



The Competitiveness of Thai Sugar in Asian Markets

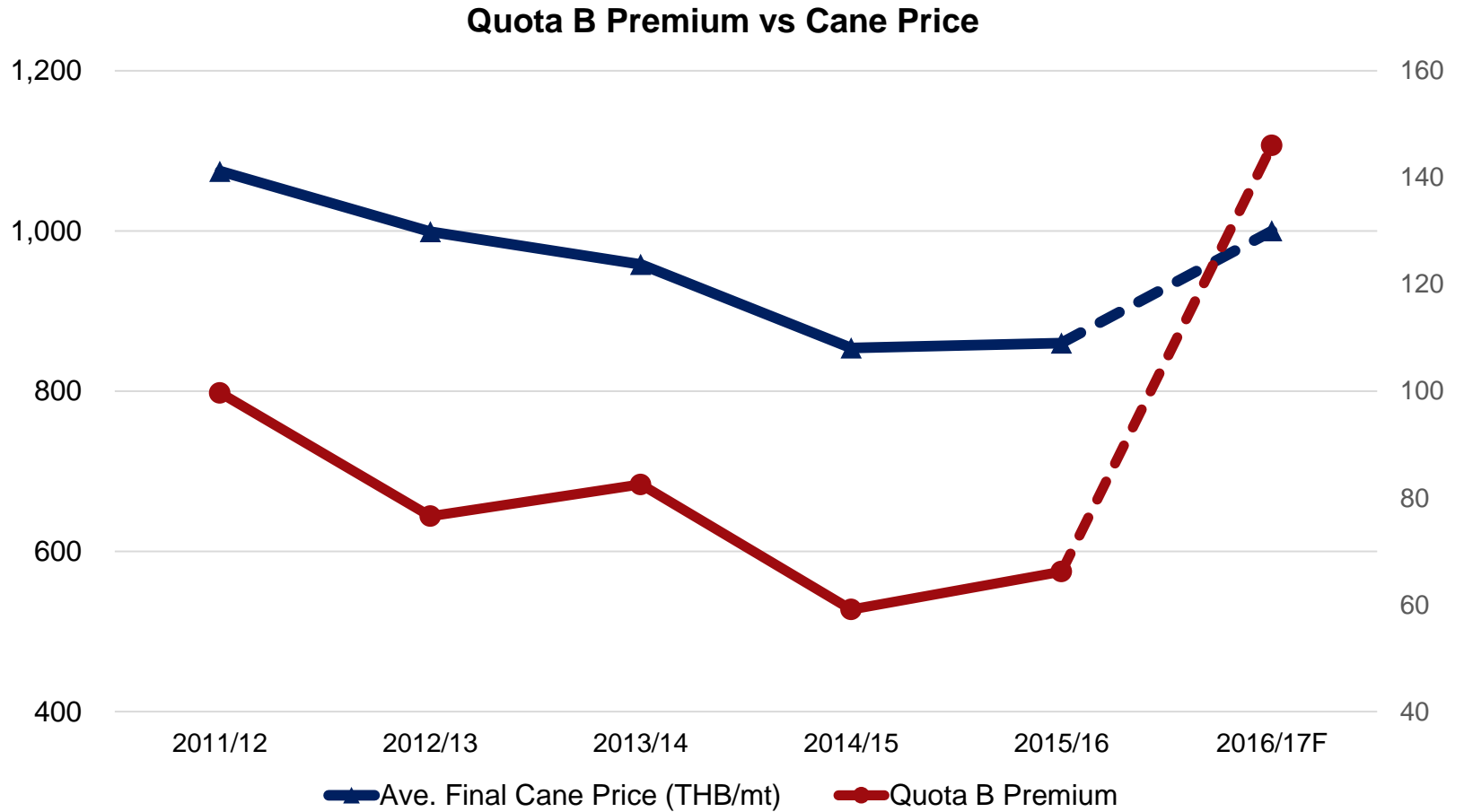
15 July 2016

By Eric Cheng

