Towards Regional Rice Integration: Considerations from Myanmar, Cambodia and Lao PDR Perspectives

Larry Wong
Tin Htut Oo, and
Tin Maung Shwe

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- **Paddy Production, self-sufficiency and food security in ASEAN**
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World Rice Production

Producer	2010	2011	2012	2013	%Change
China	136.57	137.00	140.70	**143.00**	1.63
India	89.09	95.98	104.32	**99.00**	-5.10
Indonesia	36.37	35.50	36.50	**36.90**	1.10
Bangladesh	31.00	31.70	33.70	**34.00**	0.89
Vietnam	24.99	26.37	27.08	**27.71**	2.35
Thailand	**20.26**	**20.26**	**20.46**	**20.50**	**0.20**
Philippines	9.77	10.54	10.70	10.99	2.71
Myanmar	11.64	10.53	10.82	10.75	-0.61
Brazil	7.93	9.30	7.89	8.16	3.45
Japan	7.71	7.72	7.65	7.76	1.44
World Total	**441.12**	**449.09**	**465.03**	**465.81**	**0.17**

*Source ::World Market & Trade , USDA Unit: Million MT (Milled basis)**Market & Trade ; USDA Unit : million MT (milled basis)*

Table Paddy production in ASEAN countries, 2012-2014

Unit: 1,000 Tons

Country	2012 (2011/12)	2013 (2012/13)	change 2013 over 2012		2014 (2013/14)	change 2014 over 2013	
			Quantities	(%)		Quantities	(%)
ASEAN	212,737.08	214,303.09	1,566.01	0.74	214,526.27	223.19	0.10
Brunei	2.70	2.55	-0.15	-5.64	2.77	0.23	8.85
Cambodia	8,779.37	9,290.94	511.58	5.83	9,340.39	49.45	0.53
Indonesia	69,056.13	70,866.57	1,810.45	2.62	70,290.56	-576.02	-0.81
Lao PDR	3,489.21	3,517.65	28.44	0.82	4,000.00	482.35	13.71
Malaysia	2,599.53	2,626.88	27.35	1.05	2,594.03	-32.85	-1.25
Myanmar	29,009.91	27,703.68	-1,306.22	-4.50	28,766.84	1,063.16	3.84
Philippines	18,032.42	18,243.71	211.29	1.17	18,625.01	381.30	2.09
Singapore	-	-	-	-	-	-	-
Thailand	38,102.72	37,975.90	-126.82	-0.33	36,638.37	-1,337.53	-3.52
Vietnam	43,665.10	44,075.20	410.10	0.94	44,268.30	193.10	0.44

Source : Agricultural commodity outlook No. 11 Dec. 2013

Highlight of Paddy Production

- ***ASEAN Paddy production in 2014 is forecasted to be about 214.53 million tons, a slight increase from previous year***
- ***Indonesia is the biggest producing country in the region. Vietnam and Thailand is the second and third producer respectively***
- ***Myanmar is the fourth highest producer and production in 2014 is higher than 2013***
- ***Singapore does not produce any paddy***

Table Ratio of rice production to domestic utilization in ASEAN countries (Self-sufficiency ratio), 2012-2014

Unit: Tons

Country	2012			2013			2014		
	Production	Domestic Utilization	Ratio (%)	Production	Domestic Utilization	Ratio (%)	Production	Domestic Utilization	Ratio (%)
ASEAN	148,659,022	120,946,037	122.91	149,290,761	123,592,411	120.79	149,288,652	124,662,058	119.75
Brunei	1,756	34,722	5.06	1,657	33,443	4.95	1,804	34,549	5.22
Cambodia	5,618,794	3,302,498	170.14	5,946,202	4,119,145	144.36	5,977,850	4,176,386	143.13
Indonesia	40,390,092	41,517,000	97.29	41,459,632	42,165,000	98.33	41,119,345	42,269,000	97.28
Lao PDR	2,093,526	2,095,152	99.92	2,110,590	2,120,461	99.53	2,400,000	2,234,259	107.42
Malaysia	1,637,702	2,439,169	67.14	1,654,935	2,593,630	63.81	1,634,241	2,600,000	62.86
Myanmar	18,311,053	18,426,617	99.37	17,486,564	17,901,318	97.68	18,157,630	17,814,725	101.92
Philippines	11,793,204	12,908,755	91.36	11,931,388	12,843,219	92.90	12,180,756	13,074,850	93.16
Singapore	-	270,000	-	-	270,000	-	-	270,000	-
Thailand	25,147,795	9,242,240	272.10	25,064,093	9,247,780	271.03	24,181,326	9,293,000	260.21
Vietnam	43,665,100	30,709,884	142.19	43,635,700	32,298,415	135.10	43,635,700	32,895,289	132.65

