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Report Name: Grain and Feed Update

Country: Cambodia

Post: Phnom Penh

Report Category: Grain and Feed

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Report Highlights:

Post maintains its estimates for marketing year 2020/2021 (MY20/21) paddy area and production at 3,265 thousand hectares (THA) and 9.48 million metric tons (MMT). Despite reported droughts and floods in some parts of the country, industry sources expect higher production of the MY21/22 main wet season crop. Post maintains its MY21/22 forecasts of paddy production at 3,310THA and 9.61MMT, higher than the previous year. Weaker exports to the European Union and other major markets were offset by gains in China and Vietnam in the first eight months of MY20/21. Post raised its MY20/21 export estimate to 1.60MMT, which is higher than the USDA official number. Post revised its MY21/22 export forecast to 1.41MMT on a slight increase in official trade and lower cross-border trade.

RICE

Production, Supply, and Distribution

Rice, Milled	2019/2020		2020/2021		2021/2022	
Market Begin Year	Jan 2020		Jan 2021		Jan 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3256	3256	3265	3265	3300	3310
Beginning Stocks	499	499	549	581	602	394
Milled Production	5740	5740	5783	5783	5900	5862
Rough Production	9410	9410	9480	9480	9672	9610
Milling Rate (.9999)	6100	6100	6100	6100	6100	6100
MY Imports	10	10	20	10	10	10
TY Imports	10	10	20	10	10	10
TY Imp. from U.S.	2	3	0	3	0	3
Total Supply	6249	6249	6352	6374	6512	6266
MY Exports	1350	1340	1300	1600	1400	1410
TY Exports	1350	1340	1300	1600	1400	1410
Consumption and Residual	4350	4328	4450	4380	4500	4420
Ending Stocks	549	581	602	394	612	436
Total Distribution	6249	6249	6352	6374	6512	6266
Yield (Rough)	2.89	2.89	2.9035	2.9035	2.9309	2.9033

(1000HA), (1000MT), (MT/HA)

Production

Table 1: Rice Area, Production, and Yield by Crop

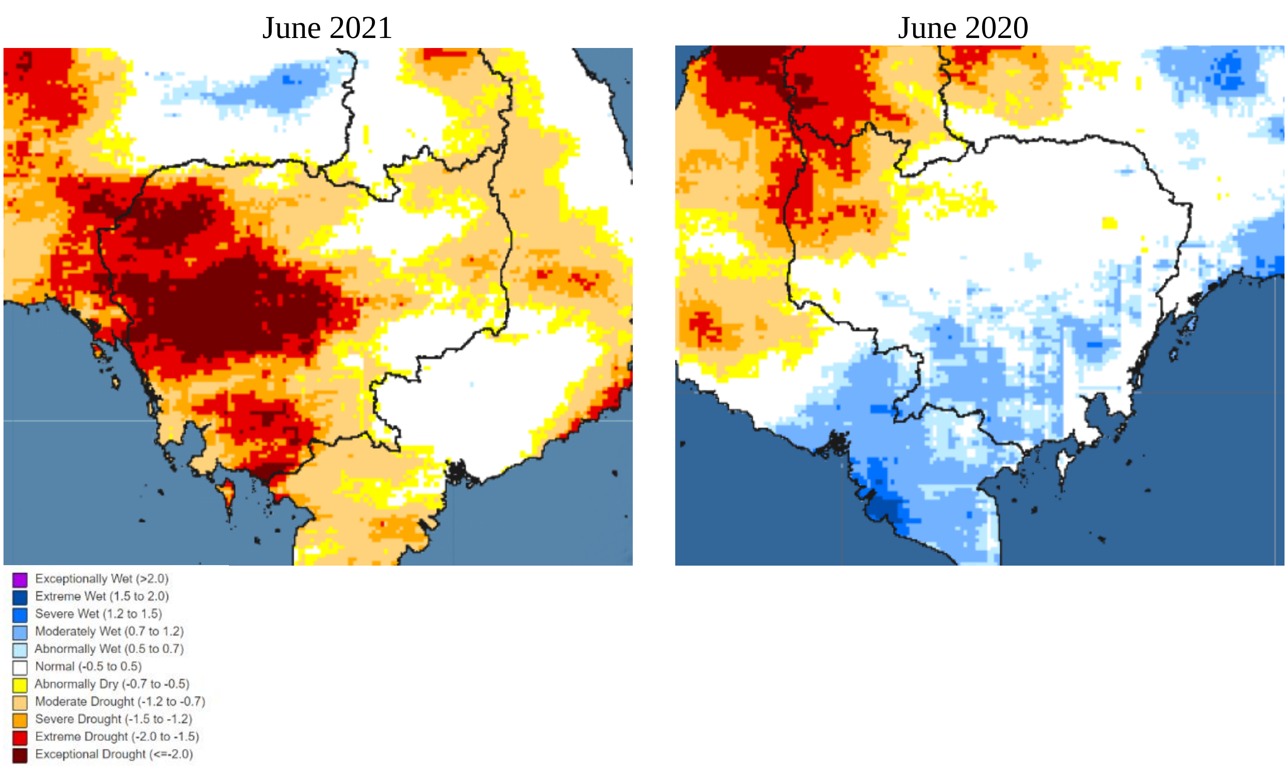
MY	2019/2020			2020/2021 Estimate			2021/2022 Forecast		
	Harvested area (THA)	Yield (t/ha)	Production (TMT)	Harvested area (THA)	Yield (t/ha)	Production (TMT)	Harvested area (THA)	Yield (t/ha)	Production (TMT)
Wet season	2,671	2.686	7,175	2,675	2.699	7,220	2,720	2.702	7,350
Dry season	585	3.818	2,235	590	3.831	2,260	590	3.831	2,260
Total	**3,256**	**2.890**	**9,409**	**3,265**	**2.904**	**9,480**	**3,310**	**2.903**	**9,610**