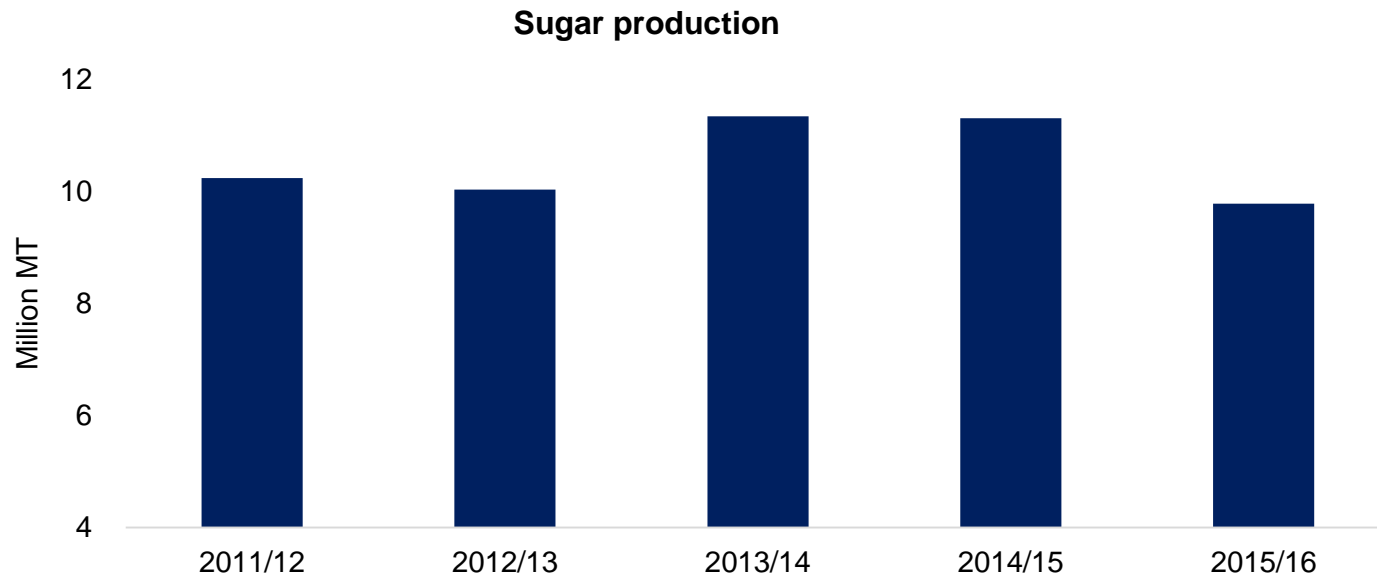
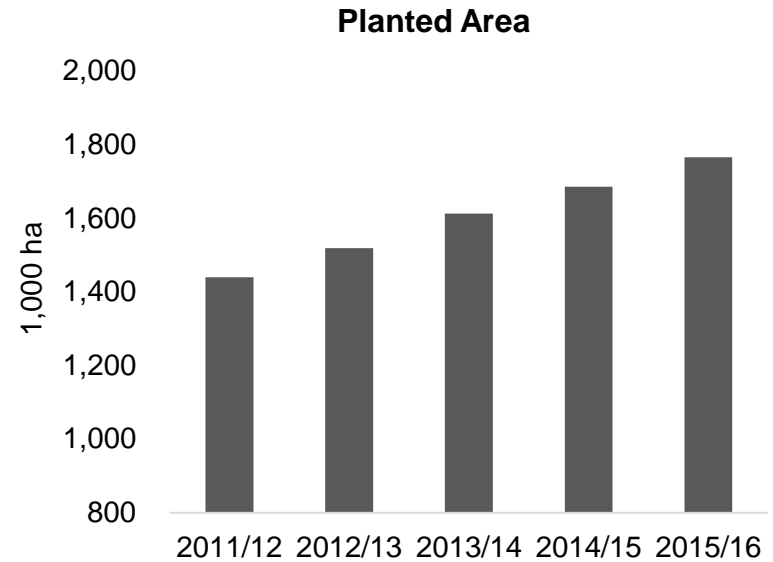
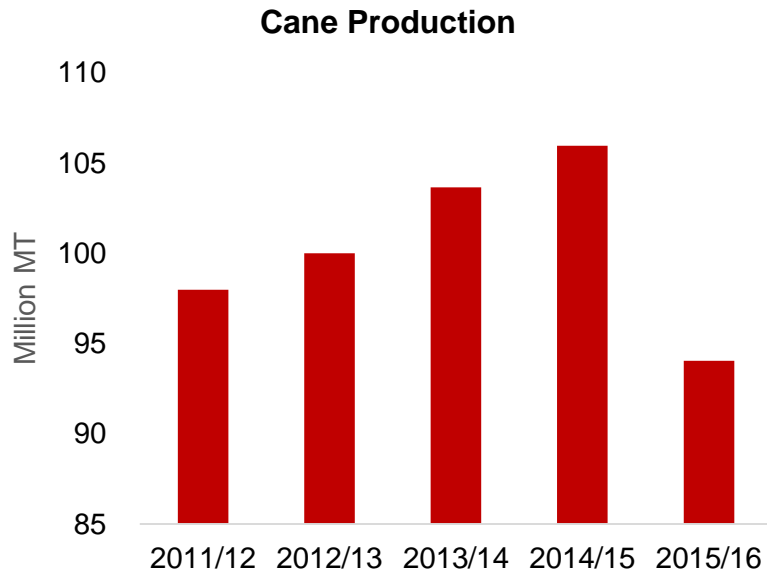
A Winner in the Sugar Casino