Source : Agricultural commodity outlook No. 11 Dec. 2013

Highlight of the ratio of rice production to domestic utilization in ASEAN countries

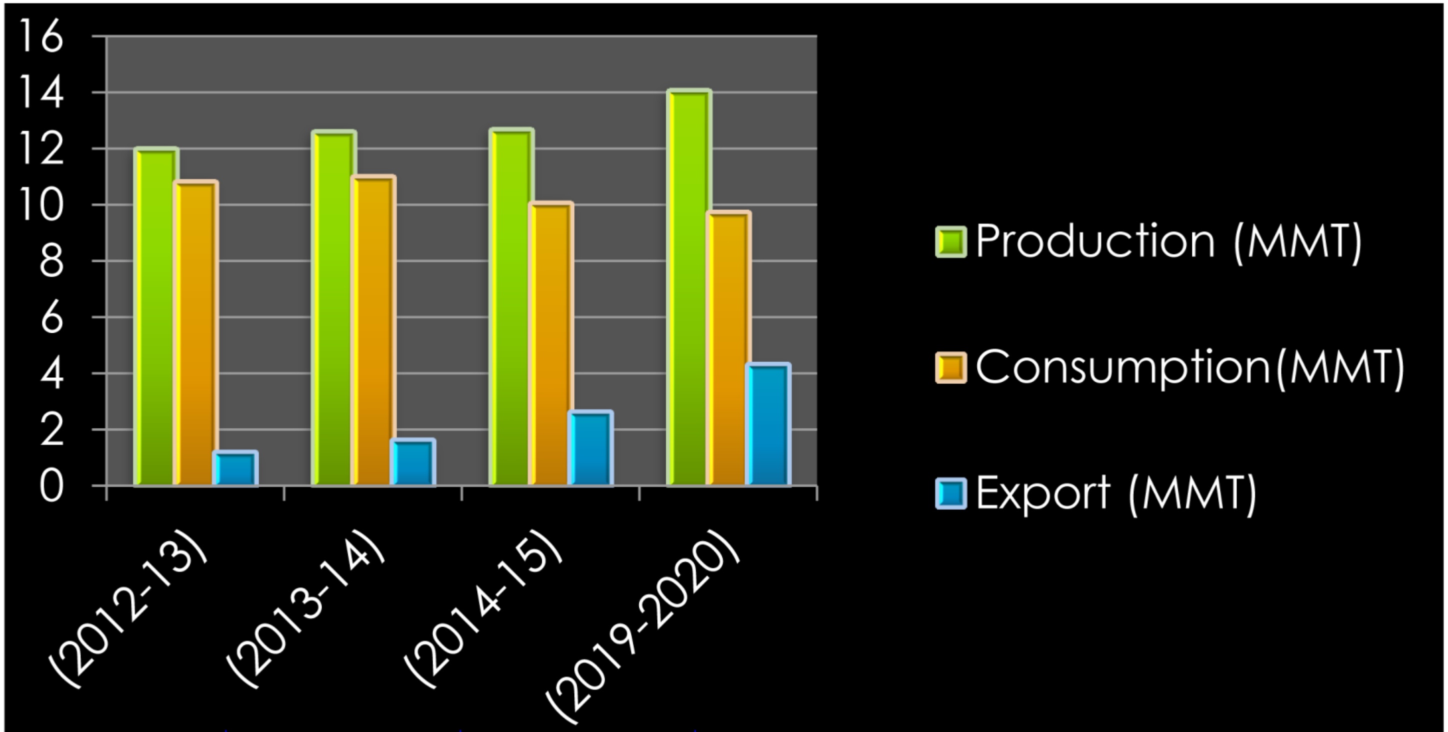
- ***The ratio for the ASEAN is estimated to be about 120%***
- ***ASEAN produced rice enough for regional consumption***
- ***Some countries are more than rice self-sufficient (Thailand , Vietnam, Myanmar, Cambodia, and Laos)***
- ***Some countries still need to import rice (Brunei, Malaysia, Philippines and Indonesia)***

Myanmar: Rice exports by destination, 1995-2012 (‘000 tons)

