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Cambodia

Grain and Feed Update

Cambodia Update Grain and Feed Report

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Report Highlights:
The report provides updates on rice in Cambodia. Post revised production volume in marketing year (MY) 2017/2018 at 9.1 million metric tons (MMT) - an increase of 5.7 percent over MY16/17, and harvest area at 3,184,000 hectares (ha) - 2.9 percent increase. The devastating floods have been affected the MY2018/2019 wet season crop production, therefore, Post reduced the growth forecast to 1 percent.

Post:
Phnom Penh

Statistical Tables

Cambodia's Production, Supply, and Demand for Rice

Rice, Milled	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Cambodia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,095	3,095	3,180	3,184	3,245	3,216
Beginning Stocks	247	261	373	202	442	274
Milled Production	5,256	5,256	5,399	5,554	5,500	5,609
Rough Production	8,616	8,616	8,851	9,105	9,016	9,196
Milling Rate (.9999)	6,100	6,100	6,100	6,100	6,100	6,100
MY Imports	20	9	20	9	20	9
TY Imports	20	9	20	9	20	9
TY Imp. from U.S.	3	3	0	3	0	3
Total Supply	5,523	5,526	5,792	5,765	5,962	5,892
MY Exports	1,150	1,250	1,250	1,330	1,300	1,390
TY Exports	1,150	1,250	1,250	1,330	1,300	1,390
Consumption and Residual	4,000	4,074	4,100	4,161	4,200	4,236
Ending Stocks	373	202	442	274	462	267
Total Distribution	5,523	5,526	5,792	5,765	5,962	5,892
Yield (Rough)	2.783	2.784	2.783	2.860	2.778	2.860
(1000 HA), (1000 MT), (MT/HA)						

Production

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

MY	2016/2017 (Post)			2017/2018 (Post)			2018/2019 (Post Forecast)		
	Harvested area (th. ha)	Yield (t/ha)	Production (TMT)	Harvested area (th. ha)	Yield (t/ha)	Production (TMT)	Harvested area (th. ha)	Yield (t/ha)	Production (TMT)
Wet season	2,580	2.570	6,630	2,640	2.646	6,986	2,666	2.646	7,056
Dry season	515	3.857	1,986	544	3.895	2,118	549	3.895	2,139
Total	**3,095**	**2.784**	**8,616**	**3,184**	**2.860**	**9,105**	**3,216**	**2.860**	**9,196**

Notes: For the wet season, which is the primary crop, sowing starts in May-June and the crop is harvested in August-September for short duration varieties and in November- January for long duration varieties. For the secondary, dry season, crop, sowing starts in November, and the crop is harvested from February to April.
MY 2017/18 includes two crops: 2017 wet season and 2017-2018 dry season.

In MY17/18, favorable weather conditions, sufficient water supply, and improved irrigation infrastructure attributed to another bumper crop of rice. Harvested area increased by 2.9 percent to 3.2 million hectares (ha), and production volume increased by 5.7 percent over the previous year to 9.1 MMT.

For MY18/19, high precipitation and the dam collapse in neighboring Laos has led to extensive flooding in the past few months, affecting the production of the main, wet season crop. As of August 2018, the floods submerged many areas around Tonle Sap Lake and along the Mekong River. Sources reported that over 40,000 ha of paddy fields in more than ten provinces were inundated, including the major rice production provinces of Battambang, Takeo, Kampong Speu, Pursat, Bantey Meanchay, and Kandal. According to the Ministry of Agriculture Fisheries and Forestry (MAFF), the Government of Cambodia was proactive in providing seeds to farmers for replanting in some areas where the crops were devastated by flooding. At the same time, drought has also been reported in the northwest of Cambodia. Therefore, Post reduced the MY18/19 forecasted harvested area by 1 percent compared to the USDA official number, to 3.22 million ha. However, gradual improvements in irrigation and seed quality and plentiful water supply for the MY18/19 dry season crop will increase the overall yield for the land in production. Therefore, for MY18/19, Post forecasts production at 9.19 MMT, almost 2 percent higher than the USDA official number.

