



WEEKLY UPDATE ON ASEAN PLUS THREE RICE SITUATIONS

No. 103

16 - 22 January 2019

Cambodia

Rice exports to European Union (EU) of indica rice variety will face the tariff imposition for the next three years.

The EU has officially imposed tariffs as of 18 January 2019 on indica rice from Cambodia, as well as Myanmar, for the next three years (2019-2021). The goal of the tariffs is to protect EU-based producers from a surge in imports. In the first year, the EU will levy 175 Euros (200 USD) per tonne on imports, continuing with 150 Euros (171 USD) in the second year and 125 Euros (143 USD) in the last. This is the outcome of a safeguard investigation launched by the European Commission (EC) in March 2018. During the investigation, the EC found that indica rice imports from both countries had increased by 89 percent in the past five rice-growing seasons, adding that the prices were substantially lower than those in the EU market, and had caused serious difficulties for EU rice producers to see their market share in the EU dropped from 61 percent to 29 percent. In accordance with vice president of Cambodia Rice Federation (CRF), the EU's decision would certainly have a negative impact on the Cambodian rice industry as Europe is the major market.

So that, the country needs to lower operating costs to boost its competitiveness and balance tariff fees in order to maintain the ability to export rice to Europe. At the same time, according to chairman and CEO of AMRU Rice Company, Cambodia will also need to explore new markets to reduce reliance on the European market.

* 1 Euro = 1.14 USD

Source: Khmer Times. (2019, Jan 21). *Cambodia prepared for EU rice tariffs: Ministry*; The Phnom Penh Post. (2019, Jan 17). *Cambodian rice to lose EU duty-free status*; Reuters. (2019, Jan 16). *EU to impose tariffs on Myanmar, Cambodia rice for three years*; and Bloomberg. (2019, Jan 16). *Italy Wins Three-Year EU Tariffs on Rice From Cambodia, Myanmar*.

Indonesia

The State Logistics Agency (Bulog) planned to export rice this year as rice stock was expected to be surplus.

According to Bulog President Director, Bulog has set the target to purchase rice from farmers at 1.8 million tonnes during the peak harvest season in April to May 2019. The Bulog's warehouses have the capacity to store rice at 3.6 million tonnes, while there are 2.1 million tonnes currently stored at the warehouses. Regarding this, the oversupply of rice was estimated to reach 300,000 tonnes during the harvest season. Consequently, Bulog decided to export rice in order to cope with packed warehouses. The President Director has communicated with several ASEAN countries and they are ready to buy rice from Indonesia due to their needs. However, the importing countries and the amount of rice that will be exported have not been revealed.

Source: Tempo.Co. (2019, Jan 22). *3 Asian Countries Ready to Attain Indonesia's Rice Exports*; The Jakarta Post. (2019, Jan 22). *Indonesia plans to export rice this year: Bulog chief*; and Tempo.Co. (2019, Jan 21). *Bulog Eyes to Export Rice on Surplus Stock*.

Myanmar

Restoring European Union (EU) tariffs on indica rice imports will have limited impact to Myanmar rice sector.

After the EU's official decision to impose tariffs on indica rice imports from Myanmar and Cambodia as of 18 January 2019, this will only have a limited impact to Myanmar rice sector. According to joint secretary of Myanmar Rice Federation (MRF), Myanmar exports about 300,000 to 500,000 tonnes of rice (including japonica rice and indica rice) and broken rice annually to the European market. Among these different types, restoring EU tariffs on indica rice imports will affect only 60,000 to 100,000 tonnes of indica rice. Therefore, the impact on the rice industry as a whole will be limited and only a small sector of exports to the EU market will be hurt.

Source: The Myanmar Times. (2019, Jan 17). *EU tariffs on rice to have limited impact*; and The Myanmar Times. (2019, Jan 17). *EU to restore tariffs on Myanmar rice imports*.

Philippines

As many as 174 companies have formally expressed interest to import rice under the out-quota rice importation.

Last November, the National Food Authority (NFA) Council approved the importation of well-milled, long grain white rice under the out-quota by the private sector from any source country with a purpose to bring down the prices of rice. The out-quota importation will allow the private sector to bring rice outside the Minimum Access Volume (MAV) with the requirements set by the NFA. Under the guidelines, importers are allowed to import 25 percent broken well-milled, long grain rice, or better. According to the latest data provided by the NFA as of 10 January 2019, 174 companies have already filed application to import as much as 1.16 million tonnes of rice into the country. Most of them intended to import a lot of 25 percent and 5 percent broken of white rice, while some

plans to import glutinous rice, basmati rice, fragrant rice, and well-milled long grain rice in a specific amount. For delivery schedule, rice import allocation of eligible importers must be loaded upon the approval of the sanitary and phytosanitary import clearance and payment of the required tentative advance customs duty in accordance with the guidelines.

Source: Manila Bulletin. (2019, Jan 16). *174 companies want to import rice*; and The National Food Authority.

China

Hybrid rice provided by Chinese experts in Burundi has a bumper harvest.

A hybrid rice field in Gihanga, a commune of Bubanza province in the northwestern Burundi, achieved a bumper harvest this season. This was the result of a nine-month effort by Chinese rice experts with Burundian agricultural authorities in an experiment to boost the African country's food supply. The rice thriving in the experimental programme is called Chuanxiangyou 506, a high-yield hybrid rice first developed in Southwest China's Sichuan province. The rice was granted official approval from the Burundian government last year, the first ever won by a Chinese hybrid rice strain on the continent. Gihanga's experimental field has expanded to 48 hectares from 5 hectares over the past nine months, benefiting 134 local families and 1,072 people with a yield of 10 tonnes per hectare, a sharp contrast to indigenous rice of 4 tonnes per hectare. This is the first step for Burundi to increase rice production and ensure food security, said Executive-Vice Minister of the Burundian Agricultural Ministry.

Source: People's Daily Online. (2019, Jan 16). *Chinese hybrid rice in Burundi has bumper season*.

Gathered by the APTERR Secretariat
Tel: +66 (0) 2579 4816-17 Fax: +66 (0) 2579 4840
Email: voraporn.mue@apterr.org
Website: <http://www.apterr.org/>

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