Destination	1995-99	2000-04	2005-09	2008	2009	2010	2011	2012
EU	**0**	**15**	*	*	*	**0**	**12**	**28**
Former Soviet Union	**0**	**0**	*	**0**	**2**	**11**	**19**	**44**
AFRICA	**43**	**195**	**261**	**196**	**899**	**318**	**506**	**460**
of which:								
Burkina Faso	0	11	9	10	29	64	71	82
Cameroon	2	13	14	25	24	15	37	21
Guinea	7	31	70	44	246	85	125	173
Ivory Coast	2	49	73	25	252	95	122	125
Sierra Leone	5	18	18	20	44	0	4	9
Togo	0	4	13	22	40	11	33	6
ASIA	**170**	**264**	**129**	**403**	**150**	**156**	**276**	**72**
of which:								
Bangladesh	10	108	99	385	70	116	215	0
China	0	1	0	0	1	0	0	13
Indonesia	122	132	5	0	11	5	2	10
Philippines	27	2	9	0	47	16	13	33
Total	**222**	**484**	**391**	**598**	**1,052**	**485**	**816**	**605**

Note: * Less than 500 tons.
Source: Slayton & Associates.

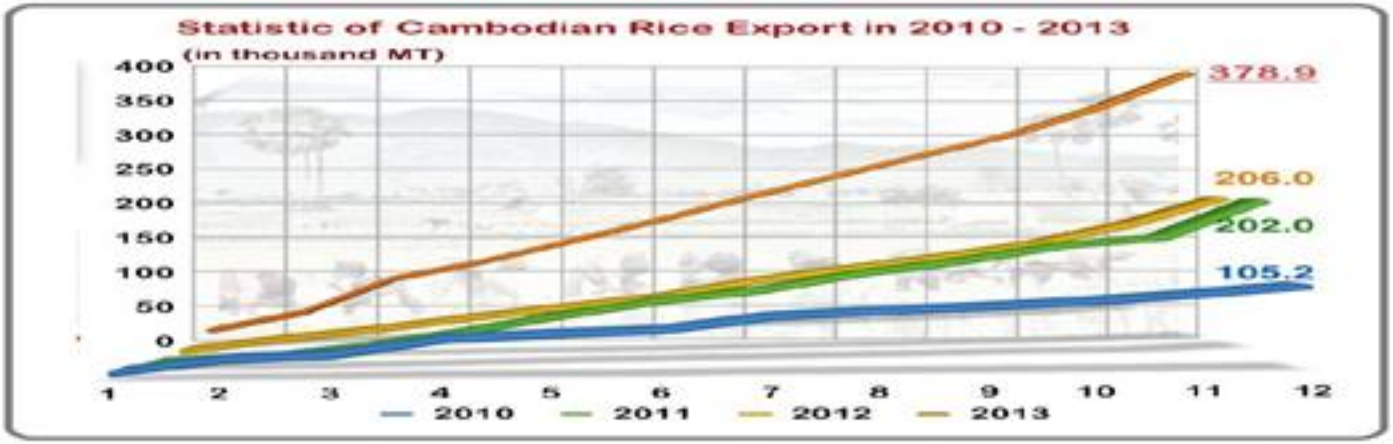
PRESENT AND FUTURE OUTLOOK:
RICE PRODUCTION, CONSUMPTION AND EXPORT



	Production (MMT)	Consumption(MMT)	Export (MMT)
(2012-13)	11.97	10.8	1.17
(2013-14)	12.58	10.98	1.6
(2014-15)	12.65	10.04	2.6
(2019-2020)	14.05	9.71	4.3

	2012-2013	2013-2014	2014-2015	2019-2020
Consumption	180 kg	180 kg	162 kg	145.8 kg
Sown Acres	19 million	18.5 million	17.57 million	14.05 million
Population	60 million	61 million	62 million	67 million
Per Acre Production	0.63 MT	0.68 MT	0.72 MT	1 MT

RICE EXPORTED BY CAMBODIA (2013)