Congratulations...



Growth continues – still weather dependent



Raw sugar - Driven by an ASEAN tariff advantage...



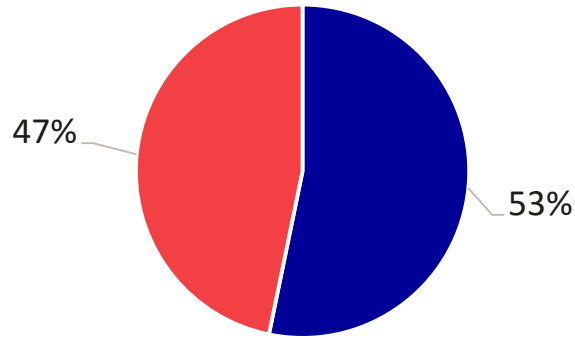
Biggest Customer = Indonesia

About 1.8mio in 2015; est. up to 2.5mio in 2016

Thai Raw Sugar share in its major buyers with favorable tariff/quality

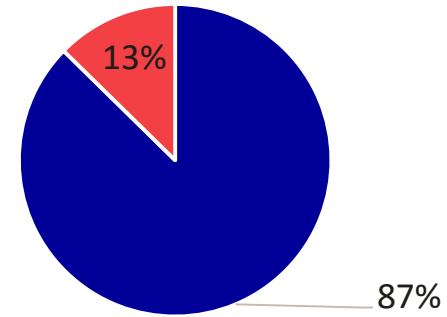
(2 year-average)

