

MARKET VOTALITY AND THE FOOD SYSTEM Thailand

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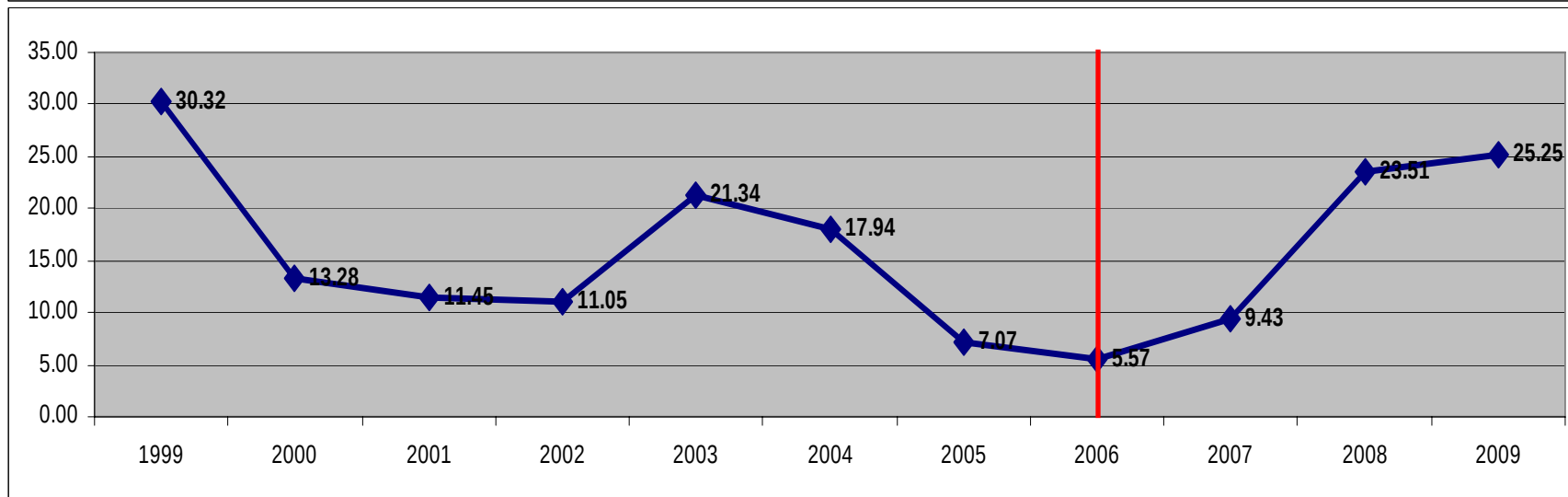
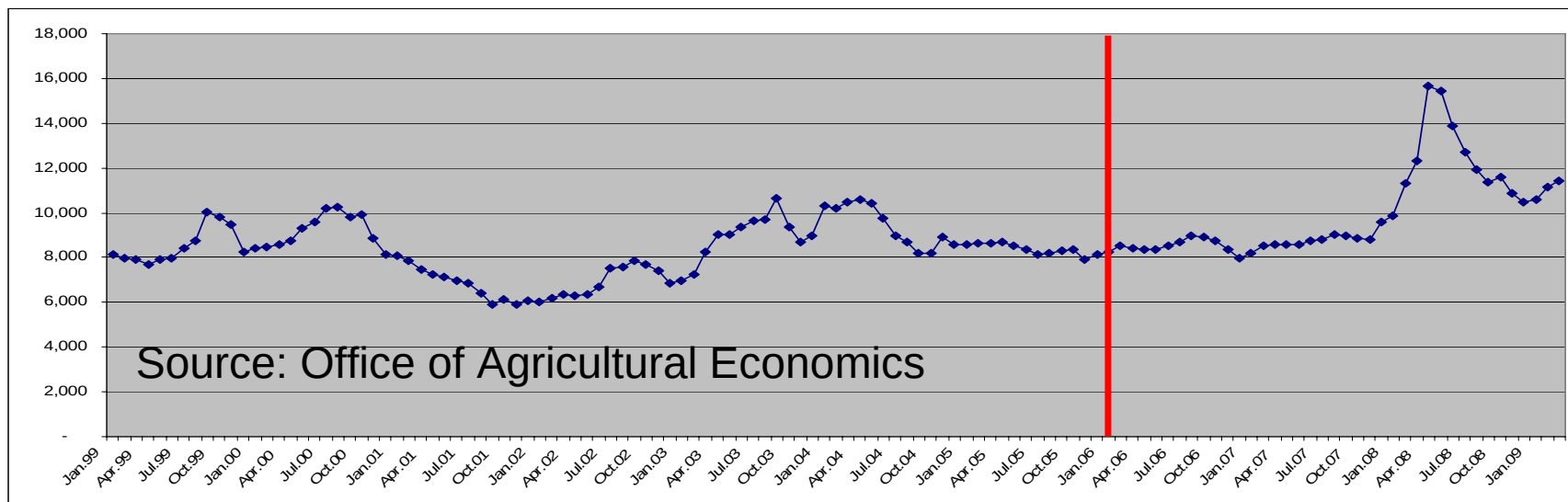
OUTLINE

- Food commodity price volatility
- Causes of recent food-commodity price volatility
- Impact on the food system
- Policy responses
- Recommendation

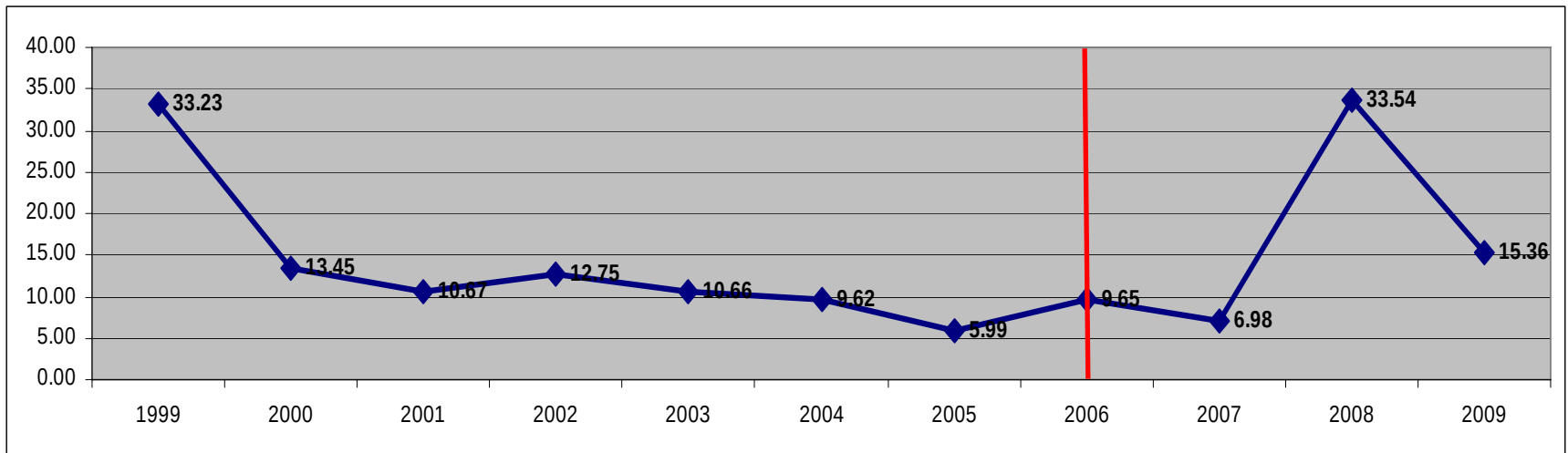
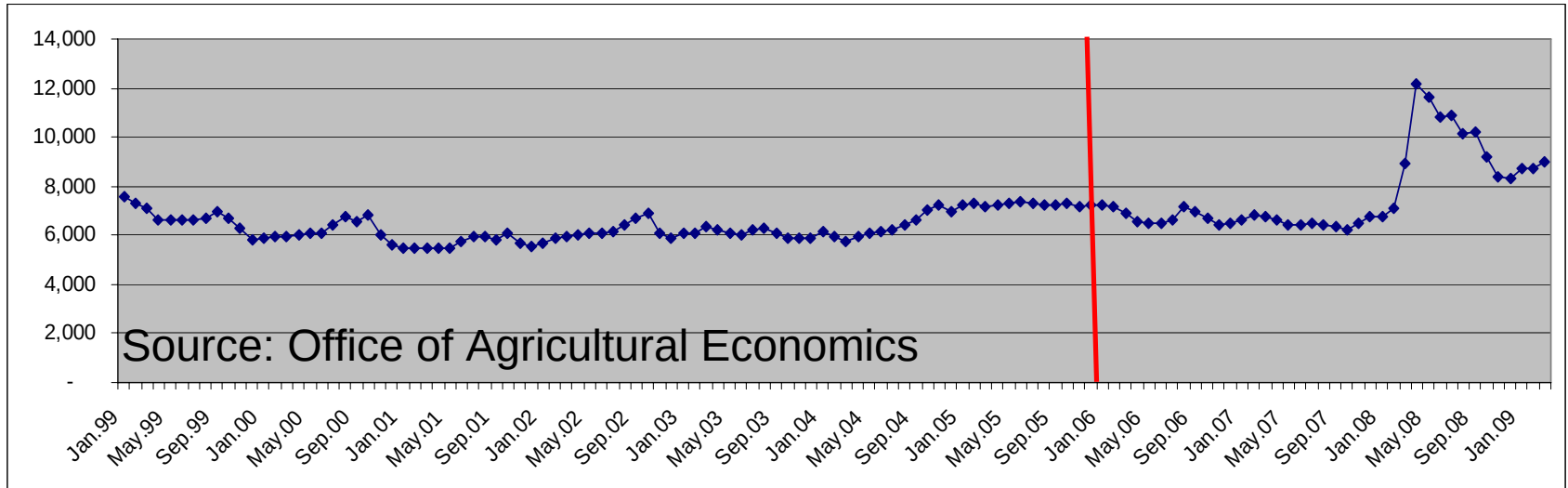
FOOD COMMODITY PRICE VOLATILITY

- Farm prices and the volatility (1999 – 2009)
 - Jasmine rice, Rice, Maize
 - Cassava, Oil Palm, Sugar
 - Swine, Broiler, Egg, Black Tiger Shrimp, White Shrimp
 - Pineapple
- Retail price indices (2005 – 2009)
 - Rice and cereals, Rice, Vegetables, Fruits, Sugar and sweets, Beverages
 - Meat, Poultry, Fish, Dairy
 - Food & beverages, Food at home, Prepared food, Prepared food away from home, Food away from home