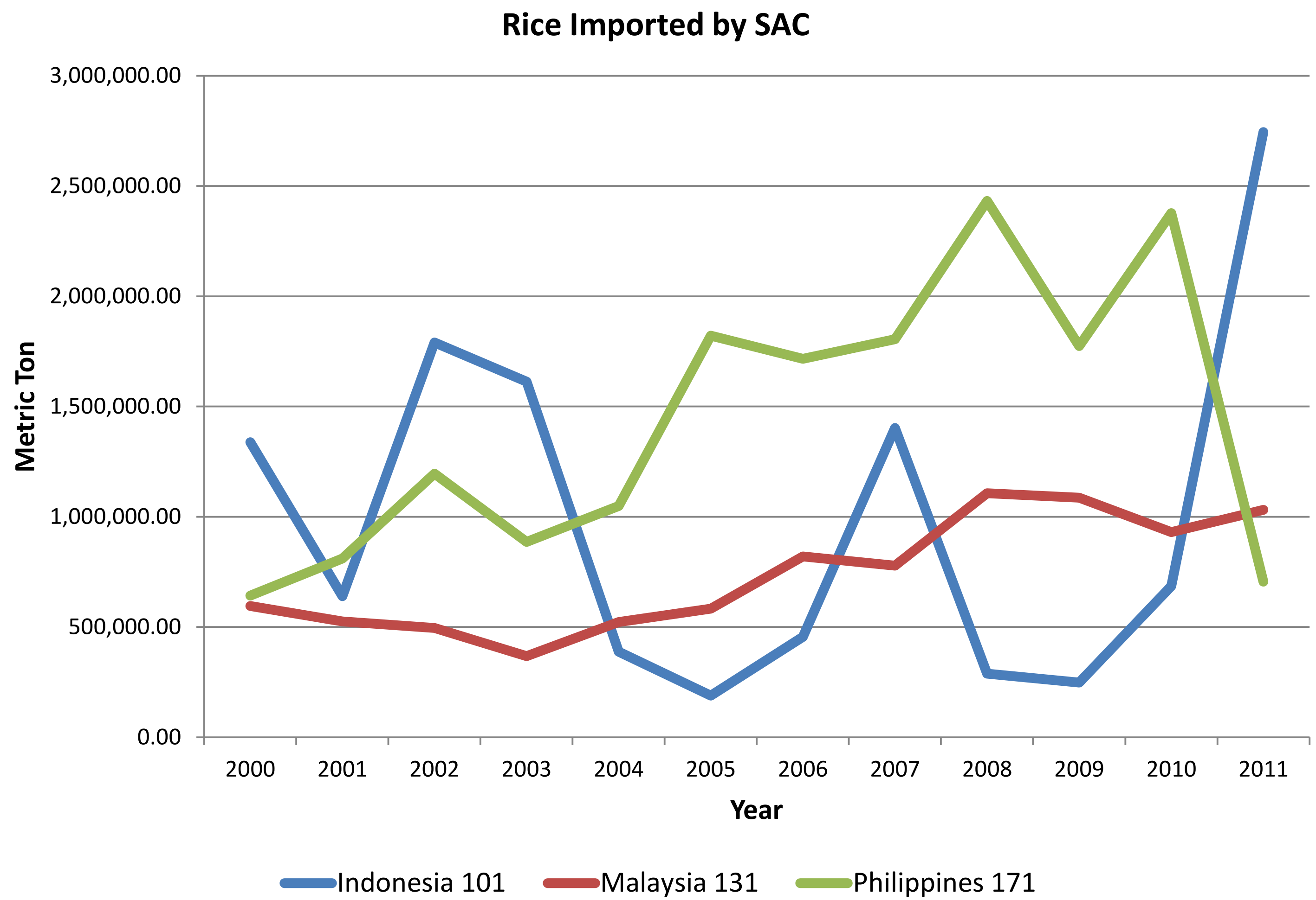
(Table 2. Type of Cambodian Rice have been Exported in 12 months of 2013, in tones)

[illegible] (M/year)	[illegible] (Quantity by Type of Rice)						[illegible] (Total Exported Quantity)
	[illegible] Phka malis / Phka Rumduol Jasmine Rice	[illegible] long grain white Rice	[illegible] Neang Malis Rice	[illegible]	[illegible]	[illegible]	
1. January	13,914	9,302	1,414	992	80	24	25,726
2. February	10,042	11,877	1,254	336	460	120	24,089
3.March	18,350	24,518	1,568	977	-		45,413
4. April	12,708	9,165	936	347	-	120	23,276
5. May	8,247	18,381	1,298	261	163	-	28,350
6. June	9,116	18,067	1,301	405	216	-	29,105
7. July	11,664	17,783	1,225	279	460	-	31,411
8. August	10,237	16,565	1,452	116	988	-	29,358
9. September	10,697	17,179	500	89	930	-	29,395
10. October	6,096	17,482	2,273	24	2,156	-	28,031
11. November	21,282	13,486	2140	96	851	-	37,855
12. December	24,417	20,198	2,089	48	96	-	46,847
សរុប TOTAL	186,770	194,003	17,450	3,970	6,400	264	378,856

DESTINATION OF EXPORT RICE BY CAMBODIA (2013)

(Table 3. Export Destination of Cambodian Rice in 12 months of 2013, in tones)