Notes: For the wet season, which is the primary crop season, sowing starts in May-June, and the crop is harvested in August-September for short and medium duration varieties and October-January for long duration varieties. For the secondary crop during the dry season, sowing starts in November-December, and the crop is harvested from February to April. MY21/22 includes two crops: 2021 wet season and 2021-2022 dry season.
Source: Ministry of Agriculture, Forestry and Fisheries; Post calculations.

According to the Ministry of Agriculture Fisheries and Forestry's (MAFF) annual report, the Cambodia paddy area and production volume of marketing year 2020/21 (MY20/21) increased slightly (less than one percent) from the previous year. Therefore, Post maintains its estimates for MY20/21 paddy area and production at 3,265 thousand hectares (THA) and 9.48 million metric tons (MMT) that aligns with MAFF's reported increase (Table 1).

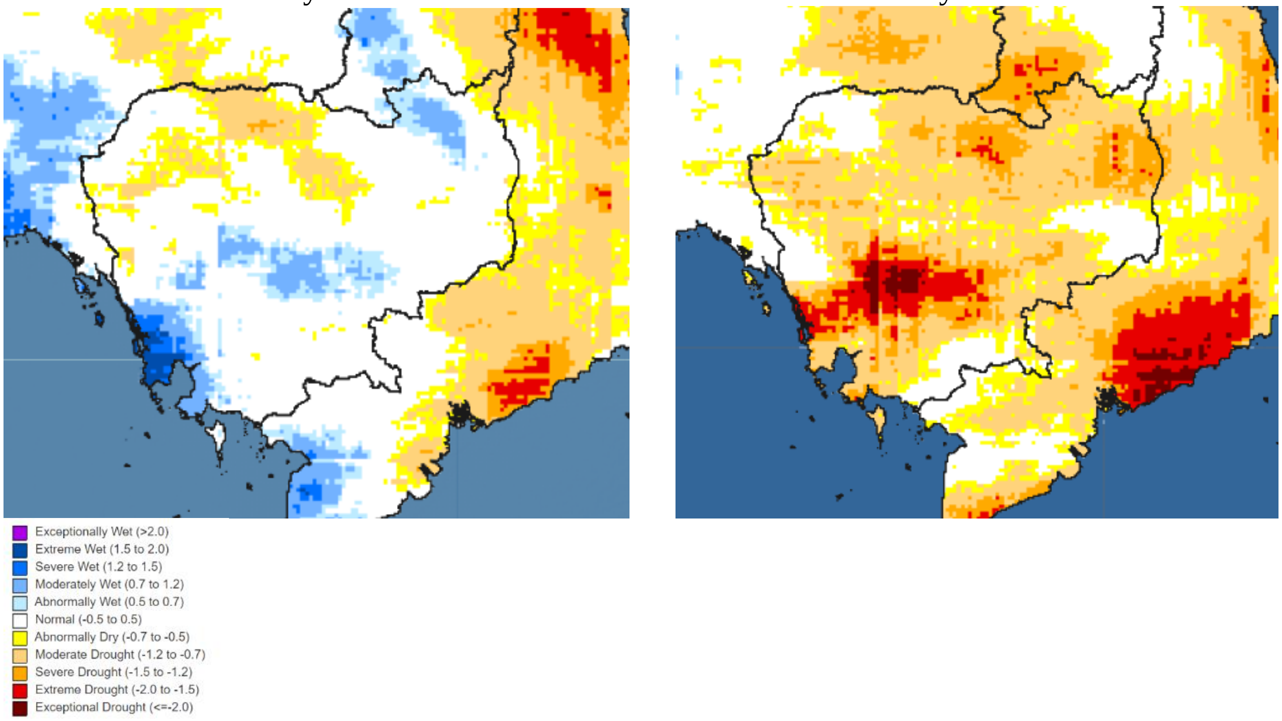
Drought continues to be a major issue for rice cultivation in Cambodia, according to local media. This year, droughts affected 248THA in 12 provinces, most severely in Kampong Thom, Battambang, Banteay Meanchey, Pursat, and Siem Reap. Within the affected areas, 214THA were revived and 34THA were damaged. Based on the USDA's Global Agricultural & Disaster Assessment System (GADAS), weather was drier in May-June in some parts of the country, compared to last year (Figure 1). Industry contacts also reported that insufficient rains in May did not favor the early wet season crop. However, improved precipitation in July and August supported the development of the main wet season crop (Figure 1). According to industry contacts, rain arrived earlier than normal and immediately after droughts in some parts of the country, prompting farmers to accelerate the main wet season crop. Flooding that occurred at the end of September affected 42THA in Banteay Meanchey, Battambang, Kampong Thom, and Siem Reap provinces, of which 5THA were damaged. Should severe floods not occur in coming months, industry contacts expect higher production of the main wet season crop than the previous year.