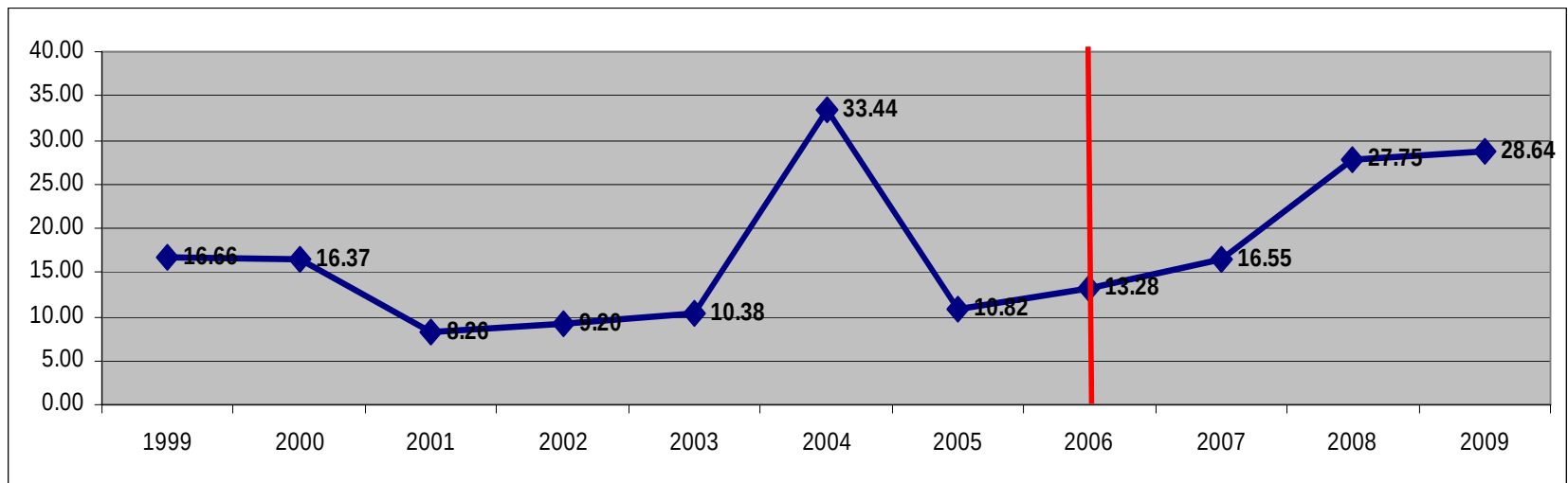
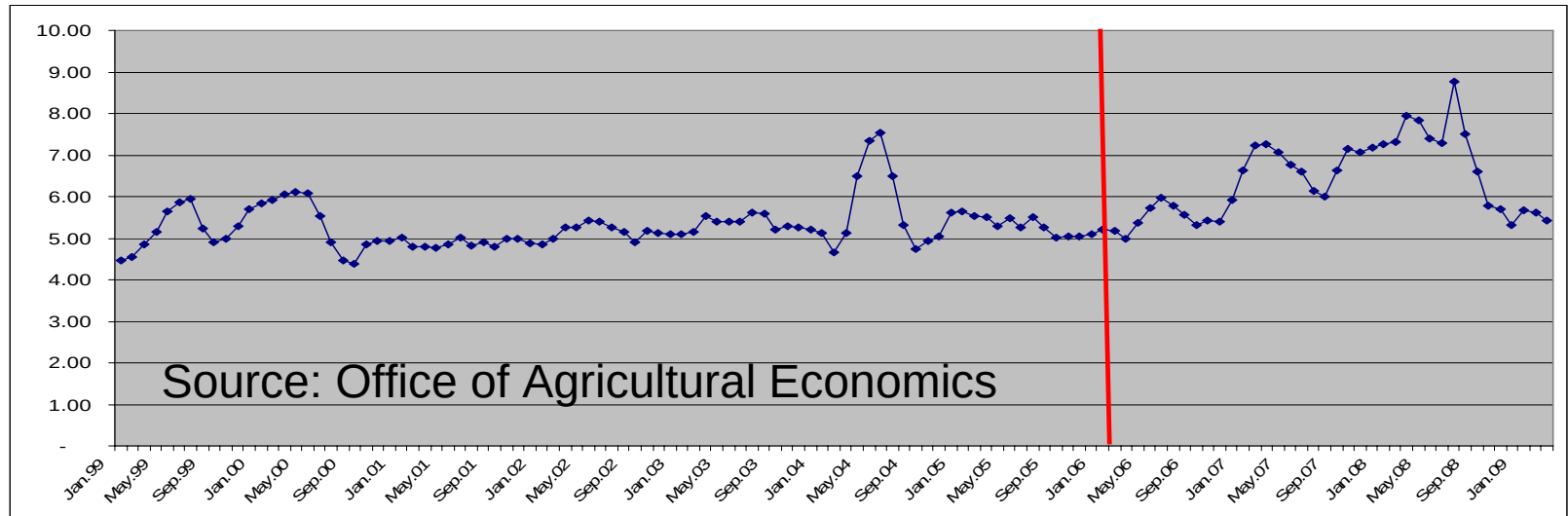
Farm Price Volatility: Jasmine Rice (Baht/ton,%)



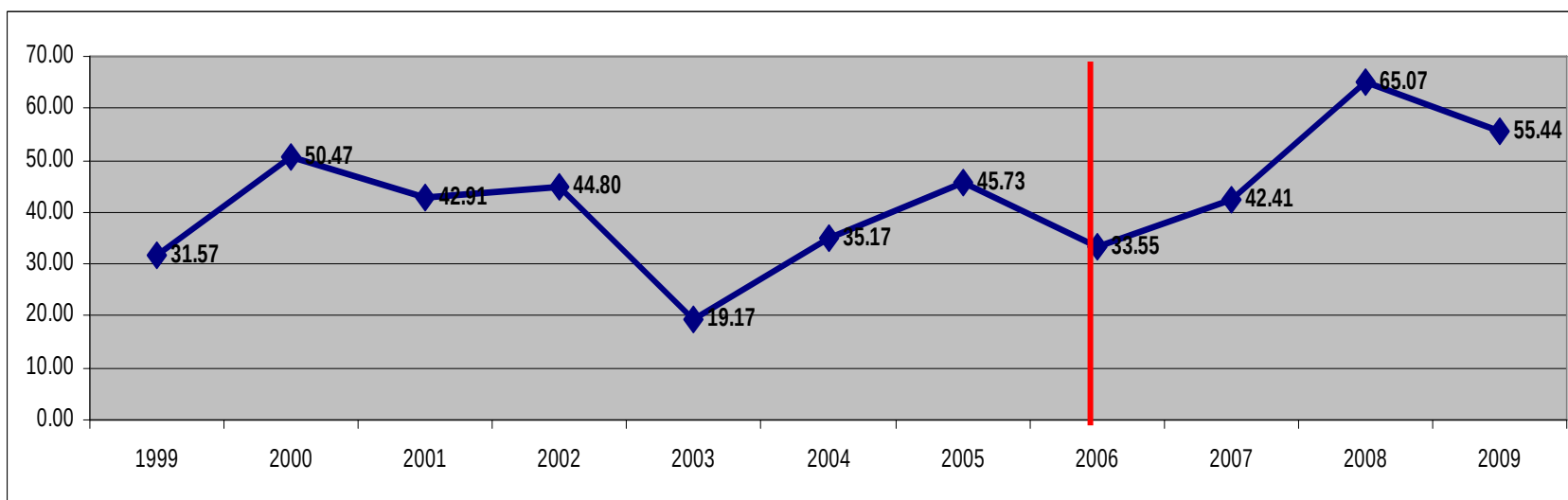
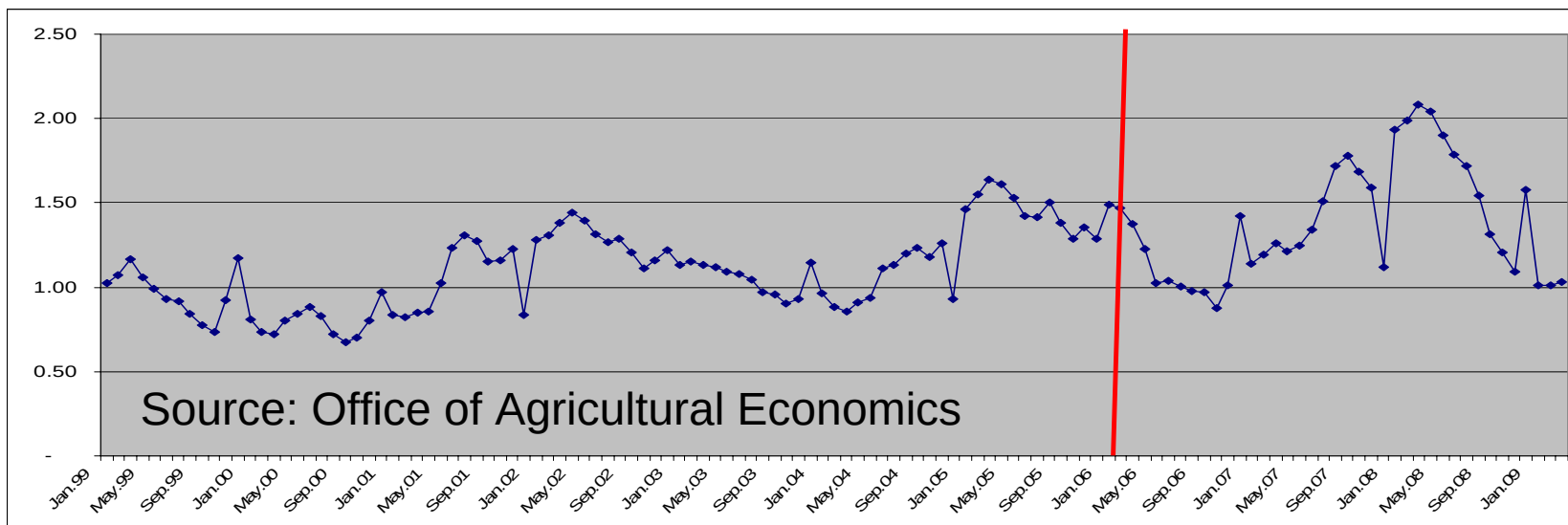
Farm Price Volatility: Rice (Baht/ton,%)



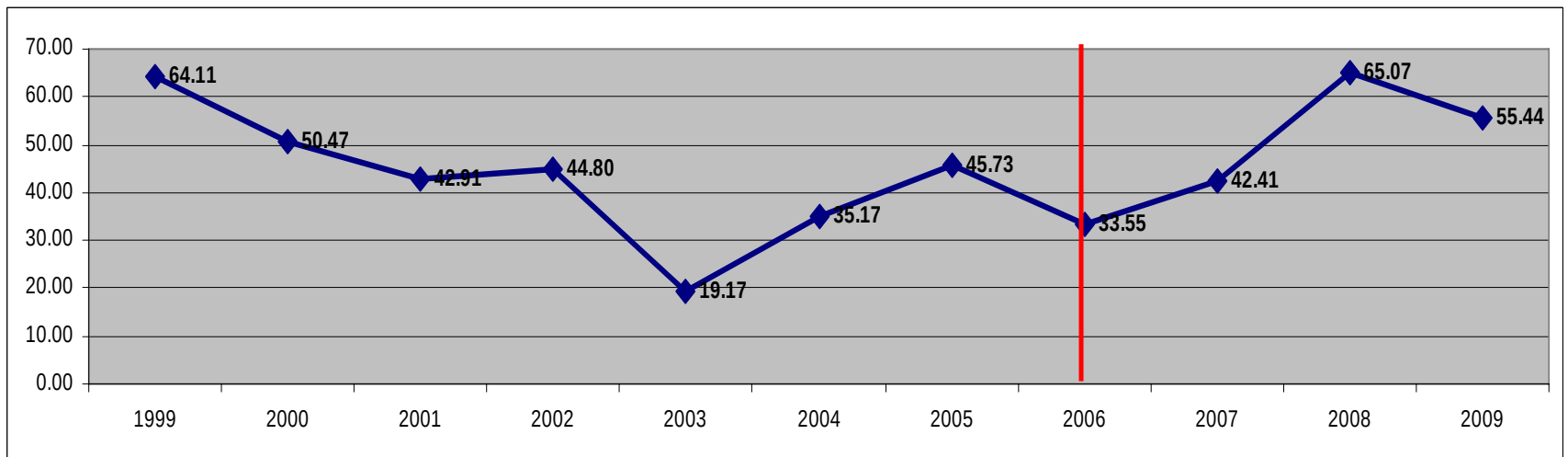
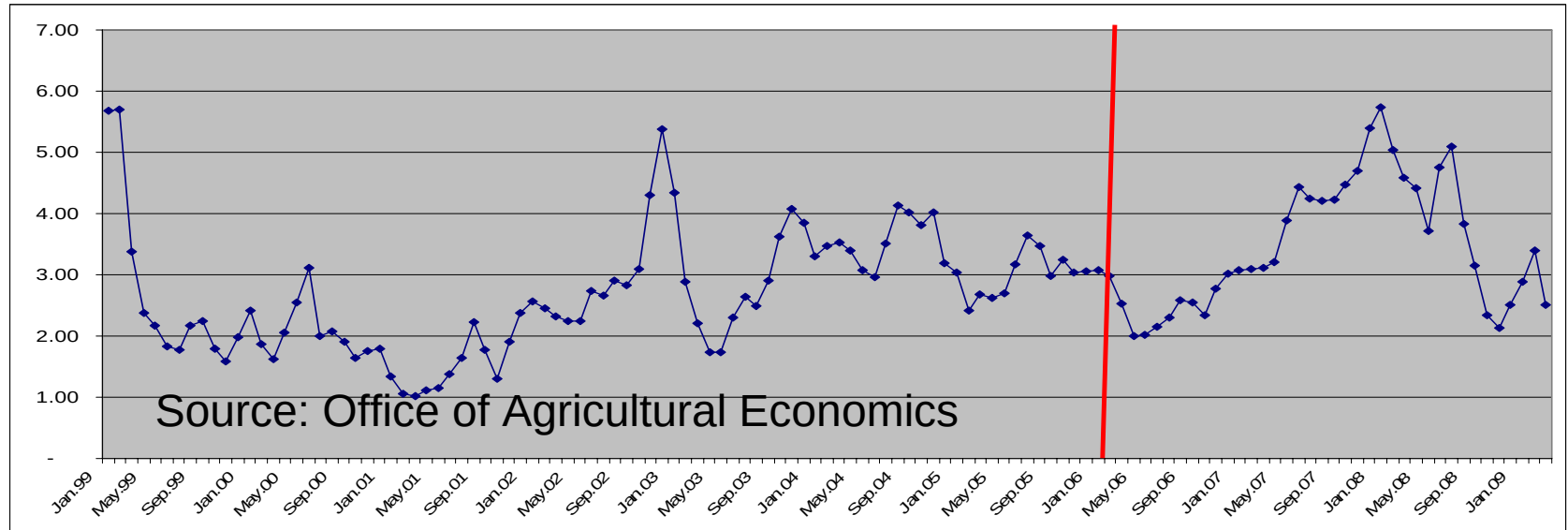
Farm Price Volatility: Maize (Baht/kg,%)



