



WEEKLY UPDATE ON ASEAN PLUS THREE RICE SITUATIONS

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Philippines

The rice liberalisation would boost the Philippine gross domestic product (GDP).

The Philippines has been stuck with the inflation problem for over ten years. As a result, the situation leads farmers into trouble. To solve this problem, the government decided to change the import regulation. As of February 2018, the Rice Liberalisation Act (RA 11203) was signed into law to replace the quantitative restrictions on rice by collecting rice import tariffs to encourage importing flow of the private sector. Under the act, the Bureau of Customs has so far collected 5.9 billion pesos (114 million USD) on rice import tariffs from about 1.43 million tonnes of rice, according to the Department of Finance. The tariff rates differently applied to the following cases; 35-percent tariff for imported rice from ASEAN country, 40-percent tariff for the amount from the non-ASEAN country under the minimum access volume (MAV) of 350,000 tonnes; and 180-percent tariff for the amount above the MAV from the non-ASEAN country. Accordingly, the government expected to gain an additional 0.44 percent of the country's GDP. Besides, the government earmarked about 10 billion pesos (194 million USD) for establishing the Rice Competitiveness Enhancement Fund (RCEF) to support local farmers to be more productive and efficient

by providing loans, agricultural equipment, facilities development, and research and development for sustainability in the future. Consequently, the Philippines economy tends to be better with rising GDP growth rate, decreasing inflation problem, and increasing farmers' standard of living, according to the National Economic and Development Authority (NEDA).

*1USD = 51.23 Philippines peso

Source: Gmarnetwork. (2019, Jul 4). *BIR collected nearly P6B from rice import tariffs.*; Inquirer Business. (2019, Jul 5). *Rice tariffication raises P5.9B for state coffers.*; The Manila Times. (2019, Jul 5).; *Rice liberalization to help GDP rise.*; and ABS-CBN News (2019,Jul 5). *Inflation resumes downward as rice price fall.*

Thailand

Thailand aims to become the organic rice hub among the ASEAN.

Due to concerning on heathy conditions among consumers, the global consumption trend for organic food is increasing in present days. Thailand, one of the world's leader in rice production and exports, has rapidly expanded its organic rice farming. The country aims to become the organic rice production hub of ASEAN with efficient production as well as product traceability, from grain selection to packaging. Relating to this, the Ministry of Agriculture and Cooperatives (MOAC) in cooperation with the Ministry of Commerce (MOC) will help encourage farmers and traders to produce quality organic rice of which meets the international standard requirements.

Source: Bangkok post. (2019, July 5). *Thai Organic Rice for Your Health and Peace of Mind.*

China

China allowed rice imports from the United States (US) for the first time.

A private Chinese importer lately bought US rice for the first time ever in the midst of a trade war between the two nations. The Chinese importer purchased two containers, about 40 tonnes, of medium-grain rice from

California-based Sun Valley Rice. In actually, Chinese officials agreed to allow imports of US rice in 2017 following years of negotiations. However, a nearly year-long trade dispute between the two nations threatened the first sale. Hence, Sun Valley Rice hopes the deal lays the groundwork for more sales of US rice to China in the future.

Source: Reuters. (2019, Jul 4). *In midst of trade war, US just sold rice to China for first time ever.*

Japan

Farmers and distributors look for the overseas market to export rice.

Due to shrinking populations and diversified dietary habits, domestic consumption is falling at an annual pace of 100,000 tonnes. Regarding this, Japanese rice farmers and distributors are increasingly looking overseas to sell their products. Kyoto-Yuki Co., a rice-producing company in Yosano, Kyoto prefecture, started rice exports to China in 2018 and the earnings are more profitable than domestic sales. Likewise, Wakka Japan Co., based in Sapporo, runs the store as part of its business of selling Japanese rice overseas. Japan's rice exports expanded by more than seven times over the last eight years to about 13,800 tonnes in 2018. If sake and other processed rice products were inclusive, the figures topped at 30,000 tonnes. However, the number is far short of the government's target of 100,000 tonnes as many challenges, including high prices and import regulations overseas, are needed to be addressed. For instance, rice price in the supermarket in China is quoted at 400 yen (3.7 USD) per kilogram, while 1,500 yen (13.9 USD) per kilogram for Japanese rice. Accordingly, some Japanese farmers have started to produce low-cost rice by using robots as well as introducing rice varieties with higher harvest volume.

* 1 USD = 108.06 Japanese yen

Source : JIIPress. (2019, Jul 7). *Japanese rice farmers, distributors looking overseas.*; and Japan news.(2019, Jul 7). *Japanese rice farmers, distributors looking overseas.*

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