Figure 1: SPI Drought Monitoring Comparison



Source: GADAS

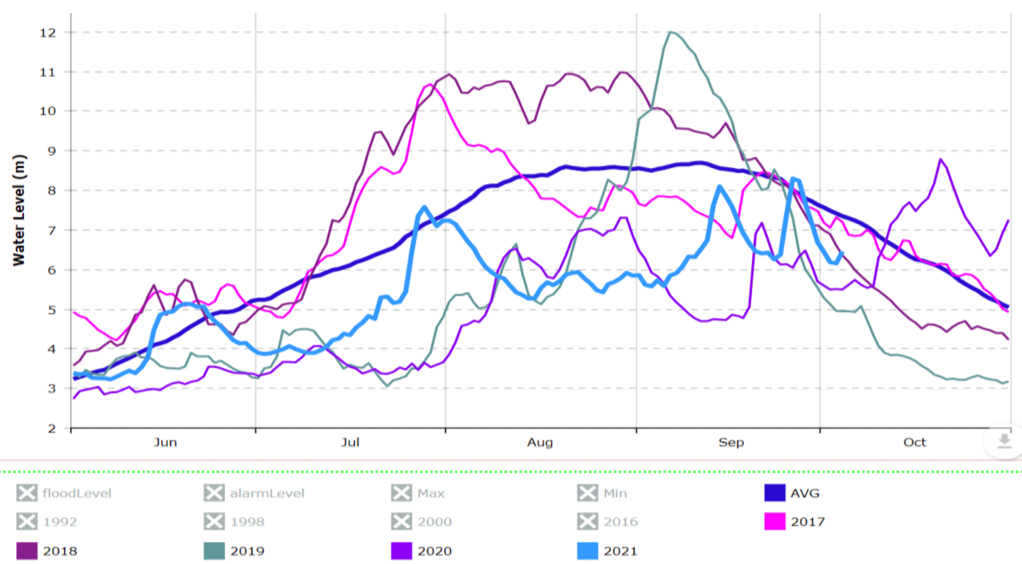
July 2021 July 2020



Source: GADAS

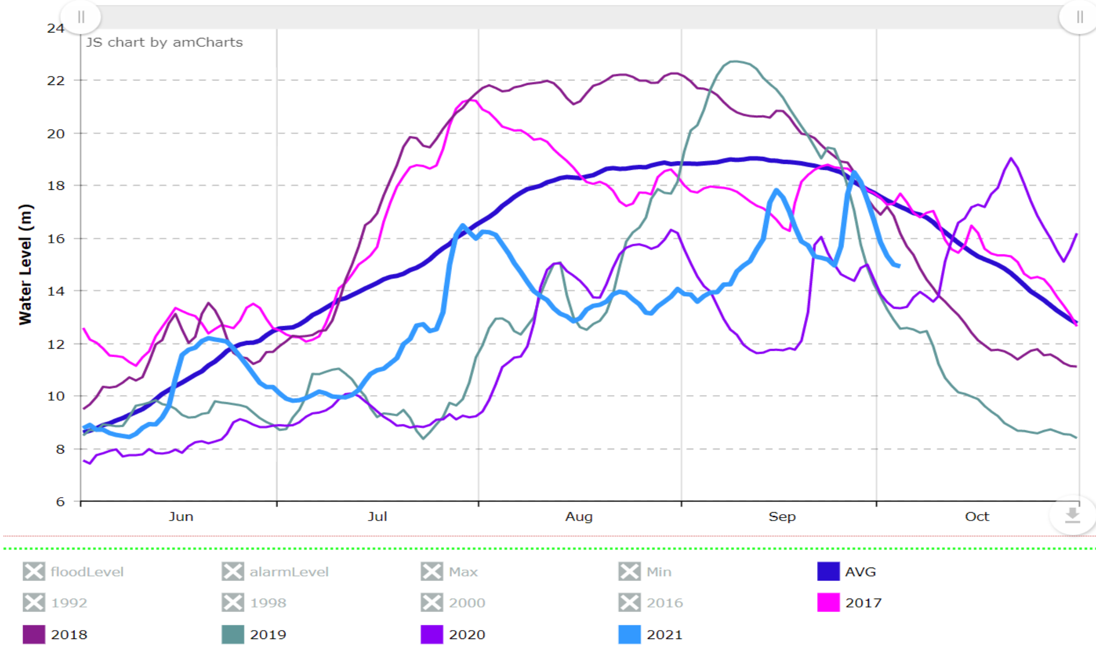
According to the Mekong River Commission (MRC), water levels in 2021 improved over 2020 and were more stable than 2019 (Figures 2 and 3), which will support the MY21/22 main wet season. According to a September 30 MAFF Rice Crop Department report, 164THA were harvested earlier than the same period last year. Post maintains its MY21/22 forecasts of paddy production at 3,310THA and 9.61MMT, higher than the previous year (Table 1).

