



WEEKLY UPDATE ON ASEAN PLUS THREE RICE SITUATIONS

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Cambodia

Cambodian Prime Minister Hun Sen announced that China has agreed to increase its import quota for Cambodian rice. China would increase importation of Cambodian rice from the previously agreed limit of 200,000 tonnes annually to 300,000 tonnes in 2018. This information was revealed after Prime Minister Hun Sen attended the Belt and Road initiative summit in Beijing, China.

Source: Rice Outlook. (May 19, 2017). *Cambodian PM succeeds in convincing China to raise rice quota.*

Philippines

The Philippines is keeping the quantitative restriction on rice purchases in place for three more years. The maximum volume of rice that private traders can ship in annually will remain at 805,200 tonnes until 2020, with the tariff also kept at 35%, the order signed by President Rodrigo R. Duterte on April 27, 2017.

The Philippines is supposed to lift the import restriction by July 1 this year under an agreement with the World Trade Organization (WTO).

Agriculture Secretary believes the Philippines could be self-sufficient in rice production by 2020. They had been pushing for a two-year extension of the restriction since the Philippines' local farmers are not ready to compete with cheap imports.

Source: Business World ONLINE. (May 23, 2017). *Rice import restriction extended.*

The Philippines's National Food Authority (NFA) Council has approved the importation of 805,000 tonnes of Minimum Access Volume (MAV) rice in 2017.

The council has also directed the NFA Management to amend the MAV guidelines to require participating traders to import 25 percent broken rice from the 25 to 35 percent quota. MAV refers to the volume of commodities that is allowed to be imported by a member country of the World Trade Organization (WTO).

Source: Xuxin. (May 23, 2017). *Philippines agency orders private sector to import cheap rice.* XINHUANET.

Thailand

Thai government hopes to dispose of 4.32 million metric tonnes (MMT) of state rice stocks by September in 2017.

If the state succeeds in selling the entire 1.82 MMT, the state rice stocks will drop sharply to only 2.5 MMT. Two MMT will be served as the animal feed and 500,000 tonnes for energy production. The Foreign Trade Department plans to call the auction of the 2 MMT for animal feed in June, and for the 500,000 tonnes for energy production in July.

Source: Bangkok Post, (May 25, 2017). *Rice stock disposal eyed.*

World rice prices are expected to rise by USD 20 (682 baht) a tonne over the next three months, driven by a sharp surge in global rice demand. Global rice supply is now quite tight, while Thailand's previously state rice stocks have eased, releasing pressure on global rice prices. Purchase interest is also expected to increase on a continuous basis from China, Africa and Philippines.

Thai government now controls 4.32 MMT of state rice stocks and aims to dispose of it all by September this year. The sale of 2.5 MMT of mostly low-quality and decaying rice fit only for industrial use will no longer dampen the price of newly harvested rice. On May 15, the government called the second auction for 1.82 MMT of its remaining rice stock fit for human consumption. If the state succeeds in selling all 1.82 MMT, the state rice stocks will drop sharply to only 2.5 MMT.

Key risks for the global rice trade this year will shoot largely from droughts and flooding in Asia, as indicated by a surge in rice imports by Sri Lanka.

The free-on-board (FOB) Thai rice export price was quoted at USD 425 a tonne, up from USD 365 a tonne a couple of weeks back.

*USD 1 = 34.15 Baht

Source: Arunmas, P. (May 30, 2017). *Demand surge to lift rice price.* Bangkok Post.

Viet Nam

Viet Nam Association (VFA) said Viet Nam earned FOB export value of more than USD 701 million from shipping 1.6 MMT of rice to foreign countries in the first four month of the year. This figure showed 14.2 percent drop in volume and 10.6 percent in value from the same period last year. However, Viet Nam exports

recovered after in a big slump in the first quarter. There are raising demand on Viet Nam's rice from various countries such as Philippines which plans to import 250,000 tonnes of rice, some demand from Malaysia, and Bangladesh which plans to buy 600,000 tonnes to offset crop damage caused by severe rains.

The fall of rice inventories in Thailand also will help the Vietnamese and global rice trade recover. In addition, Viet Nam's rice have more competitive than others exporters. Each tonne of Vietnamese rice sells for USD 350-360 while Thai, Indian and Pakistani rice is sold more than USD 390 a tonne.

Source: VIETNAMNET. (May 24, 2017). *Upbeat signs for Vietnamese rice exporters.*

Viet Nam will sell 1 million tonnes of rice to Bangladesh annually between 2017-2022. Bangladesh has been facing rice shortage due to natural calamities and crop failures. They want to buy rice around 250,000-300,000 tonnes of Viet Nam's five percent white rice immediately and plans to increase rice imports from Viet Nam to 500,000 tonnes by end-2017.

Source: Nguyen, M. (May 24, 2017). *Vietnam to sell Bangladesh 1 Million tons of Rice Annually.* Reuters.

Gathered by the APTERR Secretariat
Tel: +66 (0) 2579 4816-17 Fax: +66 (0) 2579 4840
Email: nisachol.see@apterr.org
Website: <http://www.apterr.org/>

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