Indonesia



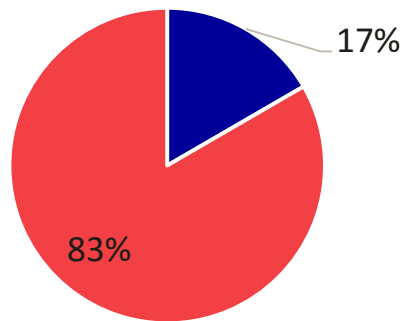
■ Thailand ■ Other origins

Vietnam



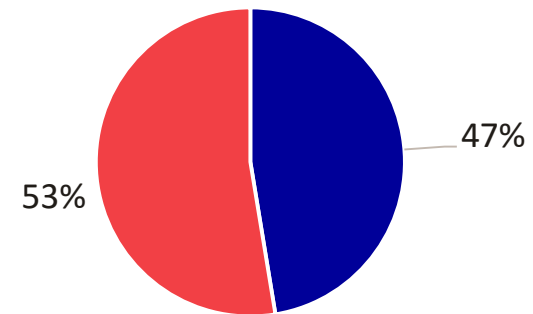
■ Thailand ■ Other origins

Korea



■ Thailand ■ Other origins

Japan



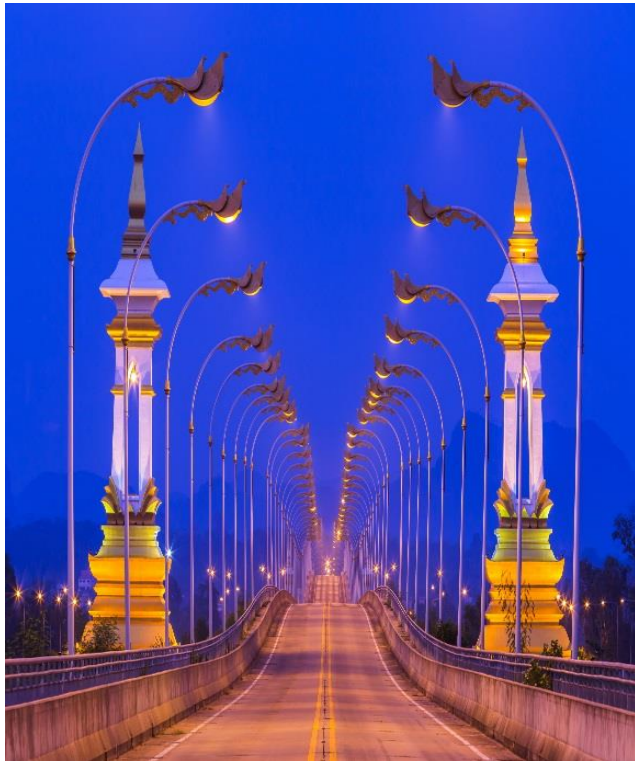
■ Thailand ■ Other origins

Thai Raw sugar duty advantages over others

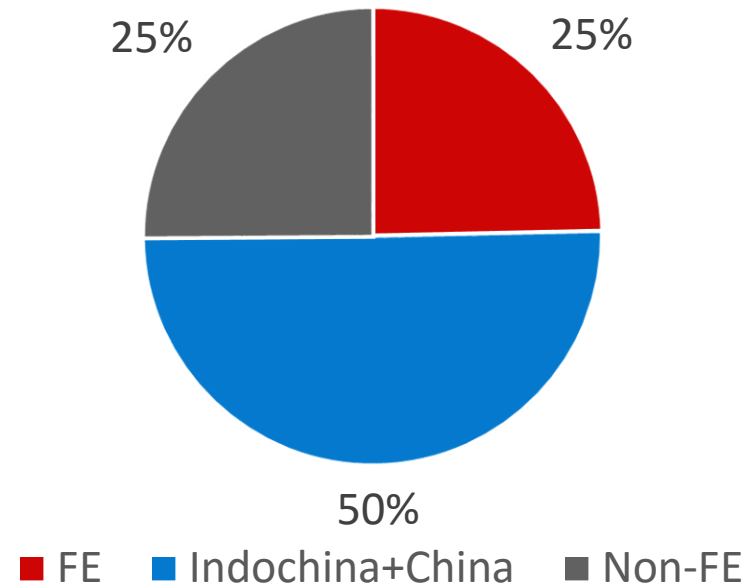
Raw Sugar	ASEAN	General	Advantages	
			In 20 cts	In 30 cts
Indonesia	5%	~US\$42/MT	~80pts	~25pts
Vietnam	5%	25%	~430pts	~640pts
Malaysia	0%	0%	~0pts	~0pts
Philippines	5%	50%	~980pts	~1450pts
	Thai/ Australia			
Korea	0%	3%	~60pts	~100pts

Main success is due to strong Indonesian demand and its duty advantage

.....together with cross border trades – White sugar



Export of Thai White Sugar (2015)