Figure 2: Mekong River Water Level Monitoring at Stung Treng Station



Source: MRC

Figure 3: Mekong River Water Level Monitoring at Kratie Station

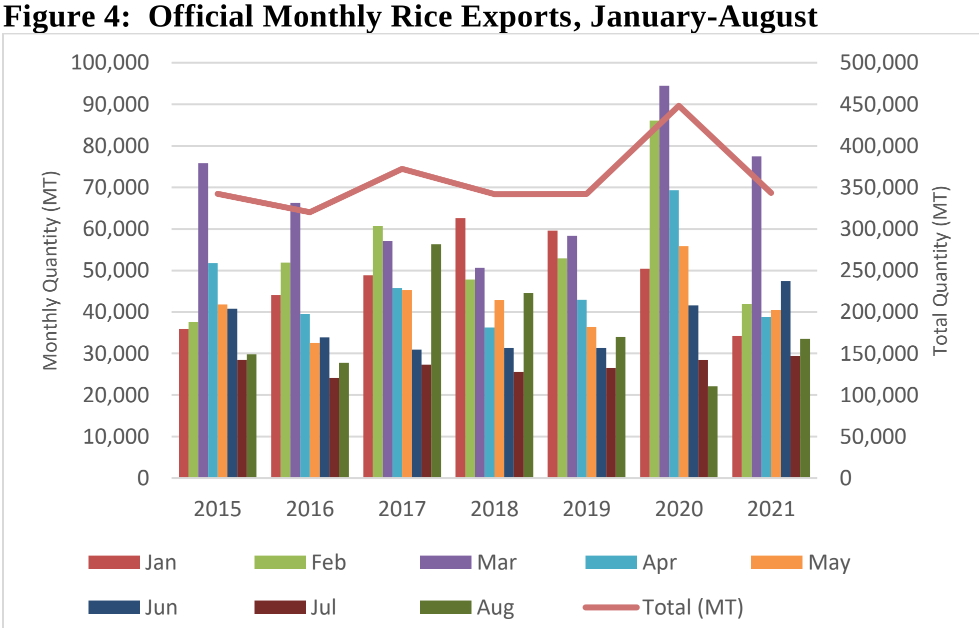


Source: MRC

Trade

In the first eight months of MY20/21, Cambodia's official rice export volume reached 343,447 (metric tons) MT, 23 percent lower than the previous year (Figure 4, Table 2). According to trade contacts, significantly higher freight costs and container shortages hampered exports to European Union (EU) countries.

