



WEEKLY UPDATE ON ASEAN PLUS THREE RICE SITUATIONS

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Indonesia

President Joko Widodo said Indonesia will not import medium quality rice in 2017 since there is sufficient stockpiled rice. In 2016, the recent estimated rice production at 44.3 million tonnes and consumption at 33.3 million tonnes showed that Indonesia has a surplus. Bulog revealed Indonesia's rice stock at 1.73 million tonnes, up from 800,000 tonnes in 2016.

This year, only premium quality or specialty rice will be allowed to import to Indonesia. In 2016, the country imported 1.2 million tonnes of premium and medium quality rice to complete contracts made in previous year. In 2017, the government declined offers from Pakistan, India, Myanmar, and Cambodia to supply rice for Indonesia.

Source: Simanjuntak, D., & Lumanauw, N. (2017, Jan 6). *No Rice Imports Needed for 2017: Jokowi*. Jakartaglobe.

Philippines

Harvested areas were estimated at 4.6 million hectares, declined 0.2 million hectares from December 2016. Yield was estimated above-average at 3.97 tonnes per hectare. USDA estimated 2016/2017 Philippines rice production at 11.5 million metric tonnes (milled basis) unchanged from last month but up 1 percent from last year.

Source: Shean, M. (2017, Jan). *Philippines Rice: Area Forecast Reduced Following Typhoons*. United States Department of Agriculture. Circular Series WAP 01-17 January 2017.

Philippines grain traders had purchased over 53,000 tonnes of rice from Thailand and Viet Nam in recent weeks. This action aimed for boosting supply food in the wake of typhoons that destroyed local crops in the last quarter of 2016.

Stockpiled rice in the Philippines in December 2016 was at 3.34 million tonnes that was expected to cover 98 days of consumption. The NFA has the authority to import another 250,000 tonnes of rice via government-to-government deals, in addition to the 250,000 tonnes that it purchased from Thailand and Viet Nam. The NFA was expected to issue more import permit from Thailand, Viet Nam, Pakistan, and India over next few weeks.

Source: Cruz, E. D. (2017, Jan 12). *Philippines buy around 50,000 T of rice from Thailand, Vietnam*. CNBC.

Thailand

Thai government supports for rice megafarms. The megafarms scheme in 2017 will run on three farming models: traditional farming (Model 2.0); farming that uses basic technology and grows premium rice to be supplied to industries (Model 3.0); and farming that applies GPS satellite, soil improvement and agriculture drone for spraying fertilizer and pesticides to reduce production cost (Model 4.0).

In 2016, there were 381 rice megafarms included with 940,000 rai (150,400 hectares) and about 63,000 farmers participated in this scheme. In 2017, the ministry aims to increase target to 426 rice megafarms with 1.05 million rai (168,000 hectares). The expected number of participants is 72,142.

Bank of Agriculture and Agricultural Cooperatives (BAAC) will provide loan up to 5 million baht at 0.01 percent interest, while the Commerce Ministry takes response for marketing and sales of the rice and finding buyers.

*1 rai (Thai system) = 0.16 hectare

Source: Arunmas, P. (2017, Jan 16). *Heavy push for rice megafarms.* Bangkok Post.

Thai Commerce Ministry set to begin auctioning rice stockpiles in first quarter. The chief of the ministry's foreign trade department said the meeting on 9 January 2017 had approved guidelines for the management of rice that remained in stocks. The foreign trade department will speed up implementation of the resolution and set to offload the remaining stockpiles by the end of 2017. This action aims to avoid giving the effect to the domestic and oversea rice markets.

Source: JakartaGlobe. (2017, Jan 11). *Thai Commerce Ministry to begin auctioning rice stockpiles in first quarter.*

Viet Nam

Viet Nam will continue to supply up to 1.5 million tonnes of rice per year to the Philippines as the rice trade agreement between the two countries had been extended to December 31, 2018. The agreement is a solid legal foundation for Viet Nam to maintain its share in Philippines rice market. Viet Nam's rice is mostly exported to the Philippines via governmental auctions. The Philippines is a key rice importer of Viet Nam, buying from 500,000 - 1,500,000 tonnes of rice from Viet Nam every year.

Source: Vietnam.net. (2017, Jan 16). *Vietnam extends rice trade deal with Philippines.*

Viet Nam removed restrictive regulation on rice exporters. The Ministry of Industry and Trade (MOIT) signed a decision to eliminate the regulation that limited rice exporters in 2016. The regulation contained with the conditions that exporters must be no more than 150, while rice exporters must meet many high requirements in storage, factories and husking capacity. This could be the first step for the government to consider of removing barriers in rice exports section.

Source: RiceHQ World Rice Industry News & World Rice Prices. (2017, Jan 12). *Vietnam removes restrictive regulation on rice exporters.*

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