



WEEKLY UPDATE ON ASEAN PLUS THREE RICE SITUATIONS

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Cambodia

A Proposal for a massive warehouse and silo attracting two Chinese investors aims to fill the gap in paddy rice storage capacity. Those Chinese investors are Jilin Province Investment Group Co Ltd and Jilin Tianzhong Agriculture Development Co Ltd. This investment would help fill the gap in storage capacity which is necessary for reaching the goal of 1 million tonnes of rice exports.

Source: Sokhonn, C. (2017, Jul 3). *Proposed rice storage facility to boost capacity.* The Phnom Penh Post.

Indonesia

Due to the Food and Agriculture Organisation (FAO), Indonesia's rice price is over double the international standard, despite being a major rice producer. In 2016, domestic rice price was around 1 USD per kilogramme while the international standard was around 0.4 USD

per kilogramme. As of March 2017, the FAO recorded the average price of rice per kilogramme in Indonesia at around 0.79 USD which is above ASEAN countries such as 0.33 USD per kilogramme in Thailand and 0.31 USD per kilogramme in Viet Nam. The reasons are the excessive use of fertilizers and limited spaces for growing rice. On average, Thai and Vietnamese farmers use fertilisers by 90 percent less than Indonesian farmers. Also, Thai and Vietnamese farmers harvest by 2 hectares while Indonesian farmers harvest by 0.3 hectares.

Source: Handayani, O. (2017, Jul 3). *Indonesian Rice Prices Double Global Average.* Indonesia Expat.

Thailand

The Minister of Commerce has assured improving rice prices and availability of export data through the Department of Foreign Trade's website. Due to increased foreign demand, white rice price was up to 8,900 baht (262 USD) per tonne while Jasmine rice was up to 11,000 baht (324 USD) per tonne. The Ministry also anticipates it will achieve the export target for rice of 10 million tonnes in 2017. Reportedly, from January to June 2017, rice has already been exported by 5.9 million tonnes, generating income by 2.54 billion USD or 87 billion baht, 20 percent higher than 2016.

* 1 USD = 33.98 baht

Source: National News Bureau of Thailand (NNT). (2017, Jun 30). *Minister of Commerce refutes rice export figures concealment.*

The Ministry of Commerce is brainstorming policies to stabilise paddy prices ahead of the harvesting season of 2017. This is because up to 26 million tonnes of paddy are due to surge into the market and depress prices. The government plans to use the existing price supporting scheme, for which the state-owned bank offered soft loans with a 3% interest rate to millers and local traders to encourage them to stock up on paddy during the harvesting season, both helping farmers while preventing the crop from flooding the market.

Source: Arunmas, P. (2017, Jun 30). *Ministry to keep rice prices steady.* Bangkok Post.

The Bank for Agriculture and Agricultural Cooperatives (BAAC) is offering rice insurance. This program guarantees payments of 1,260 baht (37 USD) per rai for damage resulting from natural disasters. Rice insurance buyers have to pay a fee of 101.94 baht (3 USD) per rai, exclusive of tax and duty. The government will waive 67.96 baht (2 USD) per rai for those insured who are non-BAAC customers. Clients of BAAC credit projects in the rice production year 2017 will be exempted from paying insurance fees. Rice insurance is available from July to August 2017 at all BAAC branches across the country, except for the South where the issuance of an insurance policy will continue until 15 December 2017.

* 1 rai (Thai system) = 0.16 hectare

** 1 USD = 33.98 baht

Source: National News Bureau of Thailand (NNT). (2017, Jun 30). *BAAC rice insurance begins in July.*

Viet Nam

Vietnamese rice exports to China accounted for 46.5%, a huge increase from the previous 35-36% seen in previous years. China continues to be Viet Nam's top importer. In the first five months, Viet Nam exported 1.1 million tonnes of rice to China for 488 million USD as demands from China is huge. Chinese traders often buy rice directly from the firms' storage and then imported into China via border gates or commissioned another importer. They also re-export the rice to other countries. Currently, only 22 out of 150 Vietnamese firms were able to export to China. Despite exporting huge volumes of rice to China, Viet Nam is still unable to build a recognisable brand name there as most of the rice is repackaged by Chinese traders.

Source: Dan Tri International. (2017, Jul 3). *China remains Vietnam's top rice importer.* DTiNews.

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