No	ប្រទេសនាំចូល (Importing Countries)	បរិមាណអង្ករ (Rice Quantity)
1	FRANCE	57,232
2	POLAND	55,879
3	MALAYSIA	51,823
4	NETHERLANDS	29,699
5	CHINA	28,302
6	THAILAND	23,550
7	GABON	14,708
8	SPAIN	11,792
9	UNITED KINGDOM	11,373
10	GERMANY	10,564
11	ITALY	9,874
12	BELGIUM	9,852
13	CZECH REPUBLIC	9,503
14	PORTUGAL	5,895
15	BULGARIA	5,124
16	RUSSIA	3,600
17	SWEDEN	3,228
18	SENEGAL	2,975
19	GREECE	2,778
20	LITHUANIA	2,769
21	IVORY COAST	2,728
22	SINGAPORE	2,453
23	MAURITANIA	2,372
24	ROMANIA	1,900
25	LATVIA	1,800
26	USA	1,779
27	TAIWAN	1,598
28	CROATIA	1,460
29	GHANA	1,406
30	HUNGARY	1,366
31	SAUDI ARABIA	1,298
32	HONG KONG	892
33	ESTONIA	816
34	SLOVAKIA	672
35	AUSTRALIA	594
36	GAMBIA	528
37	KENYA	480
38	DENMARK	436
39	LAO	400
40	VIETNAM	325
41	ANGOLA	320
42	ISRAEL	283
43	AUSTRIA	278
44	SWITZERLAND	250
45	CAPE VERDE ISLAND	245
46	CANADA	225
47	MAYOTTE	168
48	NEW ZEALAND	159
49	REUNION	148
50	SOUTH AFRICA	144
51	PRINCIPE	100
52	IRELAND	96
53	SIERRA LAONE	96
54	UKRAINE	96
55	PAKISTAN	72
56	NAMIBIA	50
57	SLOVENIA	49
58	AFRICA	48
59	GUINEA	48
60	CYPRUS	46
61	MALTA	24
62	NIGERIA	24
63	NIGERIA	23
64	NORWAY	20
65	KOREA	18
66	BRUNEI DARUSSALAM	3
សរុប TOTAL		378,856