Figure 4: Official Monthly Rice Exports, January-August



Source: Cambodia Rice Federation

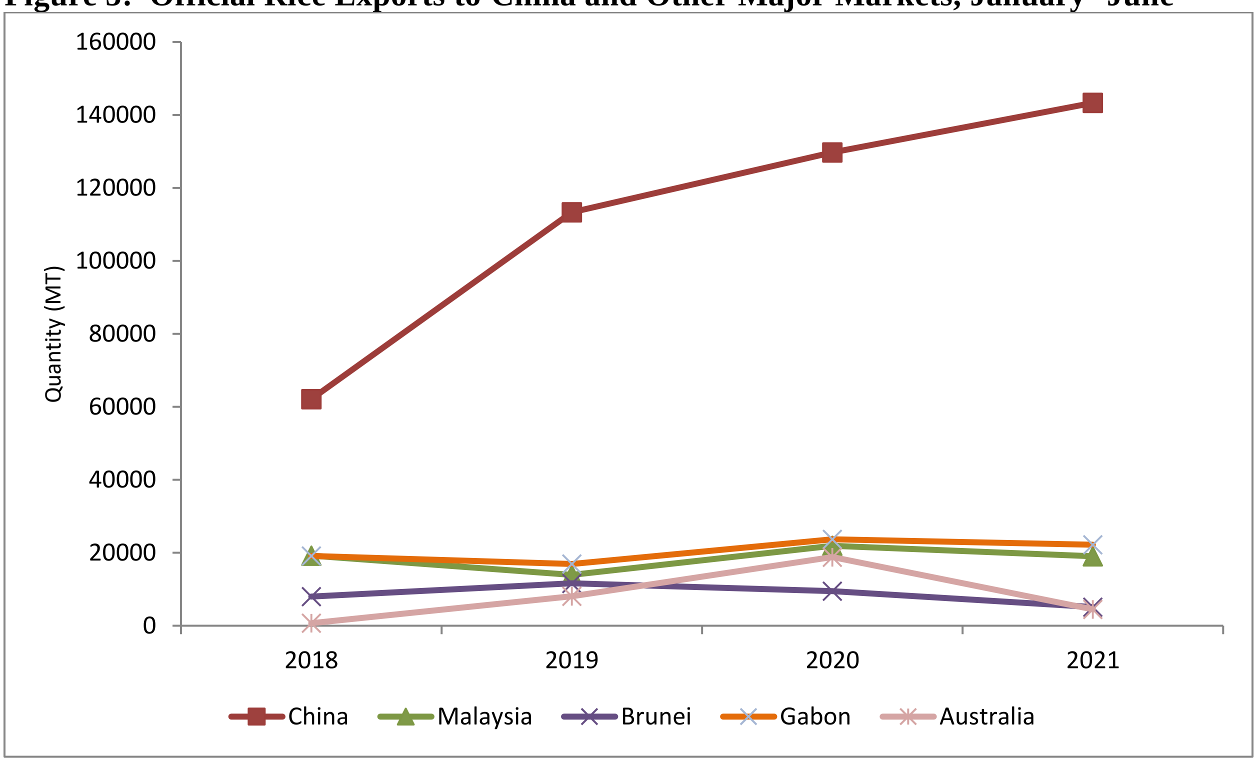
Table 2: Official Monthly Rice Exports, January-August

Month	2016	2017	2018	2019	2020	2021
January	44,033	48,820	62,623	59,625	50,450	34,273
February	51,912	60,731	47,809	52,861	86,049	41,949
March	66,275	57,127	50,683	58,335	94,449	77,466
April	39,550	45,716	36,239	42,942	69,304	38,807
May	32,558	45,243	42,865	36,409	55,845	40,536
June	33,862	30,925	31,318	31,366	41,563	47,419
July	24,087	27,354	25,543	26,475	28,413	29,415
August	27,799	56,274	44,558	34,032	22,130	33,582
Total (MT)	**320,076**	**372,190**	**341,638**	**342,045**	**448,203**	**343,447**
Change (%)	-6%	16%	-8%	0%	31%	-23%

Source: Cambodia Rice Federation

China remained the largest importer of Cambodian rice, accounting for 48 percent of the market share in the first eight months of MY20/21 (Figure 5). According to the Cambodian Rice Federation, China granted Cambodia an import quota of 400 thousand metric tons (TMT) rice under a memorandum of understanding. In 2021, Cambodia asked to increase this quota to 500TMT in hopes that China will approve it by November 2021. While exports to China in the first six months of MY20/21 grew steadily, exports to other major markets declined, most significantly Australia, due to strong competition (Figure 5).