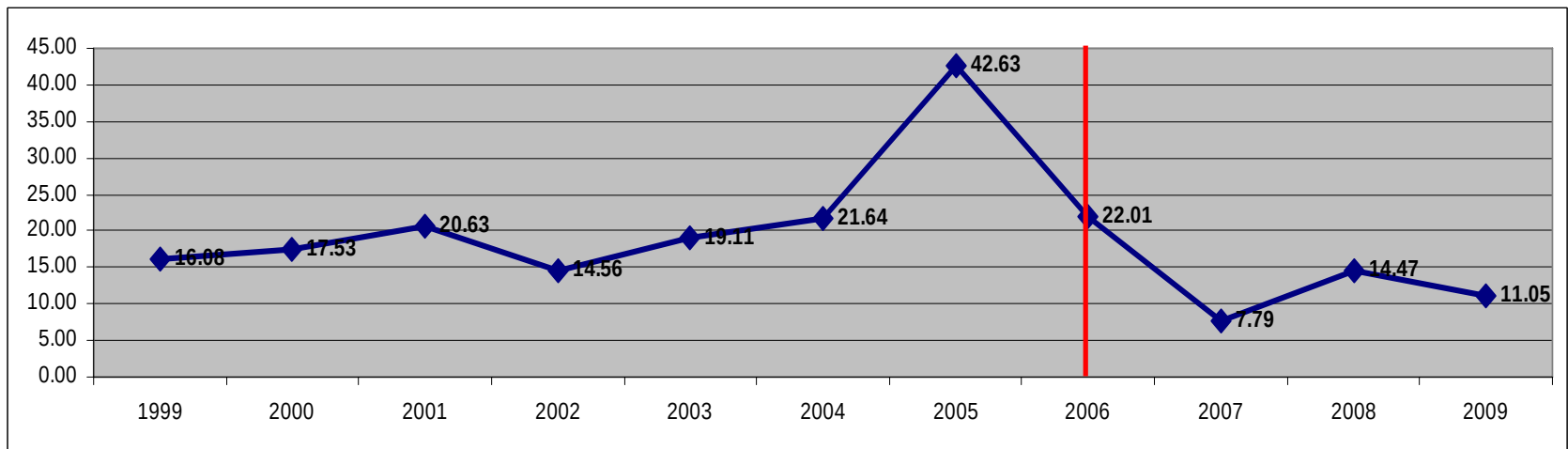
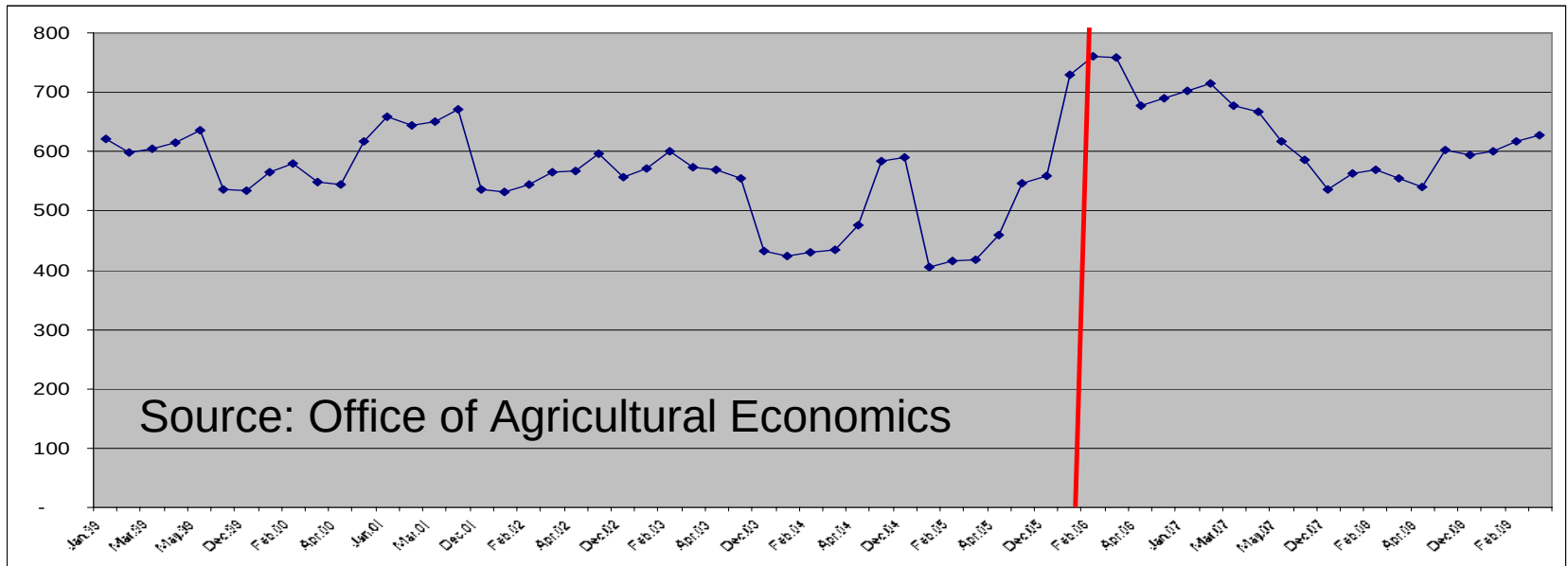
Farm Price Volatility: Cassava (Baht/kg,%)



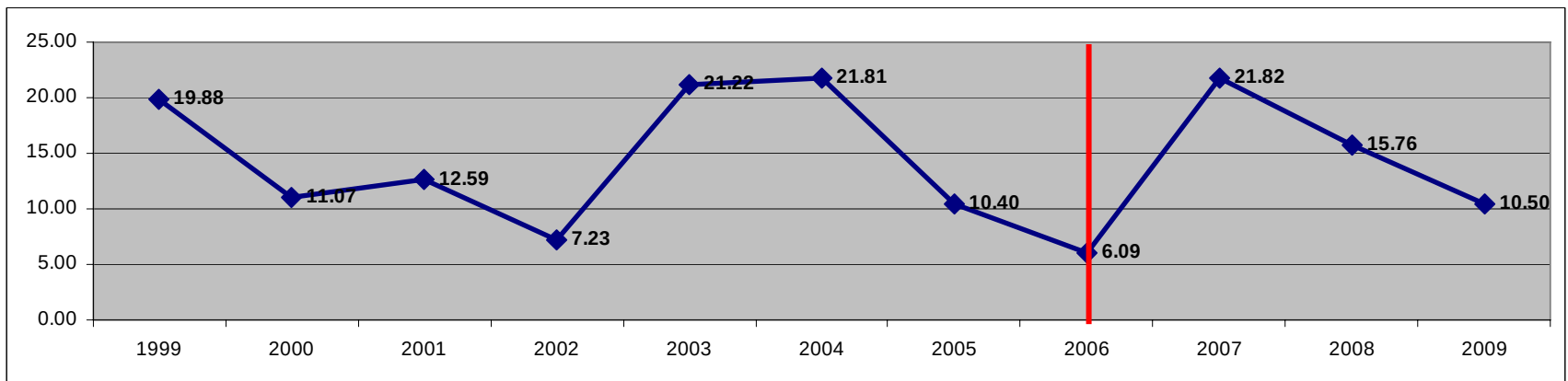
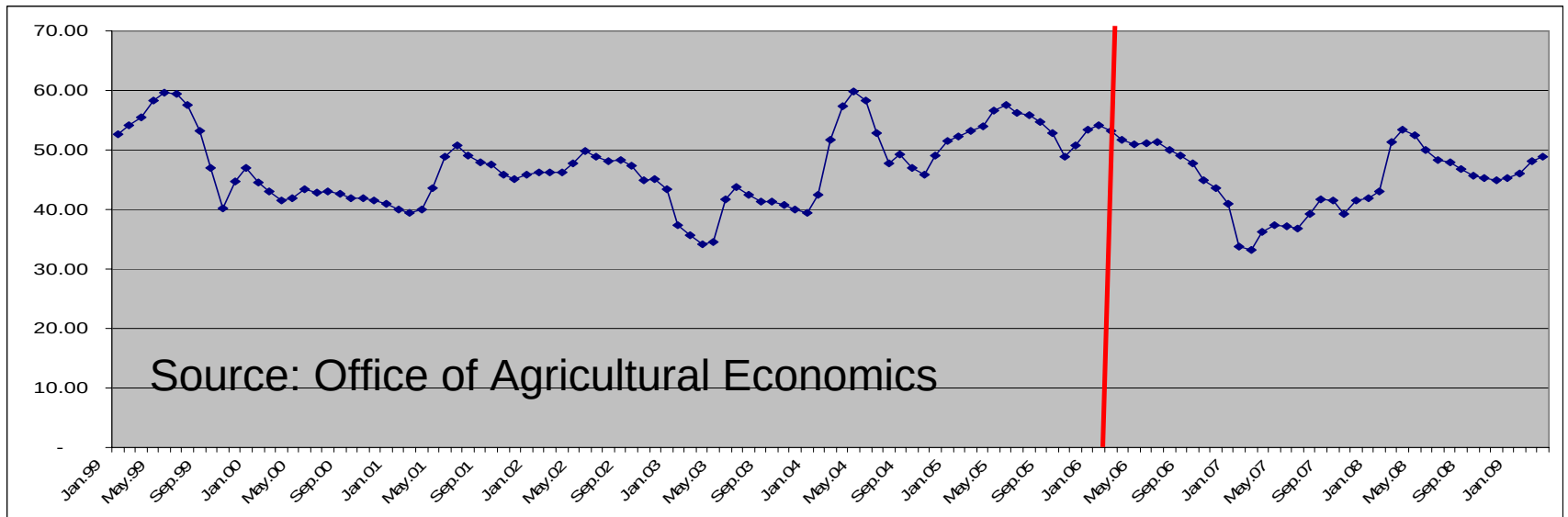
Farm Price Volatility: Oil Palm ((Baht/kg,%))