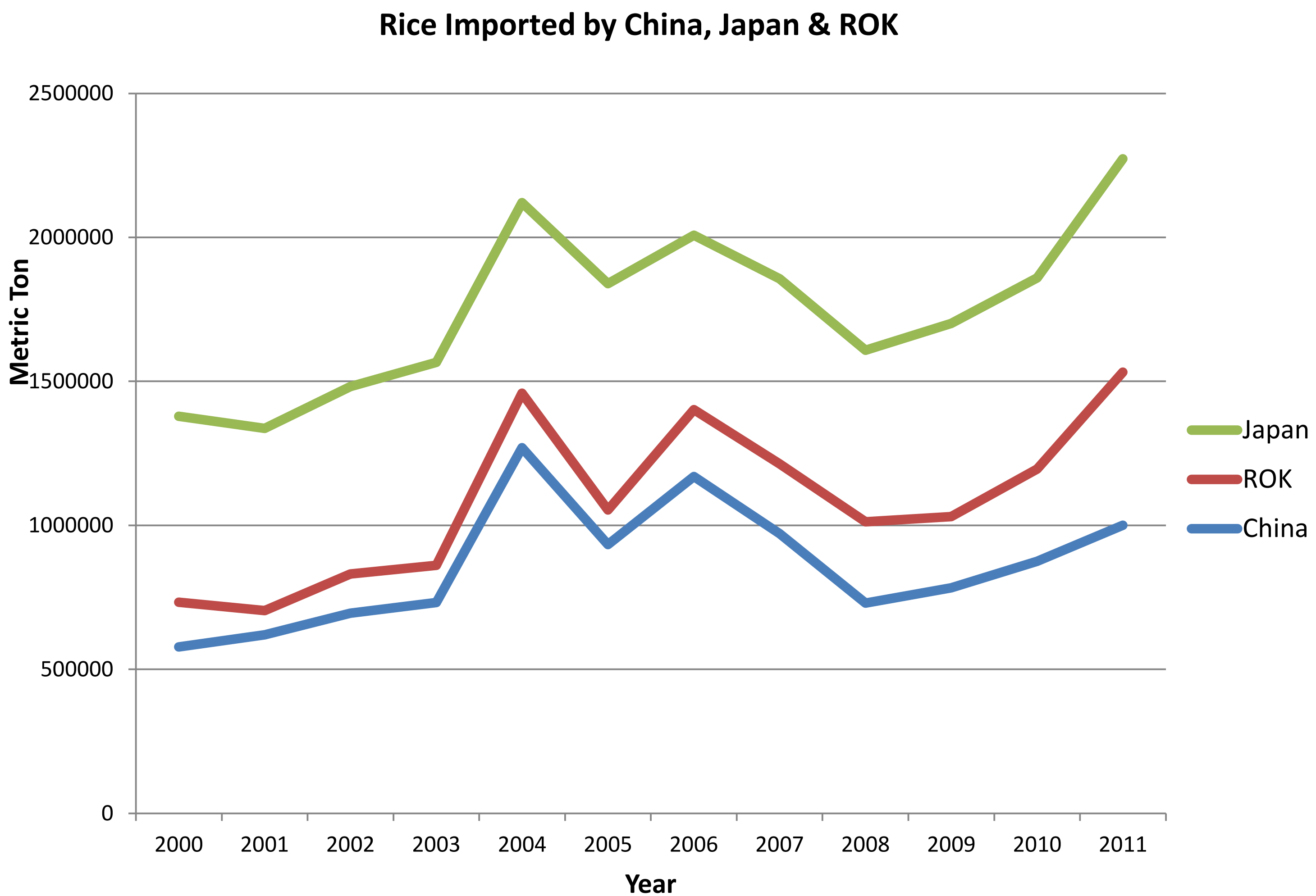


Source: FAO STAT

AEC preparations

The ASEAN rice import duties

Country	2011	2012	2013	2014	2015
Indonesia	30%	30%	30%	30%	25%
Malaysia	20%	20%	20%	20%	20%
Philippines	40%	40%	40%	40%	35%
Laos	5	5	5	5	0
Burma	10-13	0-13	0-13	0-13	0-5
Vietnam	0-20%	0-10%	0-5%	0-5%	0-5%
Thailand	0	0	0	0	0
Brunei	0	0	0	0	0
Singapore	0	0	0	0	0
Cambodia	0-5	0-5	0-5	0-5	0



Source: FAO STAT

NEW DIMENSIONS OF FOOD SECURITY – Post 2008

Beyond the 'Traditional' Dimensions of Availability; Accessibility; Stability; and Utilization – new dimensions have rendered Food Security more complex, multi-scale, and interconnected.

- **Considered as part of Human Security – Non Traditional Security**
- **Cross-border or Regional dimension – collaboration/solutions**
- **Food-Feed-Fuel-Finance conundrum**
- **Food-Water-Energy nexus**
- **Traceability and food safety**
- **Self-reliance rather than self-sufficiency**
- **Demand management**
- **Role of private sector – Public-Private Partnership**
- **Changing Role of Rice**

BUT basic issue of 'Price Dilemma', Domestic Price Stabilization and (mis)Trust of Global Rice Market remains – [CARE - debate trapped in mindset of 1970s despite realities of 2010s]

Another key challenge is for Governments to trust the (regional, if not global) market

TOWARDS REGIONAL FOOD SECURITY:

2008 global food crisis – recognition that food security one of most important cross-border issues where countries acting alone are unable to handle – top priority issue in ASEAN and East Asia (ASEAN+3) levels

11th ASEAN+3 Summit, Nov 2007 **–food security identified as the key area where regional cooperation need to be advanced**

14th ASEAN Summit, March 2009, Thailand **– adopted ASEAN Integrated Food Security Framework (AIFSF) and Strategic Plan of Action on Food Security in the ASEAN Region (SPA-FS)**

NEAT Working Group in East Asian Food Security, July 2009 **– need to build on East Asia Emergency Rice Reserve (EAERR) piloted in 2004 and ASEAN Food Security Information System (AFSIS) initiated in 2003 and weave into AIFSF and SPA-FS**

AMAF finally signed ASEAN Plus Three Emergency Rice Reserve (APTERR) agreement on 7th Oct 2011 for meeting requirements of emergency rice supply

THE CHANGING ROLE OF RICE

- Rice increasingly food of the poor and rural segment – impacted most by volatility as well as 'high stable' (incentive) prices as mechanism to achieve food security at macro level and high level of self-sufficiency
- Urbanization lowers per capita consumption of rice – variety of substitutes – changing diets
- Better food supply chains/systems – rural h/h can afford to be < self-sufficient in food production and consumption, especially rice
- Relatedly, modern supply chains/supermarkets have linked and changed interactions between farmers, markets and consumers
- Share of total calories from rice declining, food budget share of rice declining even faster < 20% (higher for poor); > 80% on other food, including processed & convenience
- Consequently, share of rice in agricultural output and in overall economy also declining rapidly

Unfortunately, current food security debate still mired in the mindsets of the 1970s .. rice-centric, production-centric, public sector-centric, nation-centric (self-sufficiency), etc… we can and should do better

Trade structure (quality segments) has changed

World Trade: Est. Changes in Quality since Mid 1990s			
(millions of tons, milled equiv.)			
Quality	mid 90s	2005-07	2010-12
Basmati	.89	2.00	3.64
Jasmine	1.20	1.90	2.52
Jasmine Bkns	NA	.69	0.73
Glutinous	.28	.34	.46
Japonica	1.50	2.58	2.42
Rough	.50	2.45	2.36
Brown	.60	0.70	.64
Parboiled	2.15	6.93	6.07
High	3.20	5.10	8.14
Medium	2.50	3.07	2.97
Low	3.86	5.27	4.63
Brokens	.83	1.82	2.01
Total	17.50	32.85	36.60