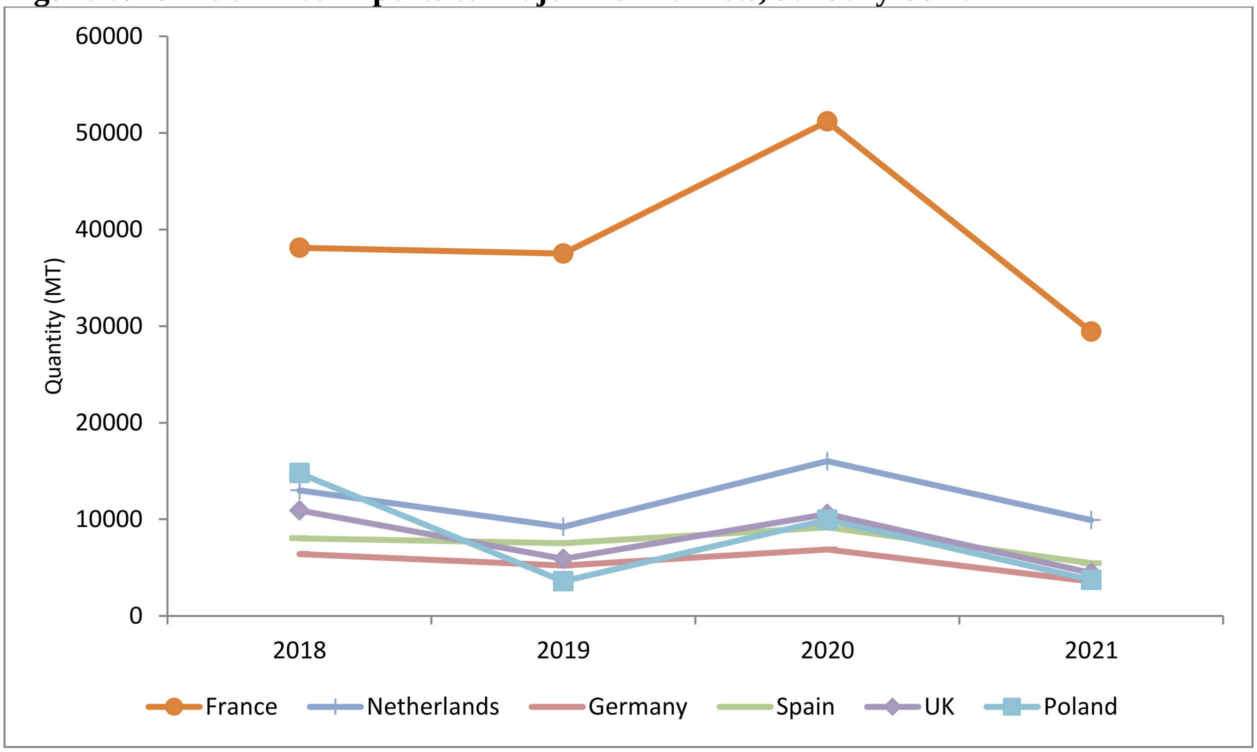
Figure 5: Official Rice Exports to China and Other Major Markets, January- June



Source: Cambodia Rice Federation

In the first eight months of MY20/21, exports to the EU decreased by 41 percent to 88,295MT compared to the same period last year, due to higher freight costs, container shortages, and the suspension of the Everything but Arms (EBA) initiative that resulted in higher import tariffs (Figure 6). However, the EU's current safeguard tariff, which is imposed on Cambodian long grain white rice and parboiled rice at €150/MT ($174) [(1)] will end in February 2022, if no new measures are to be put in place. With this, the industry expects that exports to the EU will rebound.

Figure 6: Official Rice Exports to Major EU Markets, January-June



Source: Cambodia Rice Federation

According to European Commission's trade statistics, EU's imports of milled and semi-milled Indica rice declined in the first seven months of calendar year 2021, with most of the major suppliers reporting lower sales (Figure 7).