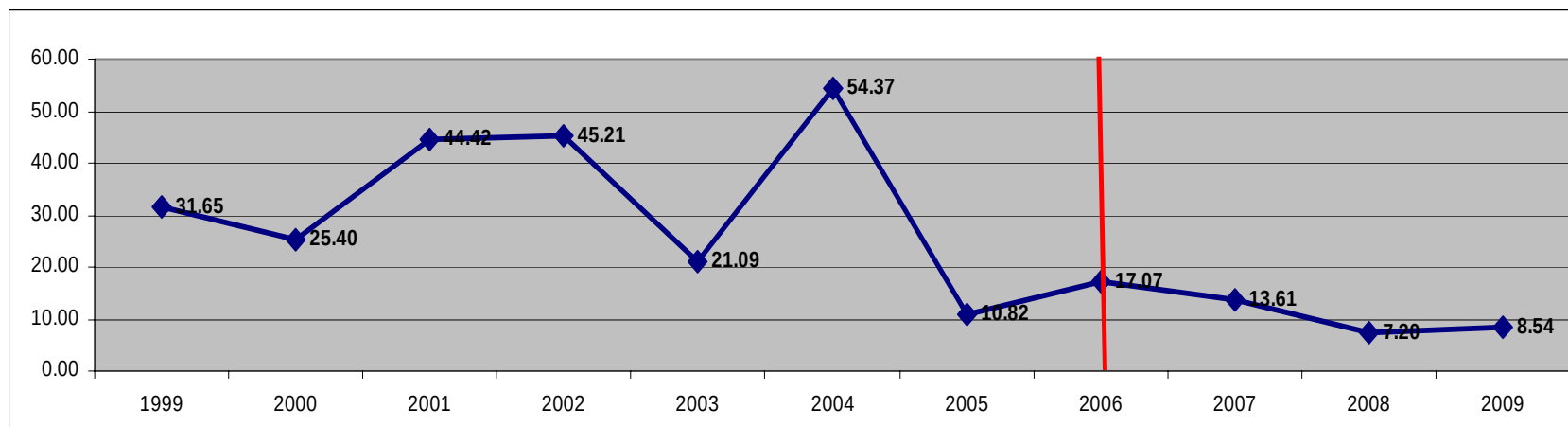
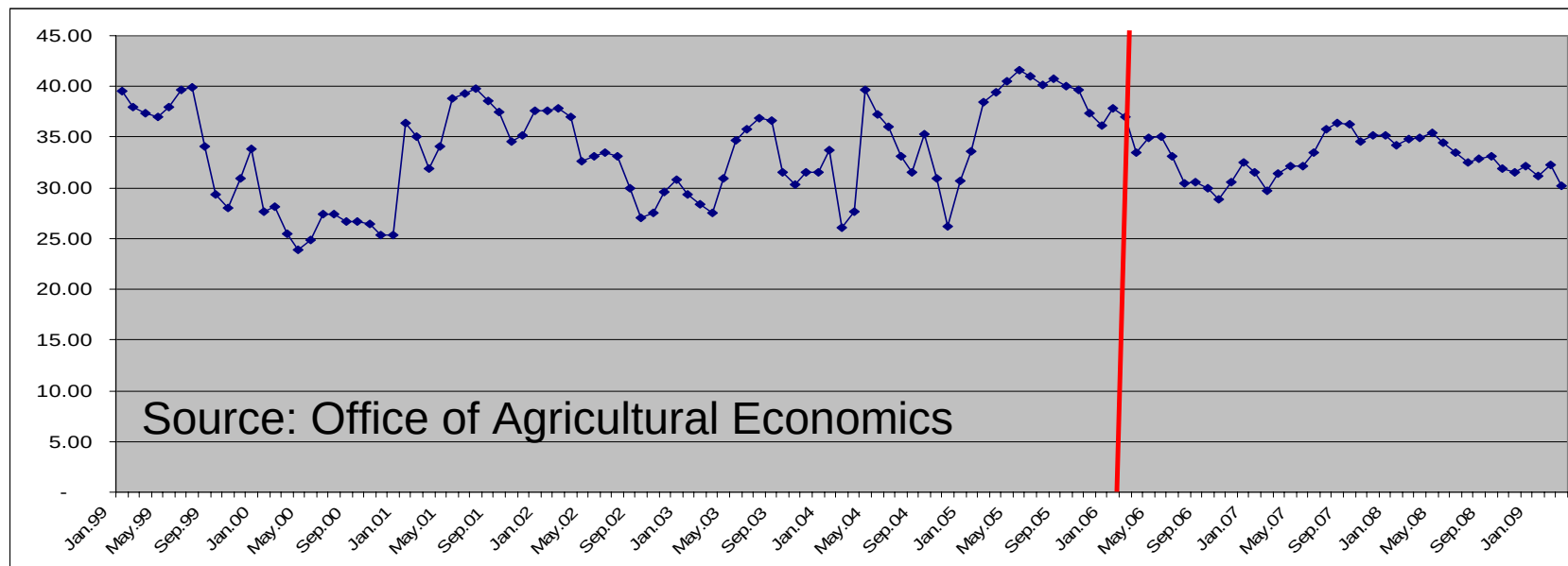
Farm Price Volatility: Sugar Cane (Baht/ton,%)



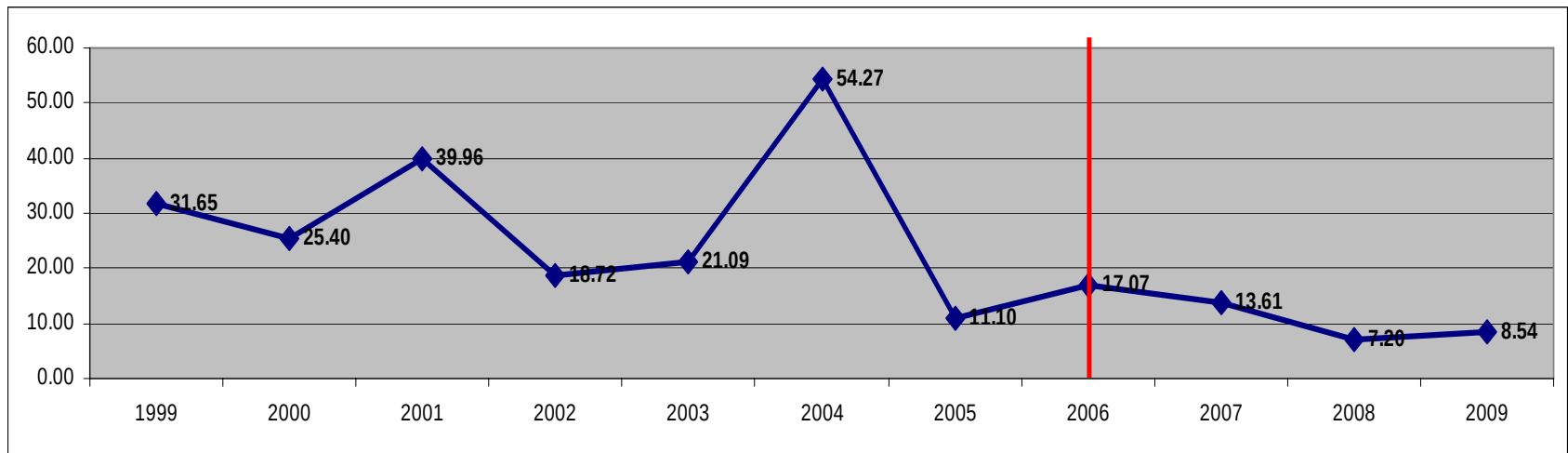
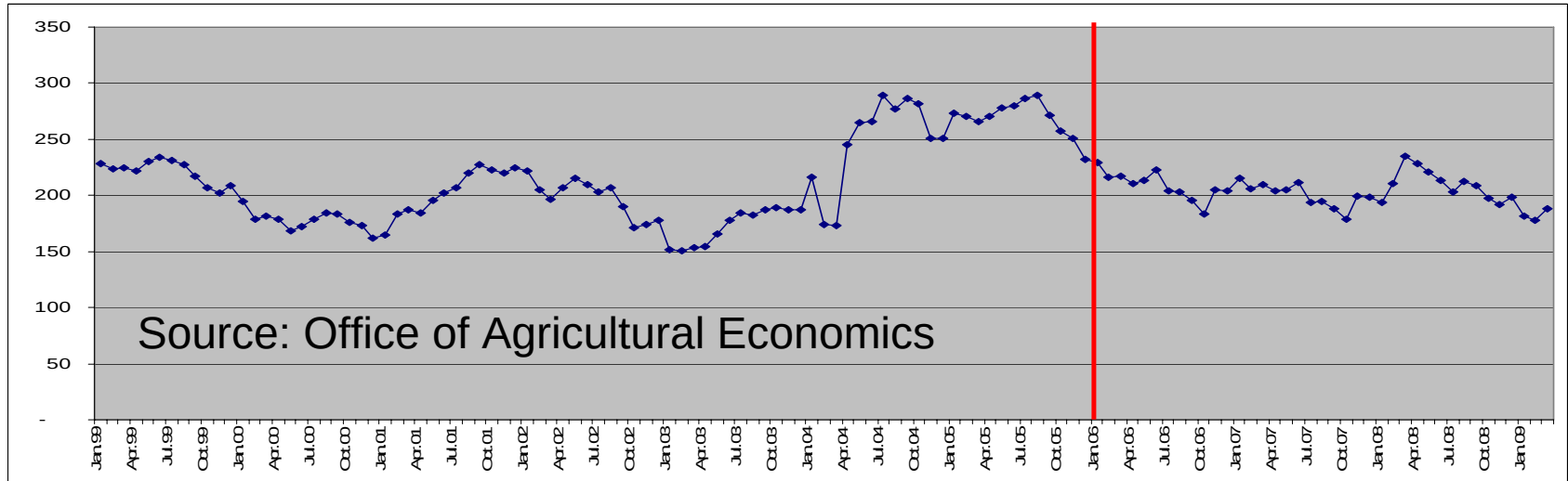
Farm Price Volatility: Swine (Baht/kg,%)



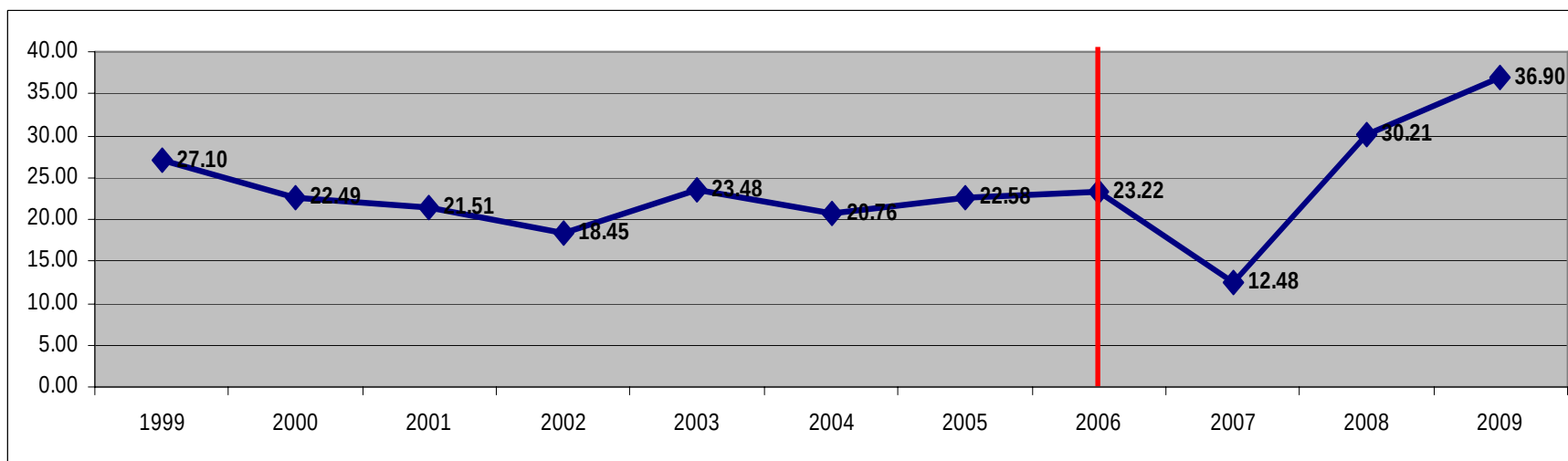
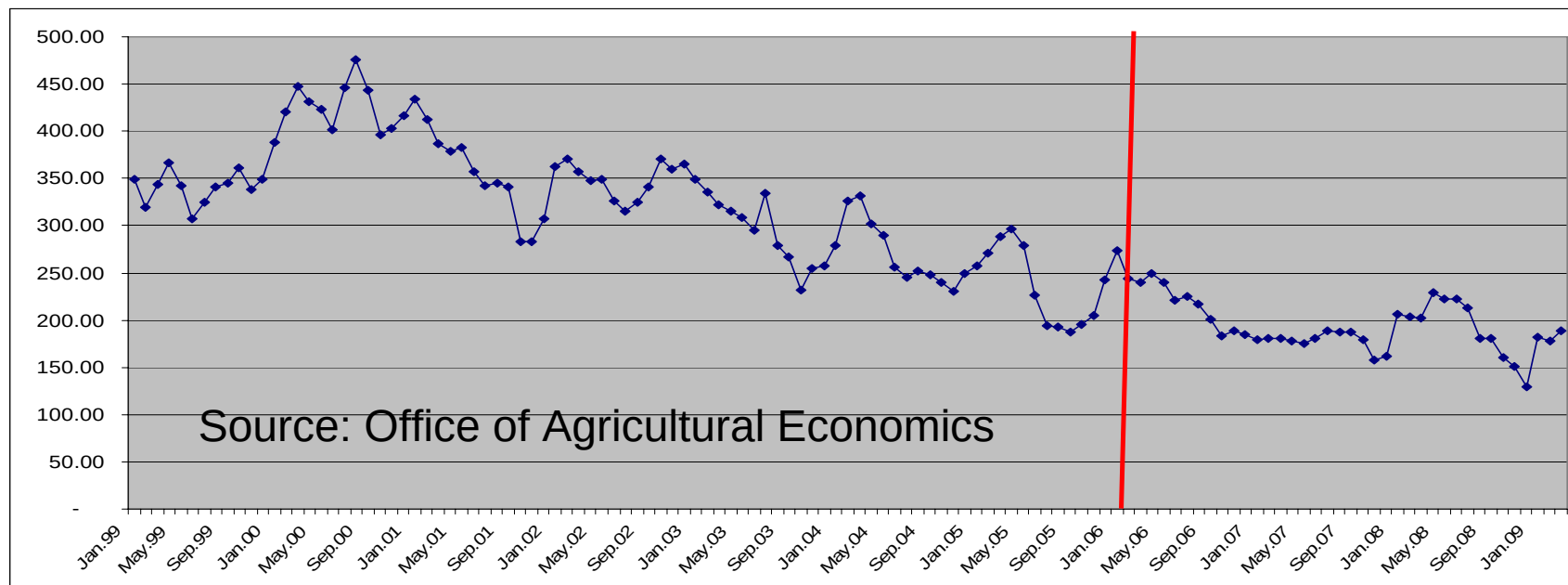
Farm Price Volatility: Broiler (Baht/kg,%)