Source: Personal Communication Tom Slayton

Key Importers Changing - Opportunities

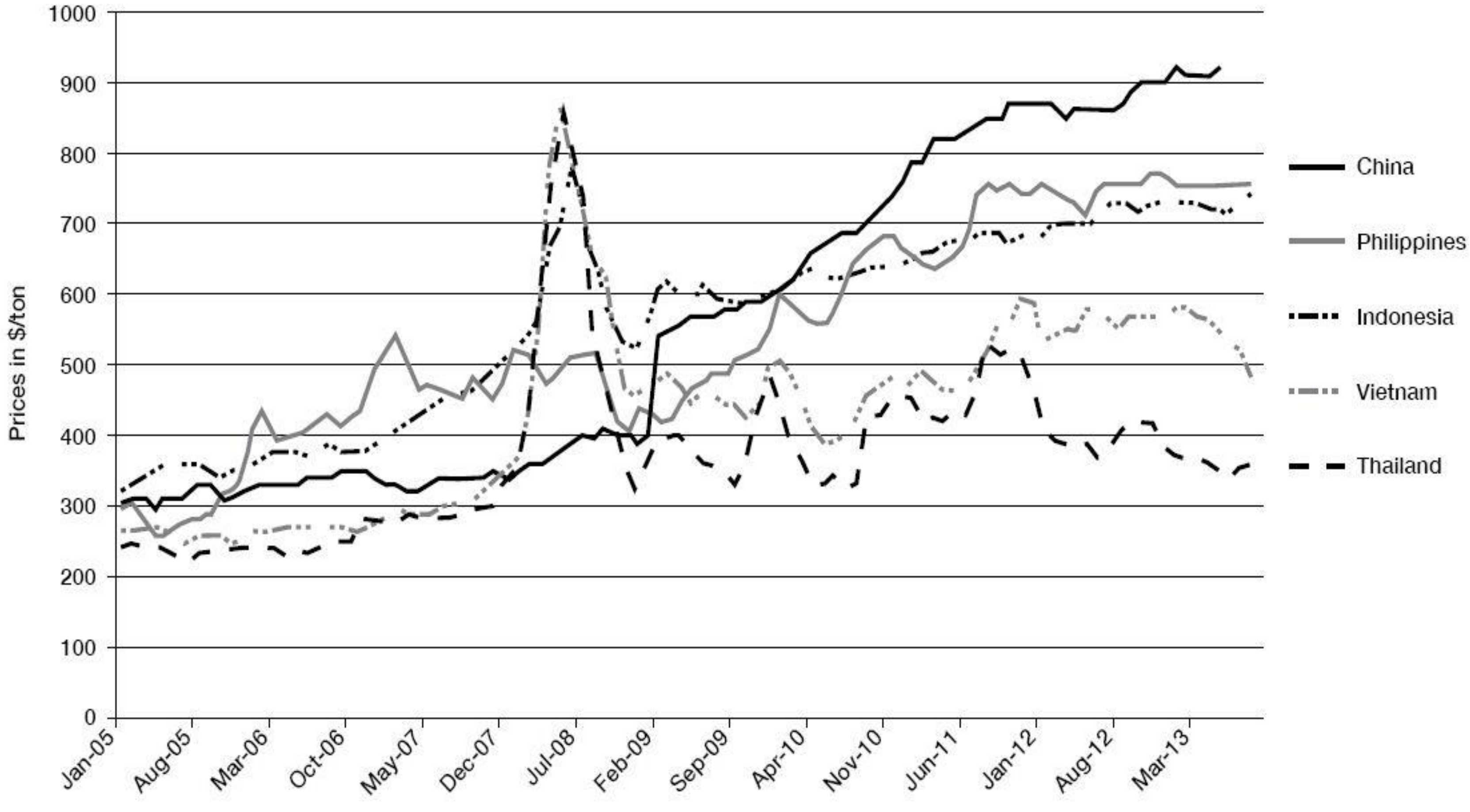
Imports by Key Markets (million tons)				
	2011	2012	2013	CHG
Bangladesh	1.49	.05	.30	.25
China	.58	2.90	3.00	.10
Indonesia	3.10	1.96	1.50	-.46
Iran	1.87	1.70	1.50	-.20
Iraq	1.04	1.48	1.40	-.08
Ivory Coast	.94	1.45	1.15	-.30
Nigeria	2.55	3.40	2.90	-.50
Philippines	1.20	1.50	1.50	0
Senegal	.81	1.20	1.00	-.20
Others	22.69	23.51	25.75	2.24
TOTAL	36.25	39.15	38.60	1.54