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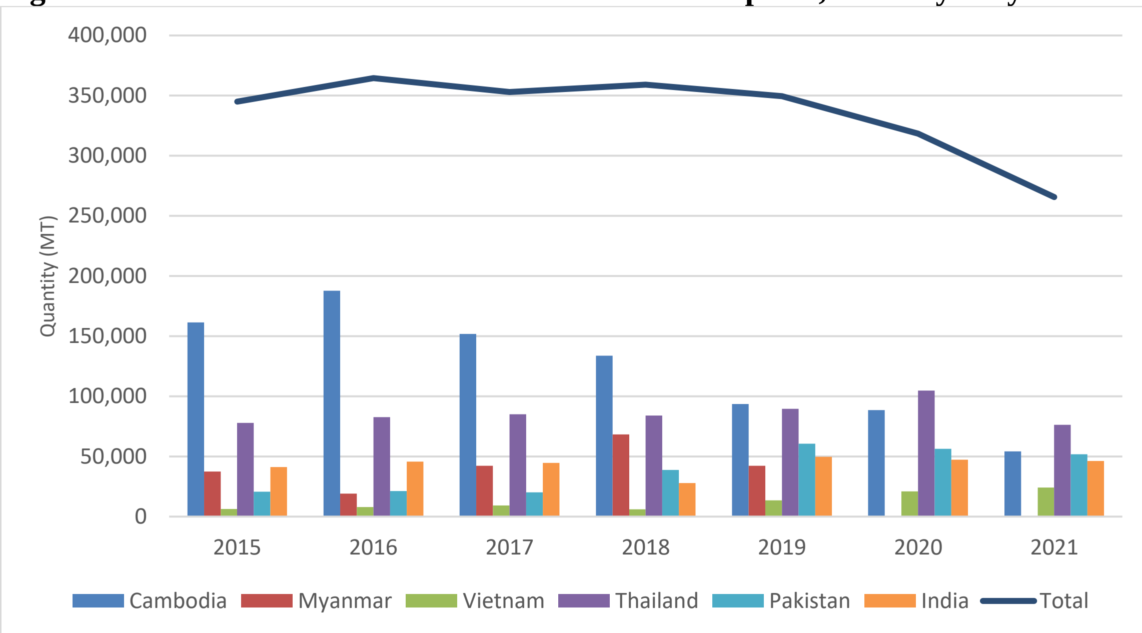
[1] Euro/US$ exchange rate at 1.1579 on September 30, 2021
https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/index.en.html

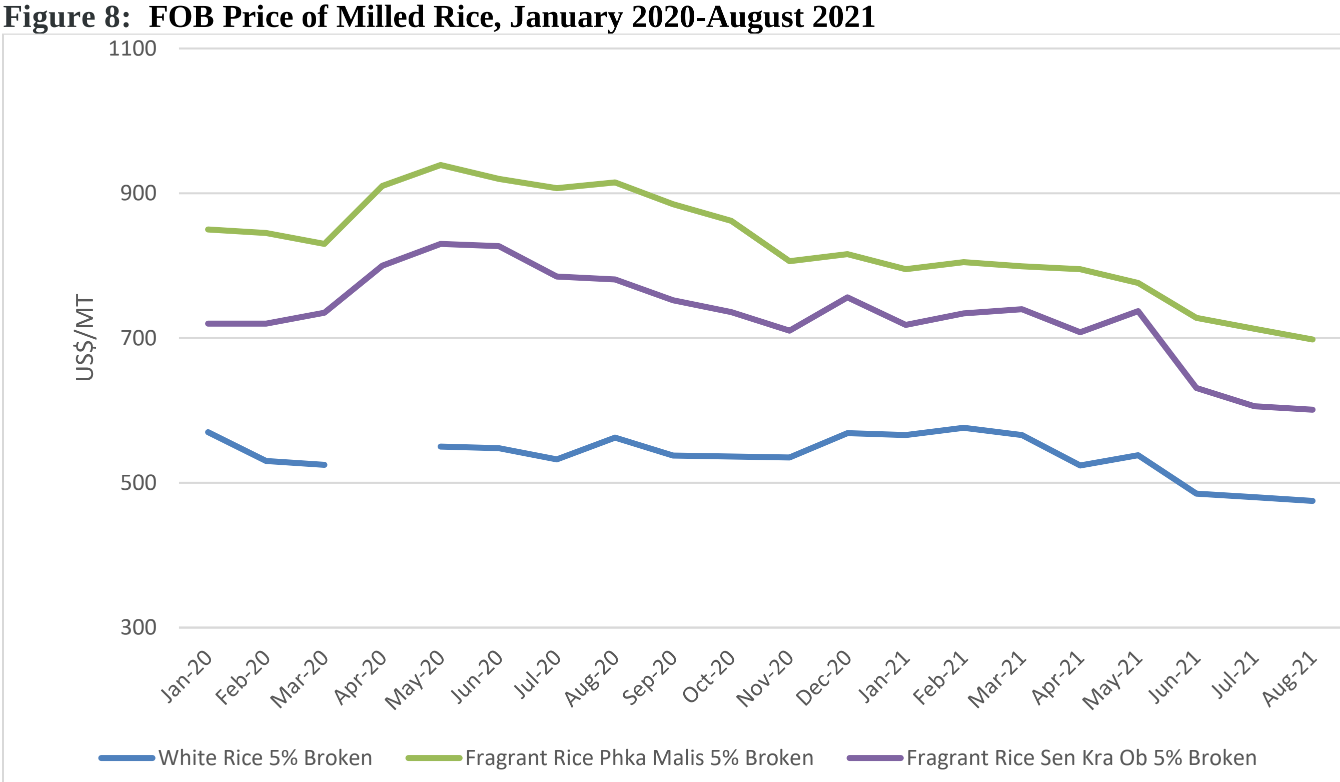
Figure 7: EU Milled and Semi-milled Indica Rice Imports, January-July