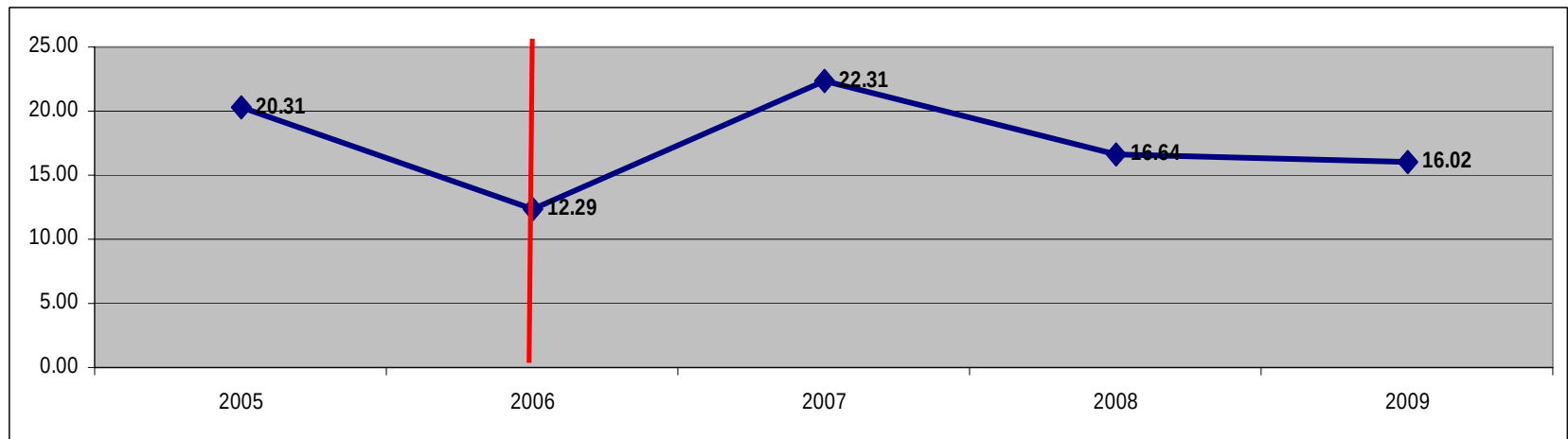
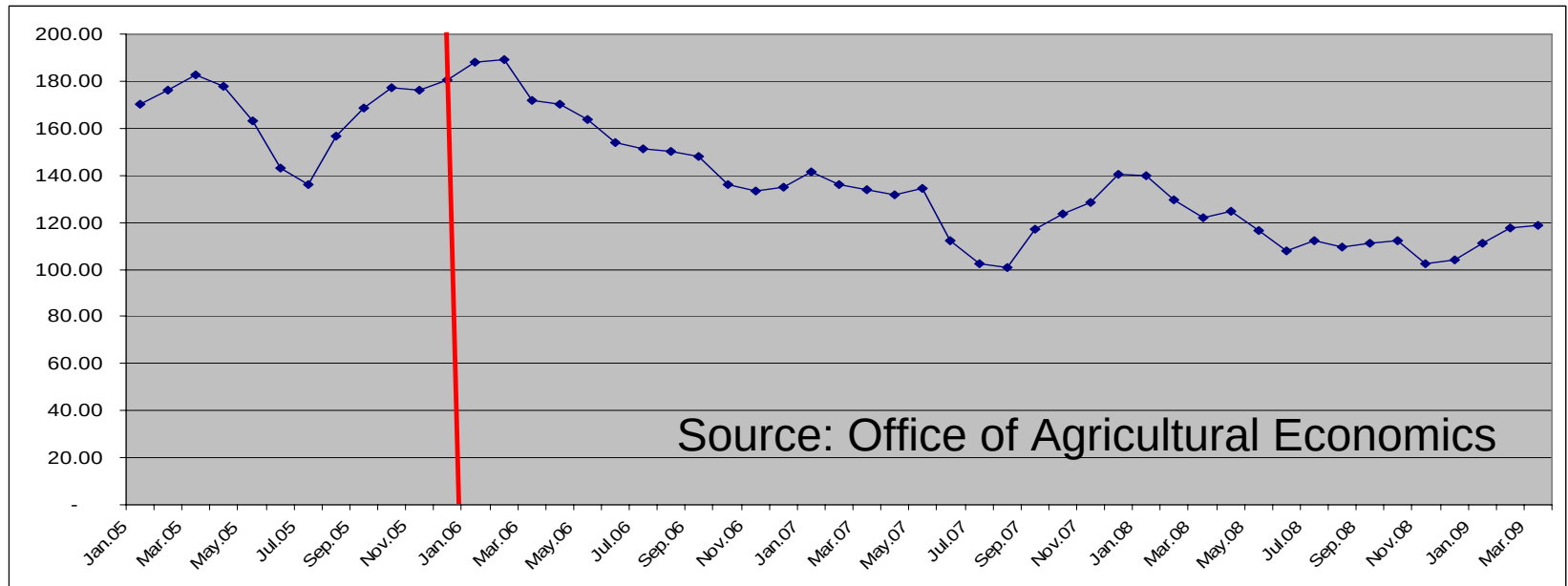
Farm Price Volatility: Egg (Baht/hundred,%)



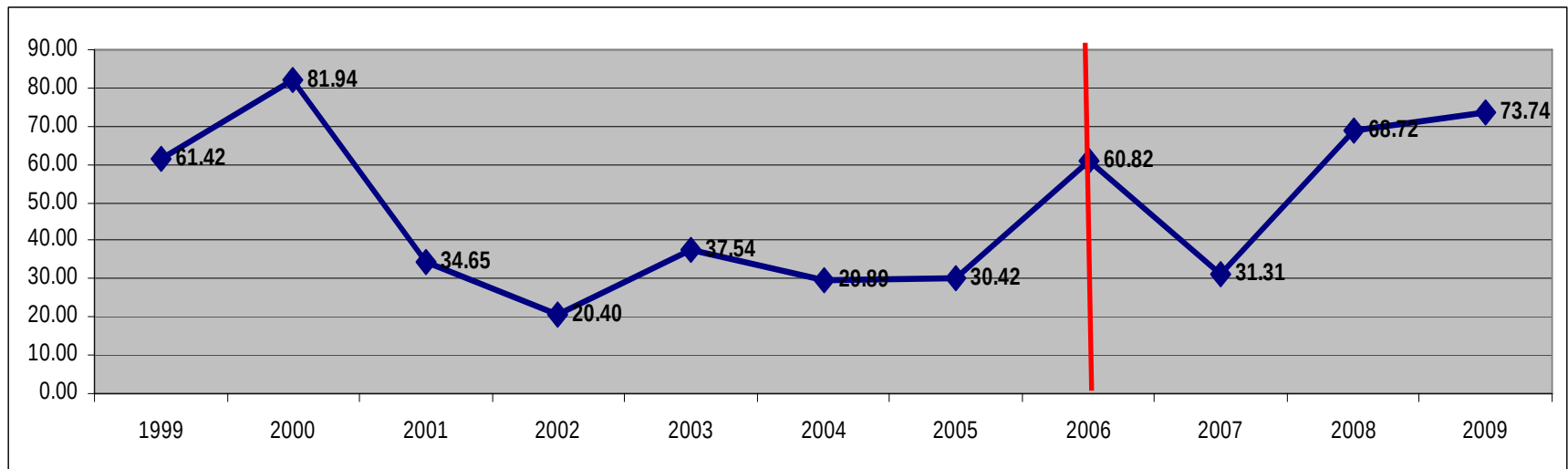
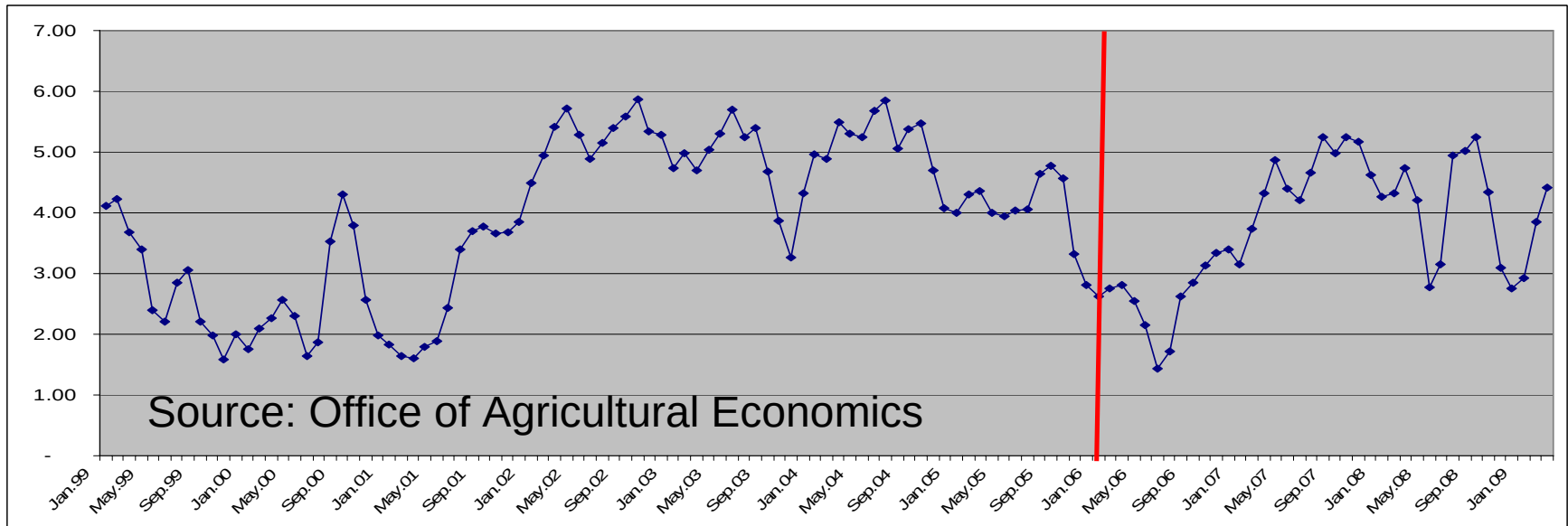
Farm Price Volatility: Black Tiger Shrimp (Baht/kg,%)