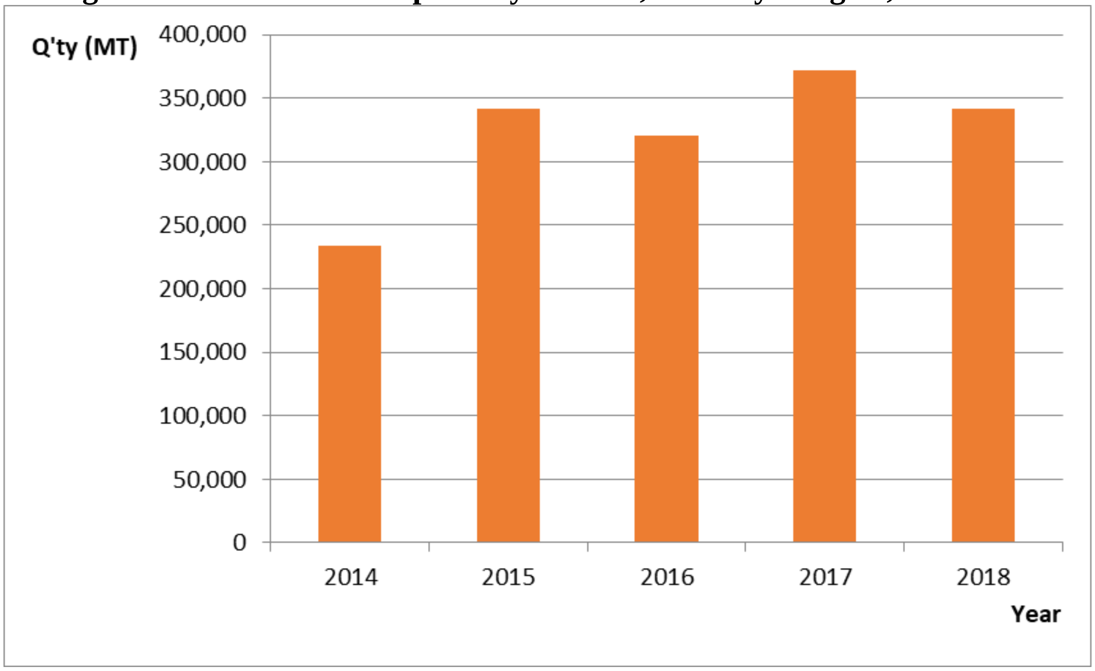
Prices

Cambodian milled rice prices have continuously risen in the past year, making its official exports less competitive than rice from Thailand, Vietnam, and Myanmar. Prices were especially elevated in June and July before the start of the early wet season harvest, as minimal stocks pushed prices up even further. Post observed that the FOB price of fragrant rice increased by US$200-300/MT and white rice increased by US$40-60/MT compared to last year. The price of Cambodian white rice is usually US$20-30/MT more expensive that from Myanmar. The price of Sen Kra Ob, a Cambodian short to medium duration fragrant variety, was quoted at US$200-300/MT higher than a similar variety grown in Thailand in June and July. Starting in August, with the harvest, the price fell from US$950/MT to approximately US$720-750/MT. The main harvest of jasmine rice begins in November and sources expect it to relieve pressure on both stocks and overall prices, thereby allowing export volumes to rebound slightly by the end of calendar year (CY) 2018.

Trade

In the first eight months of CY18, the official export volume of rice reached 340,000 MT, eight percent lower than the previous year (see Figure 1 and Table 1). The decrease was the result of steep drops in exports to major markets, such as China (35 percent decrease), Poland (40 percent), and United Kingdom (43 percent), outpacing increasing orders from smaller markets, such as Malaysia and Gabon (see Figure 2 and Table 2). Fragrant rice continued to account for the largest share of exports, at 73 percent (see Figure 3).