Source: European Commission

Export prices continued their decline in the first eight months of MY20/21, but remained less competitive than other sources (Figure 8).

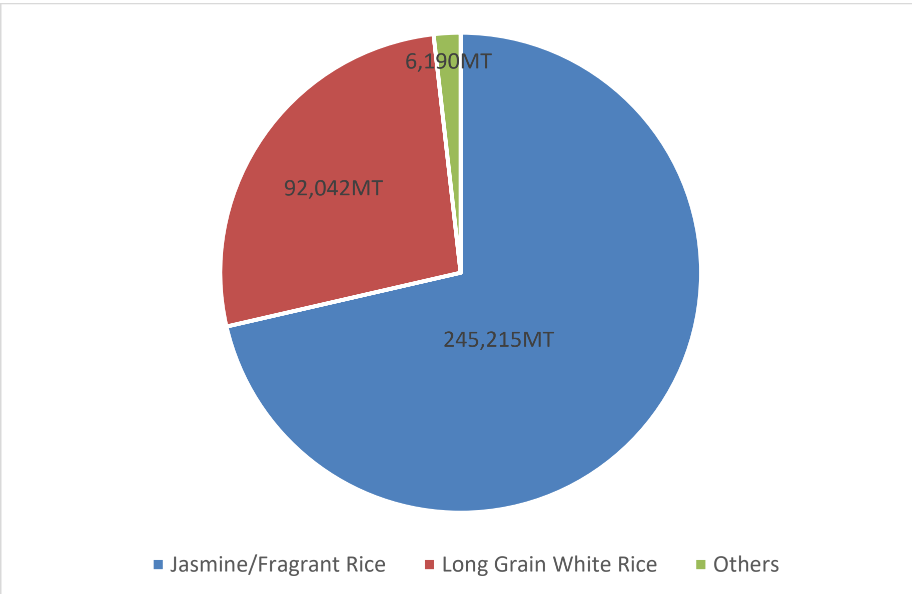
Figure 8: FOB Price of Milled Rice, January 2020-August 2021



Note: White rice prices in April-May 2020 unavailable due to the government's rice export ban.
Source: Cambodia Rice Federation

Jasmine and fragrant rice accounted for 71 percent of total exports in the first eight months of MY20/21, followed by white rice (27 percent), and parboiled rice (2 percent) (Figure 9). Post notes that the share of long grain white rice in the total exports rose from 17 percent in MY19/20, while the share of jasmine/fragrant rice declined from 82 percent. Industry contacts reported that the area of white rice paddy, especially the OM5451 variety, expanded over the past year, for export to Vietnam. According to international trade sources, Vietnam imported approximately 700,000MT of milled rice equivalent from Cambodia in the first eight months of MY20/21.

Figure 9: Official Rice Exports by Variety, January-August 2020



Source: Cambodia Rice Federation

Despite the contraction of official exports to the EU and other major markets, increases of exports to Vietnam have driven total exports in the first eight months of MY20/21. Post raised its MY20/21 export estimate to 1.60MMT, higher than the USDA official number. Post revised its MY21/22 export forecast to 1.41MMT on a slight increase in official trade and lower cross-border trade.

Attachments:
No Attachments