling only about 15 percent of production. A few varieties of white and yellow waxy corn and yellow sweet corn are grown commercially near the large cities as a vegetable for human consumption. But use of corn as feed is still very low, even though grain

feeding of cattle and poultry is on the rise.

The failure of corn to catch on as an animal feed at home reflects the country's traditional use of rice bran is becoming more and more expensive, corn is expected to gain in importance as a feed.

Despite its great success thus far in expanding corn production and trade, Thailand is running up against some problems, stemming in large part from its dependence on traditional production and marketing practices.

Marketing, for instance, is still complicated by a preponderance of middlemen. These include the district dealer—the one benefiting most from corn trade—who buys and collects corn from the farmer and then resells to a Province broker. The broker then transports the corn to Bangkok and sells it to the corn exporter. Occasionally a farmer will sell directly to the Provincial broker, but seldom does he sell it to the exporter.

Cultivation practices, too, are much like those of the past, with little use of fertilizer, improved seed, or

other inputs that might improve yields.

Currently, there are no private commercial seed producers growing or distributing high-quality seed in Thailand and the little that is available comes from the Royal Thai Government. Instead, farmers depend on seed selected locally or from their own production.

Two improved varieties—Pha Bhutabatt No. 5 and Pakchong No. 1501—have contributed to a gradual increase in yields in recent years, and the National Corn and Sorghum Research Institute, with help from the Rockefeller Foundation, carries out seed improvement programs. However, the research is time consuming because of the preliminary farm testing, demonstration plots, and seed multiplication programs that must be undertaken and thus still has a long way to go before it can be put to practical use.

Another problem is the humid weather year-round, which causes seed stored under normal conditions to deteriorate and be destroyed by insects within a few months. There is thus a need for better seed distribution and a reduction of storage time.

Use of fertilizer to increase yields is very limited, in part because much of the corn has been grown on recently cleared timberland

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