Figure 1: Official Rice Exports by Volume, January- August, 2014-2018



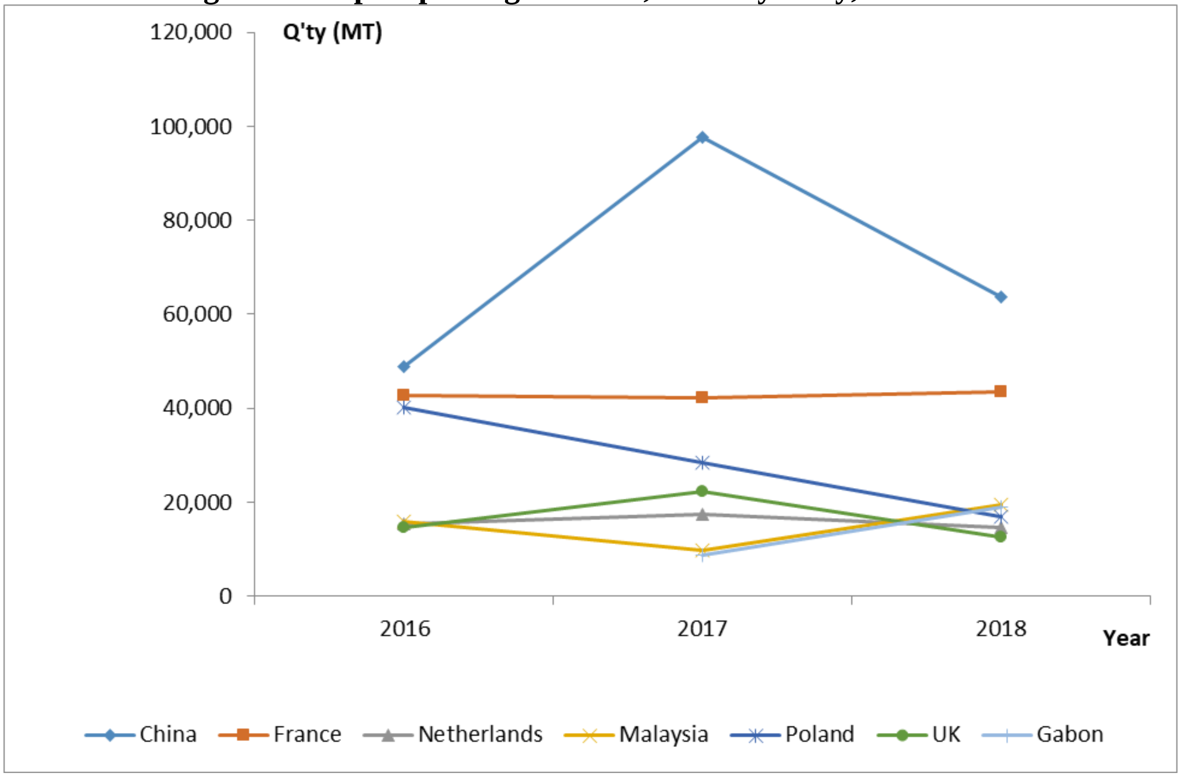
Source: SOWS-REF

Table 1: Official Exports by Volume, January to August, 2014-2018

Month	2014	2015	2016	2017	2018
Jan	21,536	35,921	44,033	48,820	62,623
Feb	27,037	37,676	51,912	60,731	47,809
Mar	35,757	75,867	66,275	57,127	50,683
Apr	35,961	51,719	39,550	45,716	36,239
May	27,971	41,842	32,558	45,243	42,865
Jun	29,666	40,800	33,862	30,925	31,318
Jul	26,060	28,492	24,087	27,354	25,543
Aug	29,871	29,819	27,799	56,274	44,558
Total (MT)	**233,859**	**342,136**	**320,076**	**372,190**	**341,638**
Percent Change	**-1.2%**	**4.6%**	**-6%**	**16%**	**-8%**