Sense of danger even in times of peace



A more competitive environment

Europe

Free export after October 2017



China

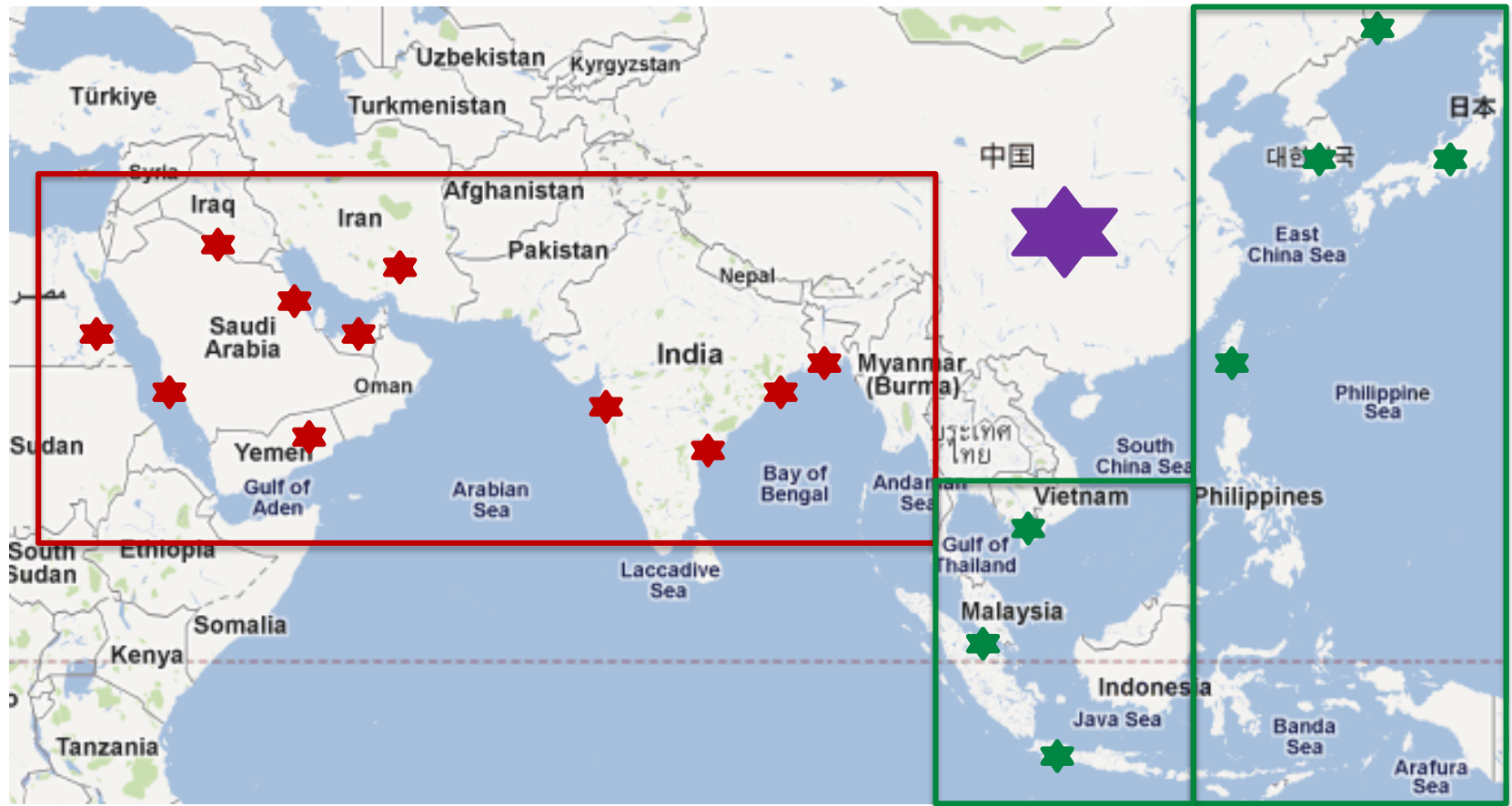
Cross-border trade quantity?