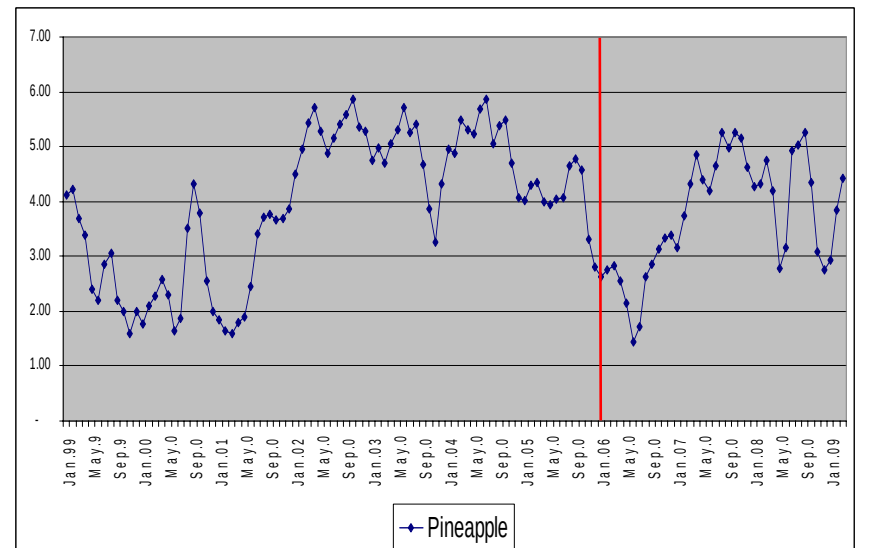
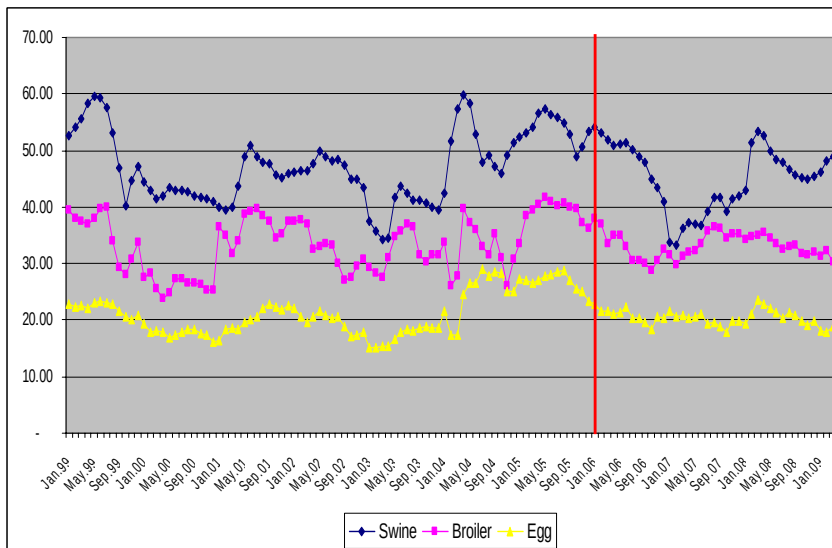
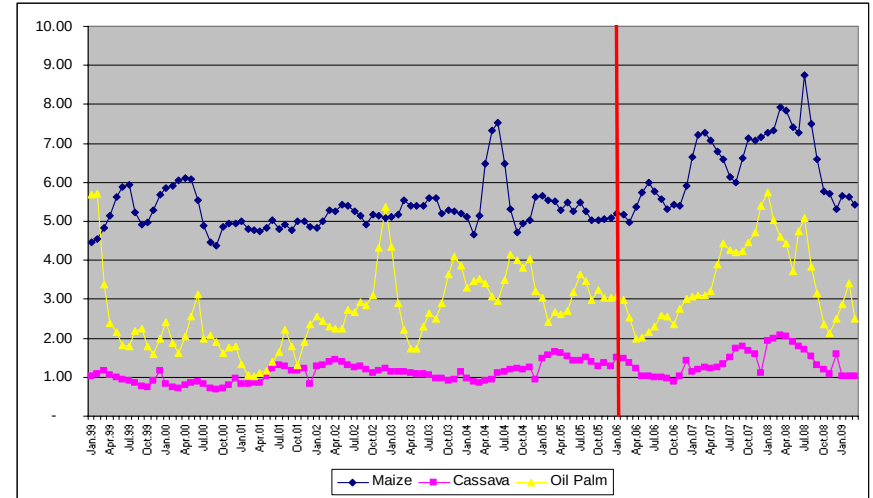
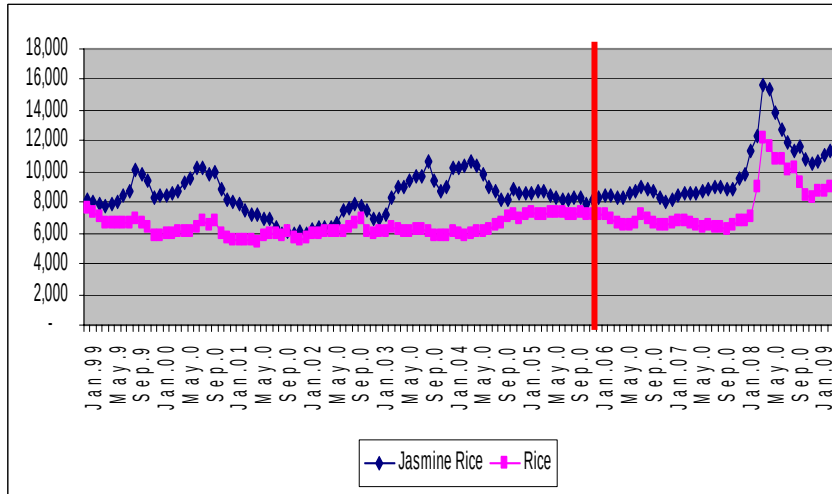
Farm Price Volatility: White Shrimp (Baht/kg,%)



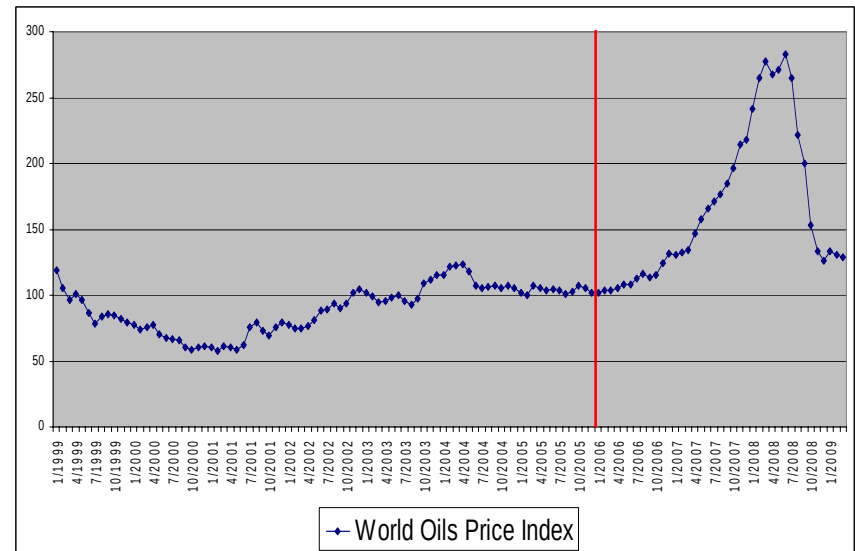
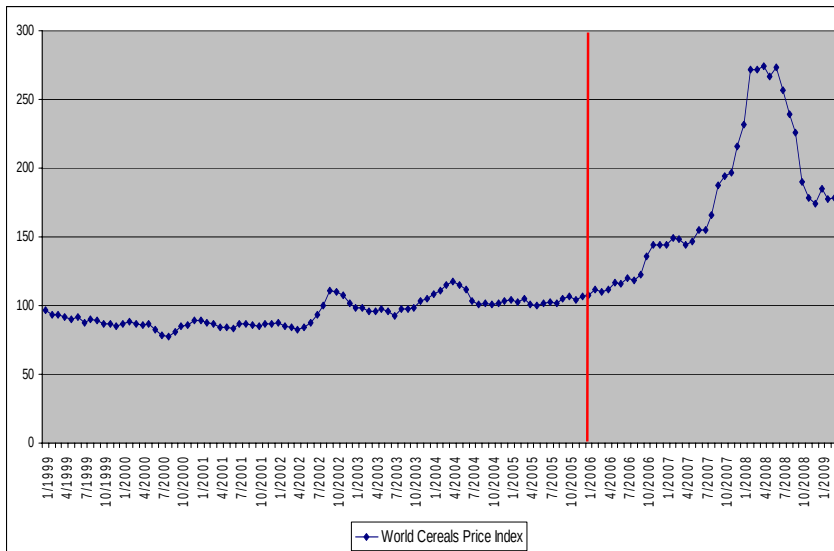
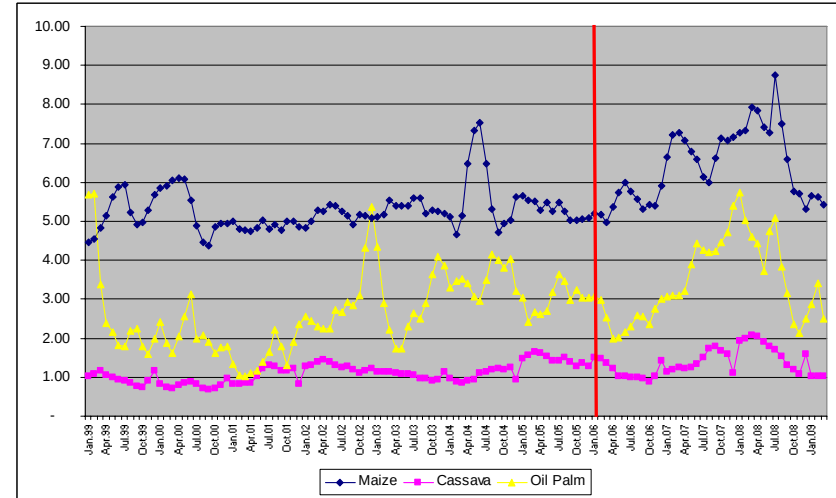
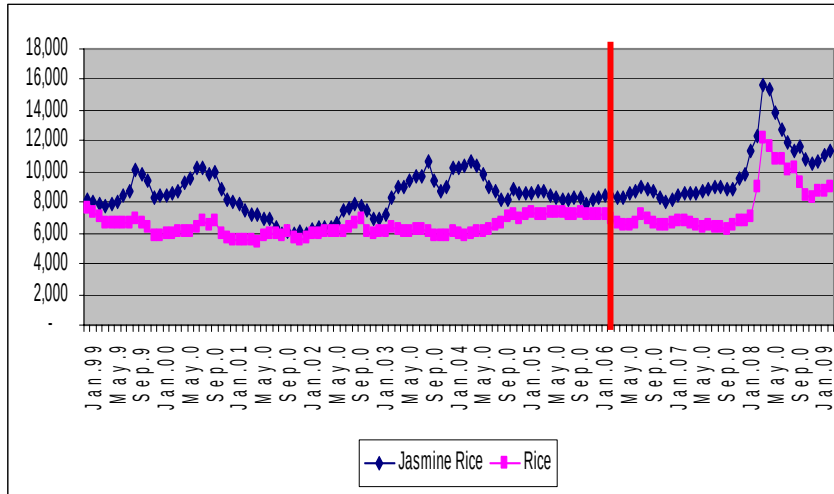
Farm Price Volatility: Pineapple (Baht/kg,%)