Source: SOWS-REF

Figure 2: Top Importing Markets, January- July, 2016-2018



Source: CRF, SOWS-REF

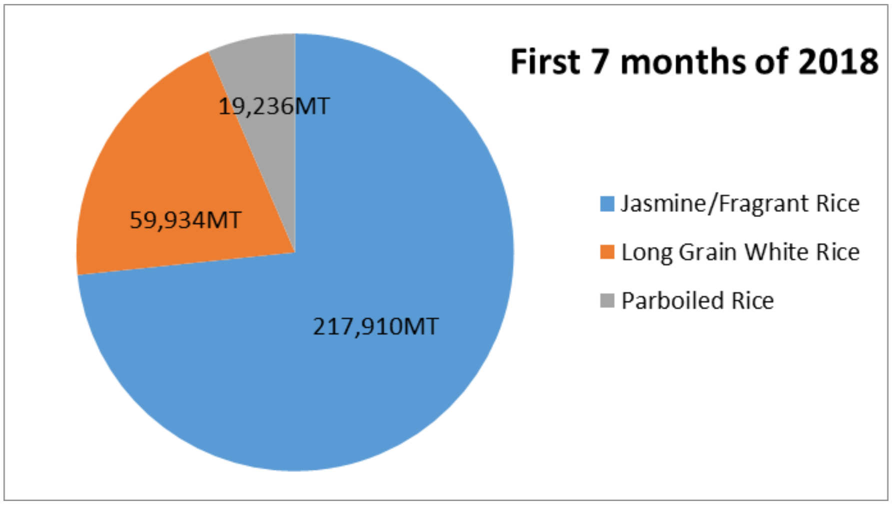
Table 2: Top Importing Markets, January- July, 2016-2018

Year	China	France	Netherlands	Malaysia	Poland	UK	Gabon (*)
2016	48,825	42,839	15,477	15,843	40,229	14,565	
2017	97,752	42,367	17,511	9,743	28,386	22,186	8,882
2018	63,587	43,533	14,569	19,558	17,052	12,612	19,103
Change 18/17	-35%	3%	-17%	100%	-40%	-43%	115%

Source: CRF, SOWS-REF

** Gabon data is only Jan.-Jun*

Figure 3: Official Exports Volume by Variety, January- July 2018



Source: SOWS-REF

However, the lack of new markets will keep official exports depressed for the rest of MY17/18. For example, Cambodia signed a Memorandum of Understanding (MOU) with Bangladesh in CY17 to deliver 1 MMT of milled white and parboiled rice over five years. But to date, Cambodia has delivered less than 50,000 MT, and industry has confirmed that Cambodia will not be able to ship the full amount. In addition, China National Cereals, Oils, and Foodstuffs Corporation (COFCO) did not approve additional Cambodian exporters in CY18. In December 2016, COFCO approved 18 Cambodian rice millers to export to China as part of an agreement signed between COFCO and the Cambodia Rice Federation (CRF).

Other moves by China have also affected Cambodia's exports. For example, China expanded the list of countries approved for exporting to China, increasing competition for Cambodian white rice, and there were reports of India and Thailand expanding exports. Beginning July 1, 2018, China also imposed new import tariff rates on unhusked rice, whole rice, broken rice, fine rice flour, and coarse flour and grain of rice imported from the Association of Southeast Asian Nations (ASEAN) at 50 percent, 50 percent, 5 percent, 40 percent, and 5 percent, respectively. However, China and Cambodia have an MOU for a 300,000 MT quota and Cambodia has never filled the quota. Therefore, rice imported from Cambodia is not affected by the new tariff policy.

In general, for white rice, Cambodia cannot compete with other countries in the region for large orders, especially on government to government contracts. Uncompetitive prices, poor logistics and transportation infrastructure, limited storage capacity, and a lack of working capital negatively impact exports. Therefore, Post reduced the estimate of official exports in MY17/18; it will not surpass official exports in MY16/17. However, Post estimates that cross-border and unofficial trade will rise, offsetting the reduction. Industry sources estimated increased cross-border export volumes to both Thailand and Vietnam throughout MY17/18, especially from January to April. In MY17/18, Post estimates cross border exports at 700,000 MT, a 100,000 MT increase over the previous year. Industry notes that cross-border trade is not as hampered by the aforementioned logistical issues because the rice is sold as paddy directly to Thai or Vietnamese processors and traders.