



WEEKLY UPDATE ON ASEAN PLUS THREE RICE SITUATIONS

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Cambodia

Cambodia “fragrant” jasmine rice is gaining popularity abroad, but high internal transport and logistical costs have undermined its price competitiveness in global markets.

The farm gate price of jasmine rice in Cambodia is only USD 247 per tonne, compared to USD 253 per tonne in Vietnam and USD 379 per tonne in Thailand. By the time Cambodian rice is transported to ports for export, the price rises to USD 498 per tonne, compared with Vietnam's USD 398 and Thailand's USD 419. Therefore, Cambodia needs more investors to build needed infrastructure, including roads, ports, to reduce the logistical cost.

Source: Janssen, P. (2017, Mar 3). *Hun Sen campaigns for more foreign direct investment.* ASIA TIMES.

Laos

The Ministry of Agriculture and Forestry set 2017 dry season rice production less after the country missed last year's target. In 2016, the government encouraged farmers to cultivate 126,000 hectares of rice while the farmers could cultivate at 98,000 hectares. In 2017, the government set a target to grow rice 95,000 hectares; currently, farmers cultivated about 90,000 hectares. In this fiscal year, the target of rice production is 4.3 million tonnes. Agricultural authorities have urged farmers to use modern technology and good seed varieties. They have also stressed farmers to produce quality rice for domestic supply and export only after having surplus.

Source: Times Reporters. (2017, Mar 7). *Ministry reduces dry season rice target after farmers produce less.* Vientiane Times.

Philippines

The National Food Authority (NFA) said it did not extend the February 28, 2017 deadline for rice imports covered by the minimum access volume scheme. The local farmers harvested their summer crops and the arrival of rice imports could dampen the prices of their product.

Source: Gonzales, A. L. E. (2017, Mar 3). *MAV rice deadline not extended-NFA.* The standard.com.

The removal of imports caps by July would not doom the local rice sector, as the production of the staple in 36 provinces is now cheaper than imported rice. The average production cost of rice in those 36 provinces in Philippines will be P3 (USD 0.06) per kilogramme lower than the unit cost of imported rice. Philippines will slap a 35-percent tariff on imported rice on July 1, when quantitative restriction (QR) is expired. Of the 36 provinces, 14 provinces had average yield of 3.5

metric tonnes per hectare or below. This shows these provinces have high potential to increase the yield. Apart from the 36 provinces, there are eight provinces that produce average yield at 4 metric tonnes per hectare. These provinces are Davao del Sur, Ilocos Norte, Bulacan, La Union, Ilocos Sur, Southern Leyte, Zambales and Occidental Mindoro. If the government is able to bring down the cost of production in those eight provinces, these areas can be very competitive.

*USD 1 = P 50.44

Source: Ordinario, C. (2017, Mar 2). Neda: PHL rice now cheaper than imports. BusinessMirror.

Thailand

In January 2017, Thai rice exports was at 823,401 tonnes worth 12.3 billion baht (USD 346 million, down 19.7 percent by volume and 20.7 percent by value year-on-year due to long holiday during the months. Thai Rice Exporters Association expected to ship 800,000 tonnes in February white rice was shipped to Asia's markets, especially Japan and Philippines, while white rice and parboiled rice was sent to African markets, and Hom Mali was shipped to US and Hong Kong.

*USD 1 = 35.35 Baht

Source: Arunmas, P. (2017, Mar 3). Rice exports down 21% in January. Bangkok post.

Thai government is likely to sell just 1 million tonnes of rice in the first general auction of state rice stocks in 2017 after the bidding prices were too low. After the Foreign Trade Department announced the first auction of state rice stocks, there were up to 48 qualified bidders offering 18.6 billion baht (USD 526 million) for 2.03 million tonnes of rice. The authorities soon planned to set another auction for one million tonnes of grain that unfit for human consumption.

Source: Arunmas, P. (2017, March 1). Roll back for rice auction. Bangkok Post.

Viet Nam

In the first two months of 2017, rice exports plummeted in both volume and value. Shipment dropped by 17.2 percent in volume to 799,000 tonnes and by 40.6 percent in value to USD 248 million compared with the same period last year. In February, rice prices rose by VND 100 – 400 (USD 0.02) per kilogramme depending on the variety of rice to VND 5,400 – 6,500 (USD 0.24 – 0.28) in Mekong Delta provinces because enterprises bought rice for shipping to the Philippines under the signed contracts. However, the prices are forecast to drop from March as high supply after harvesting the winter-spring crop since the end of February.

*USD 1 = VND 22,810.22

Source: VIETNAMNET. (2017, Mar 4). Agro exports up 1.4% this year.

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