Australia

Timing of Tariff Agreement with
Indonesia for raw sugar

Started to supply HP to Japan

But there is potential demand for Thai Raw Sugar



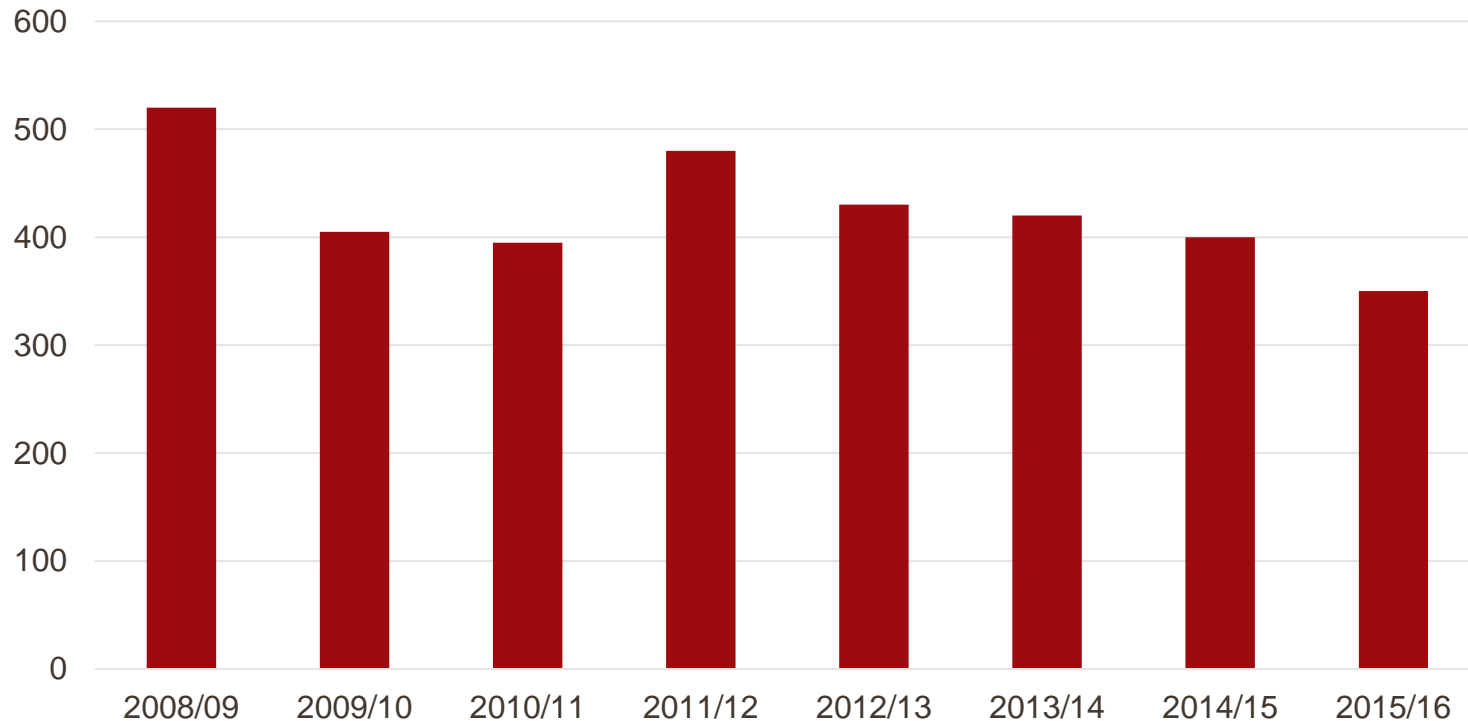
- ★ 8 million MT demand have not been touched. All need very good quality raw!
- ★ 12 million regional demand, Thailand captures only about 1/3!
- ★ Big potential market!

Things to watch for China Cross border flows

- **Chinese local price vs World price parity**
- **CNY devaluation**
- **Border tightness**
- **Government State Reserve release**
- **Possible Quota A price cheaper than Quota C price**
- **Transit tax from Re-export countries**

Europe will have a bigger role

Cost of White Sugar Production- Ex-work (US\$/T)



Depending on the flat price level, Europe can easily increase production
Beet is 1 year crop, supply will react quickly to price

“Swifter, Higher, Stronger”

Pierre de Coubertin



White Sugar – Customization

Good Quality Sugar with full year supply

Flexibility

Mode of transportation: break-bulk, containers and trucks

Quality: 35icu, 45icu, 100icu, bagged VHP

Packing, 50kg, 1MT, 25kg, PP and paper bags

Increase stuffing capacity & loading speed

Customization

Conditioned sugar, Traceability, Major Industrial users approval, Certification, Sustainability, Tailor-made products

Raw Sugar – Good quality is the key

- **Swifter**

Increase loading guarantee to match NY #11 contact to 4000MT/WWD

- **Higher**

Provide max 3,000icu sugar especially in the 2nd half of a year

- **Stronger**

Control short weight

Sugar Trading Rule #1
=
Thailand Always Win!

Thank you