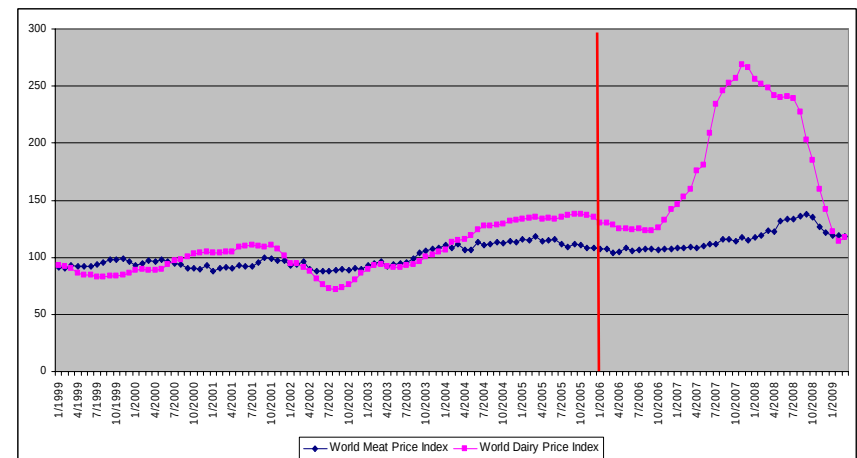
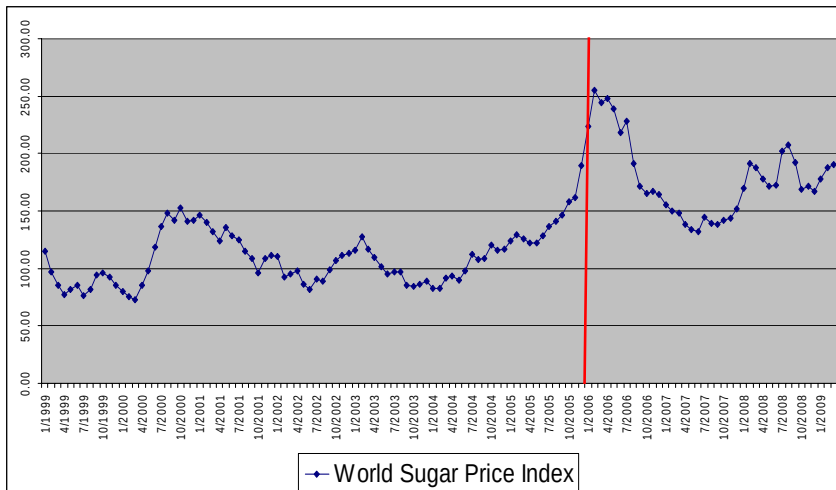
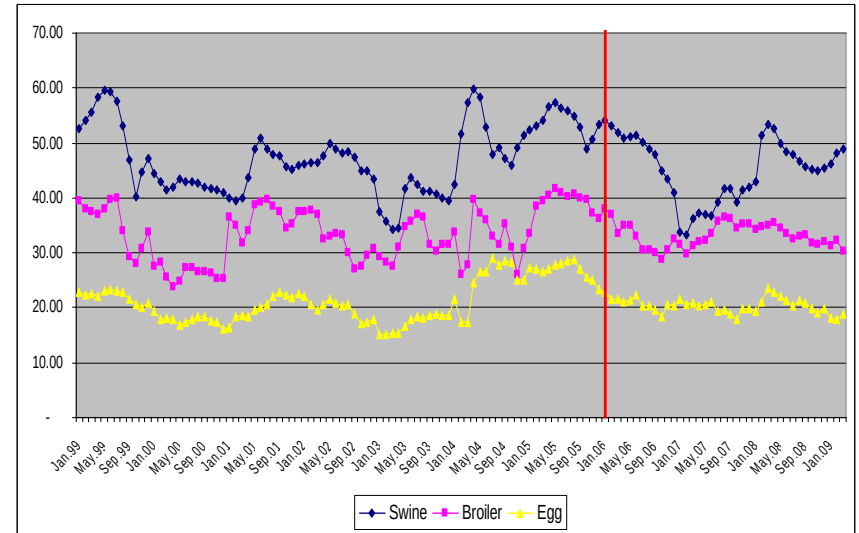
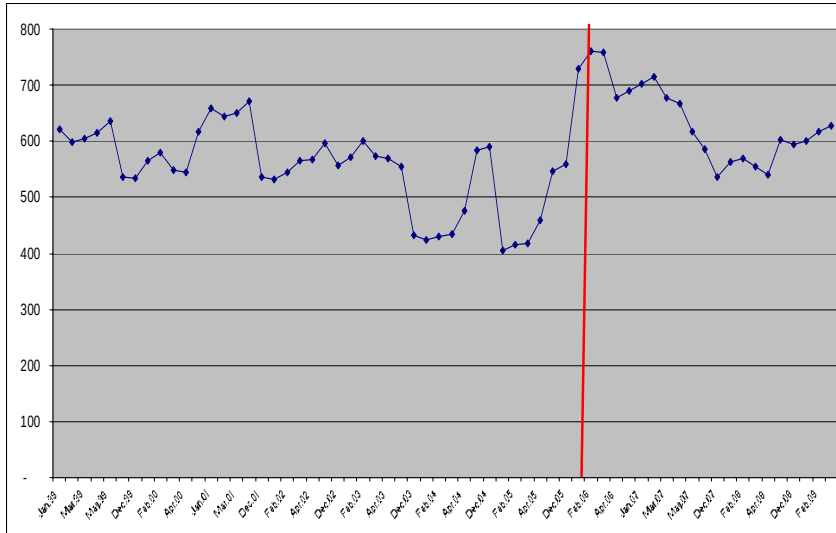
Did they move together or differently?



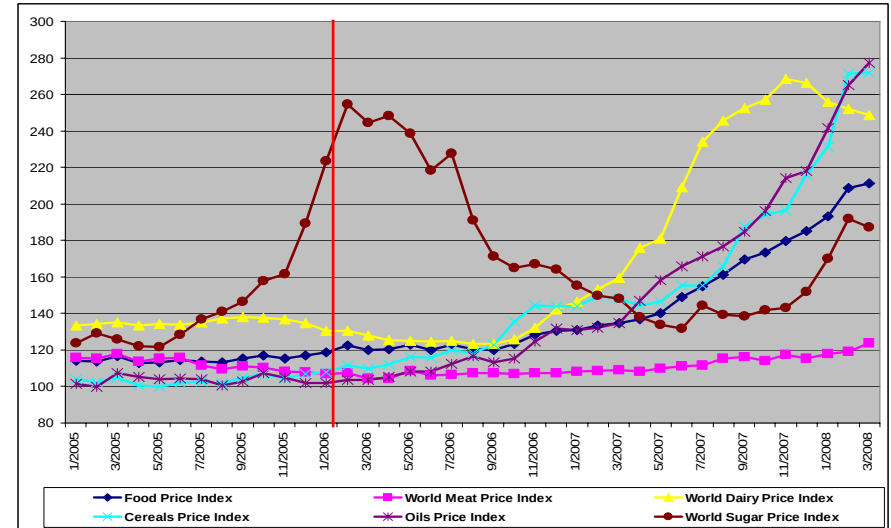
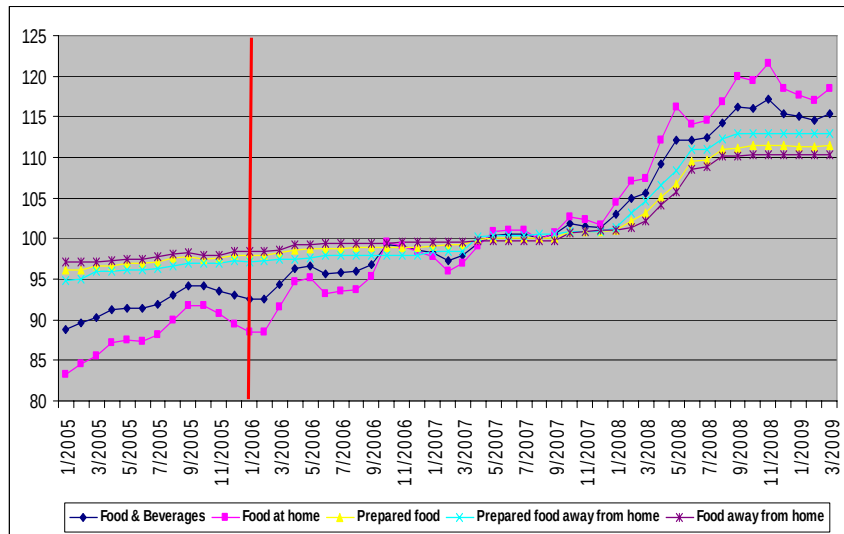
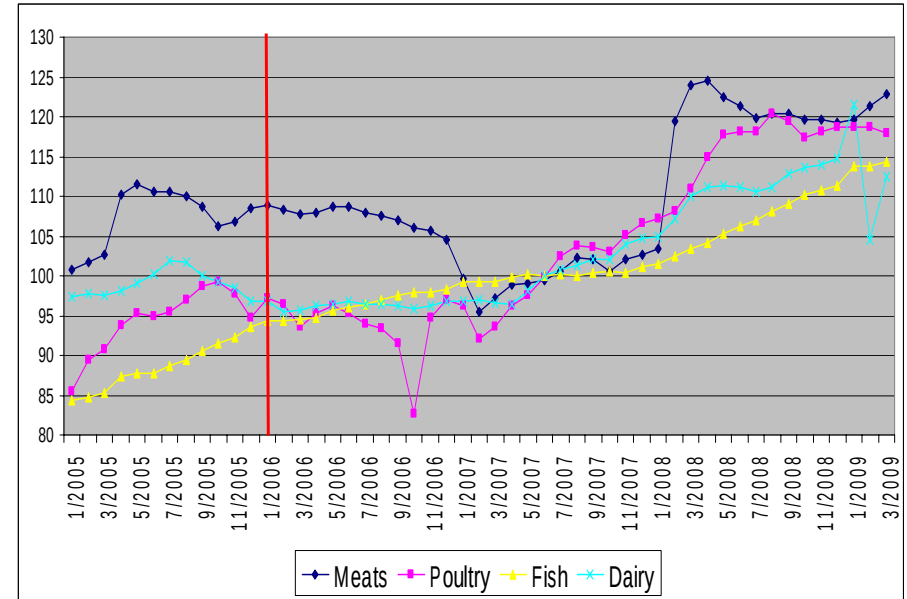
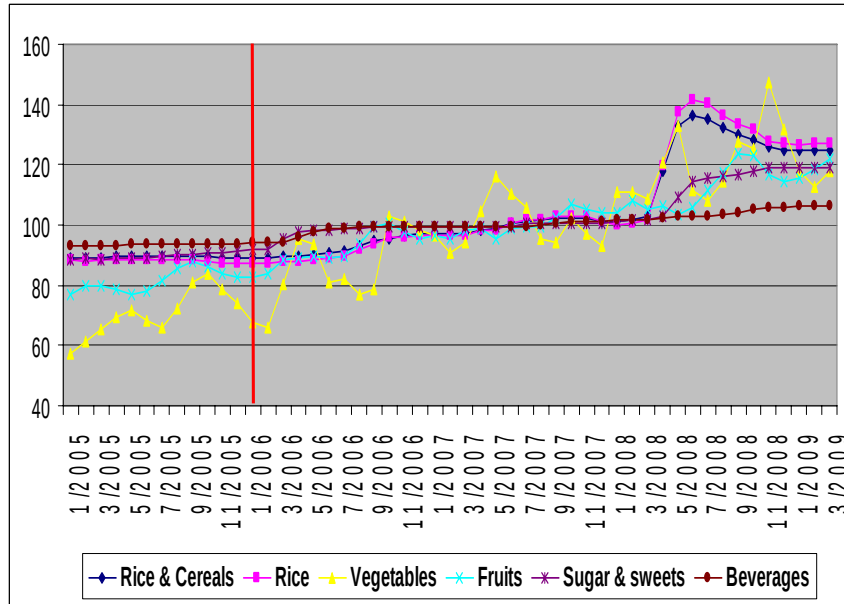
Did the pattern diverge from global food price pattern?



