



WEEKLY UPDATE ON ASEAN PLUS THREE RICE SITUATIONS

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Philippines

The Philippines's rice production in marketing year (MY) 2016-2017 would reach 18.524 million metric tonnes (MMT) according to the latest Global Agricultural Information Network (Gain) report.

The Gain report estimated that the rice area harvested in MY 2016-2017 expanded by 4.02 percent to 4.705 million hectares, from 4.523 million hectares recorded in MY 2015-2016.

The Philippines Foreign Agricultural Service (FAS) in Manila also revised its milled-rice output forecast from 11.5 MMT to 11.67 MMT. In its April round of rice-production forecast, the Philippines Statistics Authority (PSA) projected that output in the second quarter to reach 4.128 MMT, 11.38 percent higher than the 3.714 MMT recorded output in the same period last year.

The PSA added that harvest area in the April-to-June period would expand by 11.86 percent to 948,610 hectares, from 848,030 hectares last year. The PSA noted

that the average yield in the second quarter would contract to 4.35 tonnes per hectare.

Source: Y. Arcalas, J. (June 22, 2017). *Palay production in MY 2016-2017 increasing 6% to 18.52 MMT.*

Thailand

With state rice stockpiles nearly sold off and major rice-producing countries suffering bad weather, Thai rice exports are likely to hit a record high this year. Thailand's 2017 rice exports are tipped to reach 11 MMT because of rising demand in rice-importing countries at a time that production in rice-grower countries is falling.

Falling government rice stocks also helped to cut pressure on global prices. The prices were expected to rise further over the next few months as there was fresh demand from traditional importing countries that have approached Thailand at a time of limited supply. But Thai rice supply is limited because of the 2016 drought and the government's policy to encourage farmers to switch to other crops such as sugar. This has substantially cut supply from the off-season rice crop.

Rice production from the off-season crop dropped by more than 40 percent from 9-10 MMT on average over the past few years to just 5 MMT this year. For this reason, it has pushed the price of Thai 5 percent broken grade white rice to USD 462 (15,684 baht) a tonne, up from last month's USD 416 (14,114 baht) a tonne.

*USD 1 = 33.93 baht

Source: Arunmas, P. (June 20, 2017). *Upturn in fortunes forecast for Thai rice.* Bangkok Post.

Thailand has exported 5.5 MMT of rice during the first five months and is expected to reach its export target of 11 MMT by the end of the year.

Thailand continues to be a major rice seller in the global market, with around 5.5 MMT of rice already exported during the first five months of 2017. If the trend continues, the amount of rice exported this year will reach up to 11 MMT, breaking the previous record of 10.8 MMT tonnes in 2014. Factors, including overseas demand and declining global rice supplies, have led to an increase in rice export volumes from Thailand.

Source: Suvansombut, N., Rujopakarn, B. (June 20, 2017). *Global demand for Thai rice remains high*. National News Bureau of Thailand.

Japan

Tokyo is working to persuade Beijing to accept more Japanese rice in hopes of giving domestic farmers greater access to the high-quality market.

The Japanese government has been phasing out a policy that pays farmers to scale back rice planting, with the subsidy to end entirely in 2018. With domestic consumption dropping around 80,000 tonnes each year, oversupply and falling prices could send farmers' incomes plunging.

Source: Tsukasa, H. (June 23, 2017). *Japan eyes bigger bite on China's rice market*. NIKKEI ASEAN REVIEW.

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