Did the pattern diverge from global food price pattern?(2)



Thai and World Food Retail Price Indices 2005 - 2009



Source: Ministry of Commerce

Source: Food and Agriculture Organization

CAUSES OF RECENT FOOD-COMMODITY PRICE VOLATILITY 2006-2008

- 2006
 - Farm price - slowly increased
 - Inefficiency in agricultural extension
 - Inefficiency in domestic marketing system
 - Subsidies on agricultural exports in DC
 - Reaction
 - Improvement in appropriate farm technology
 - Agricultural land reform
 - Better irrigation system
 - Trade negotiation

CAUSES OF RECENT FOOD-COMMODITY PRICE VOLATILITY 2006-2008 (2)

- 2007
 - Price run up
 - Drought and flood in producing countries
 - Climate change and negative impact on Thai agriculture
 - Lower stock – food security problem, export control in major producing countries
 - Higher demand for bio-fuel oil crops
 - Higher demand in world market
 - Land use competition and unsustainable land use

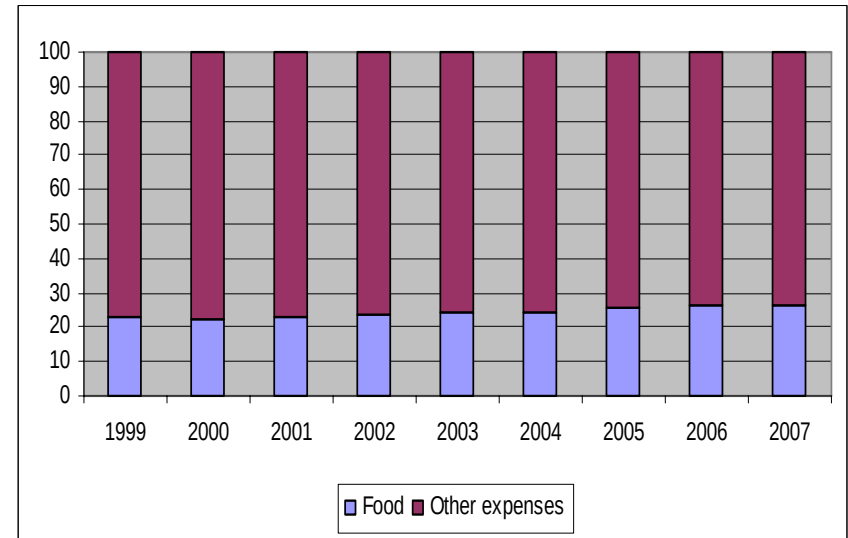
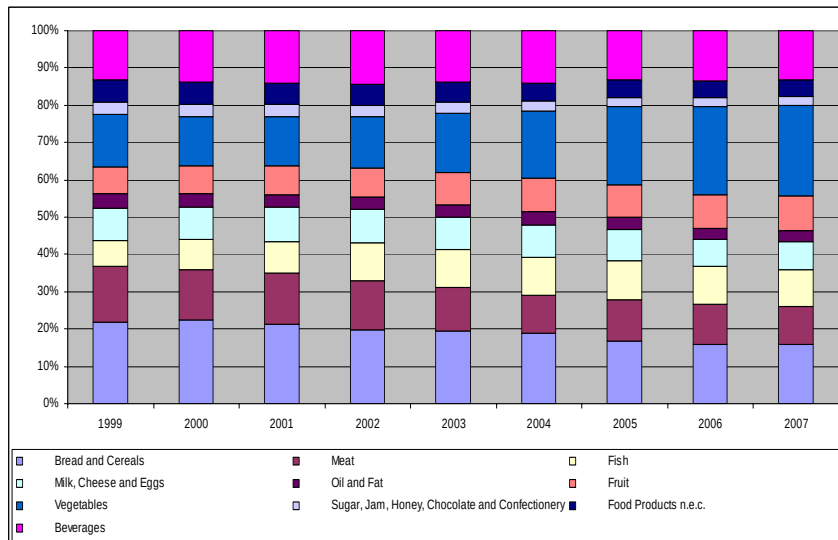
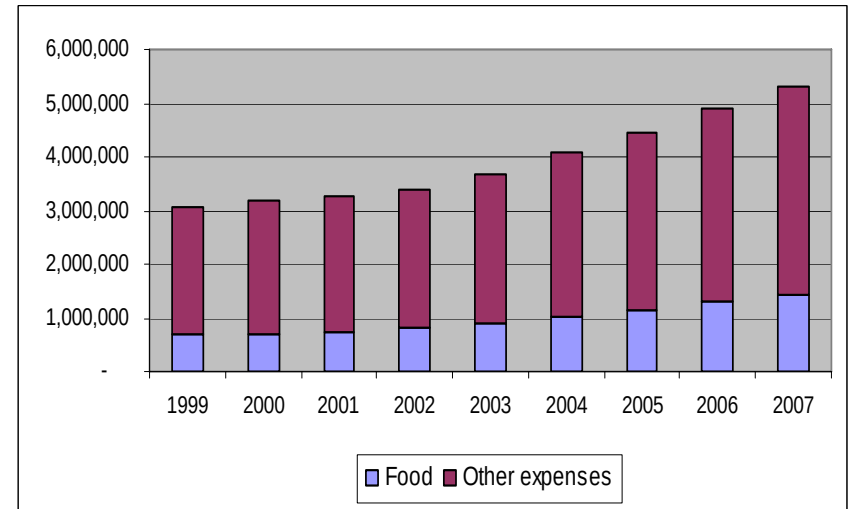
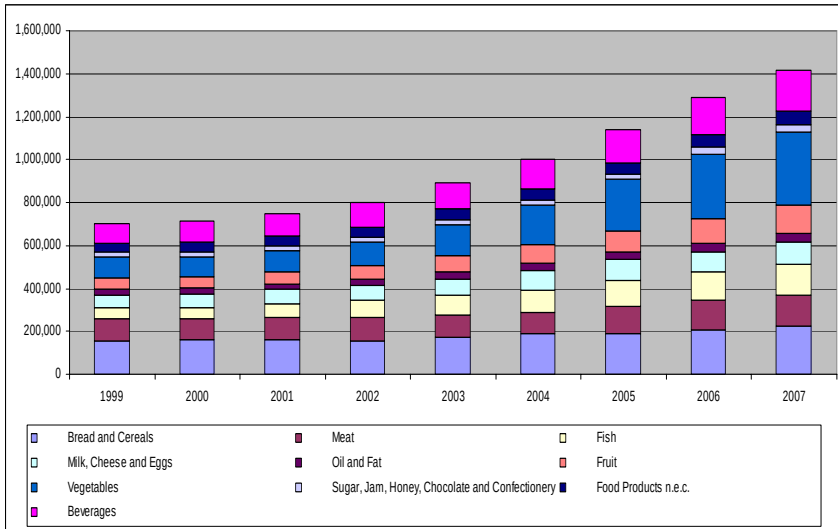
CAUSES OF RECENT FOOD-COMMODITY PRICE VOLATILITY 2006-2008 (3)

- 2007
 - Reaction
 - Reducing risk from natural disasters - collaboration among government agencies
 - Awareness on CC impact
 - Competing from oil crop for bio-fuel --- strengthening the right policy, w/o negative impact on carbon sequestration
 - Baht appreciation – Thai food commodities being less competitive in world market

CAUSES OF RECENT FOOD-COMMODITY PRICE VOLATILITY 2006-2008 (4)

- 2008
 - Slow down
 - Recovery in major producing countries
 - Global financial crisis
 - Contraction in Thai economy
 - Slow development in bio-fuel scheme

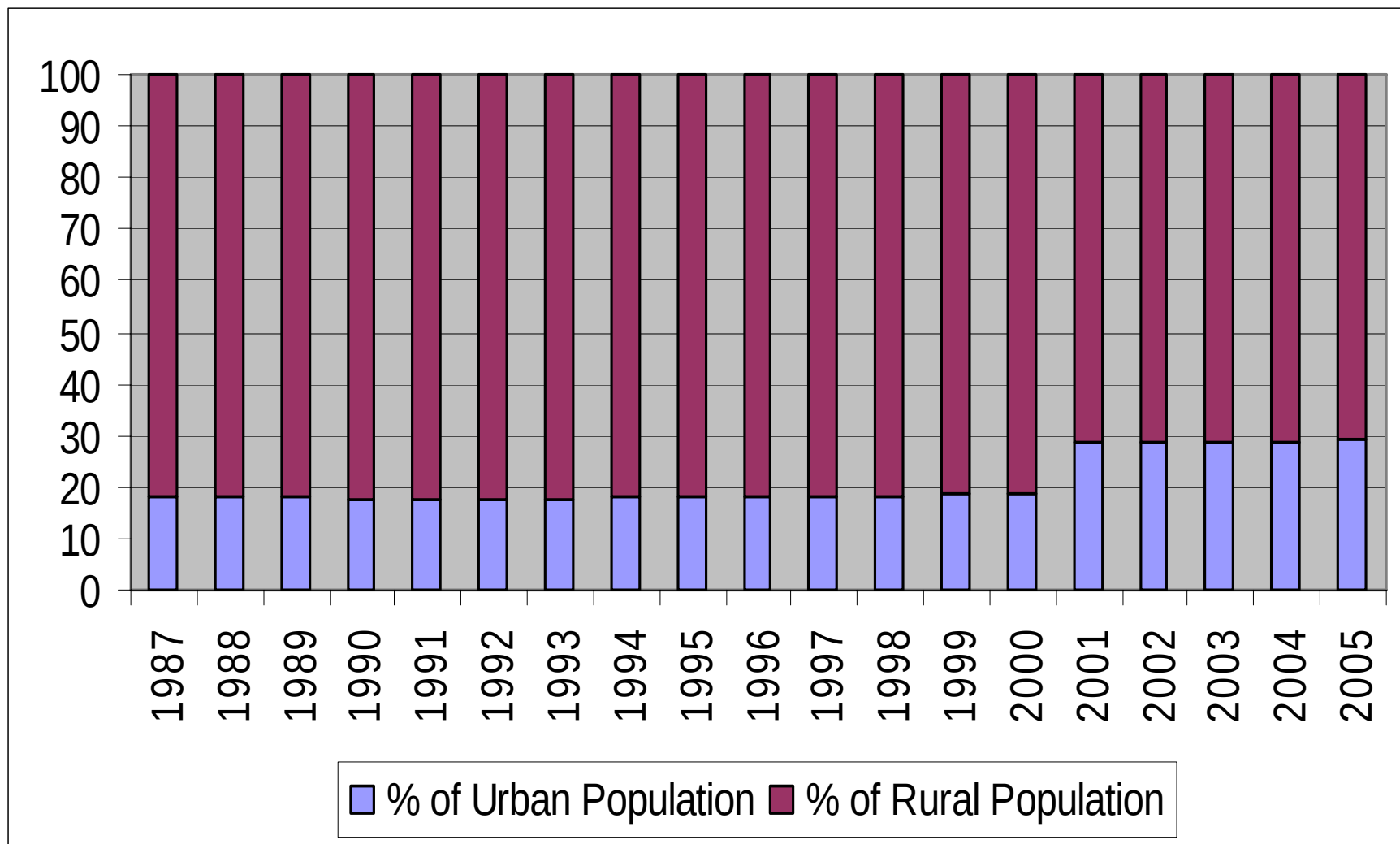
IMPACT OF COMMODITY PRICE VOLATILITY ON THE FOOD SYSTEM



IMPACT OF COMMODITY PRICE VOLATILITY ON THE FOOD SYSTEM (2)

- Slight increasing share of food expenses
- Less change in food consumption composition
- Rice stock availability
- Increase in animal feed price, thus costs of livestock
- Attempts on cost efficiency
- Royal concept on self-sufficiency

Shares of Urban and Rural Population 1987 - 2005



POLICY RESPONSES

- Government price intervention
 - (rice, maize, cassava, oil palm)
- Strengthening capacity of farmer's group
- Sustainable land use and agricultural extension
- Natural resource management
- R&D on climate changes and impact on agricultural sector
- Trade liberalization and diversification

RECOMMENDATIONS

- Improving farm technology for better productivity together
- Schemes on sustainable land use
- Reforming farm land holding
- Better bargaining power for the farmers
- Social safety nets - food access for the poorest – self sufficiency
- Collaboration on capital and technology exchange to increase food production for food reserves at the global level

THANK YOU