Source: Personal Communication Tom Slayton

Increasing Paddy support prices: 2012 $381/MT; 2013 – 420/MT (~620/MT rice wholesale) – TRQ – 5.32 MMT (duty 1% cf outside TRQ 65%)

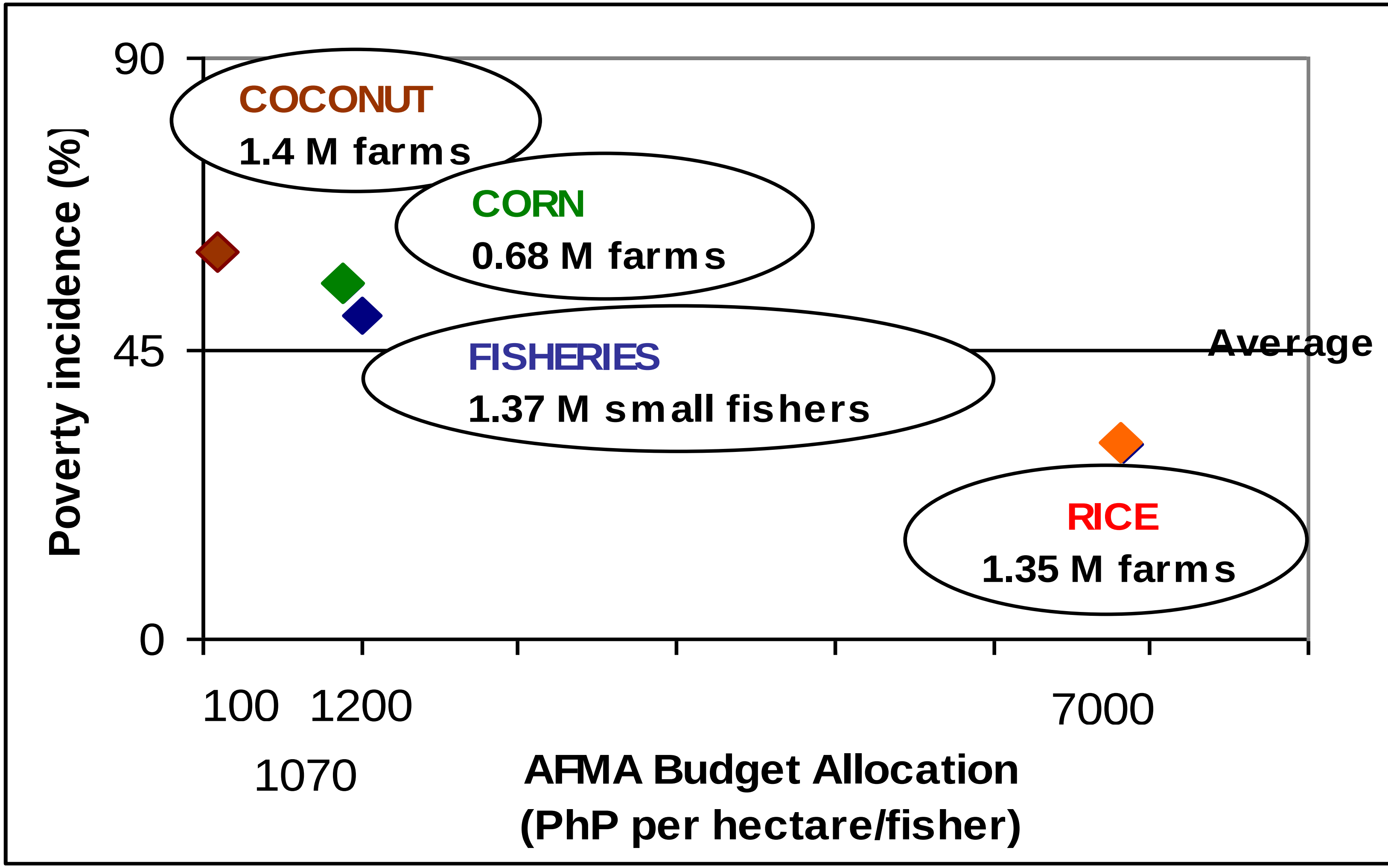
EU – 1.5MMT/annum; EBA – duty waiver – E175 or USD228/MT

Average wholesale prices of rice in selected countries, $/ton



Source: FAO GIEWS.

Self-Sufficiency at what cost?

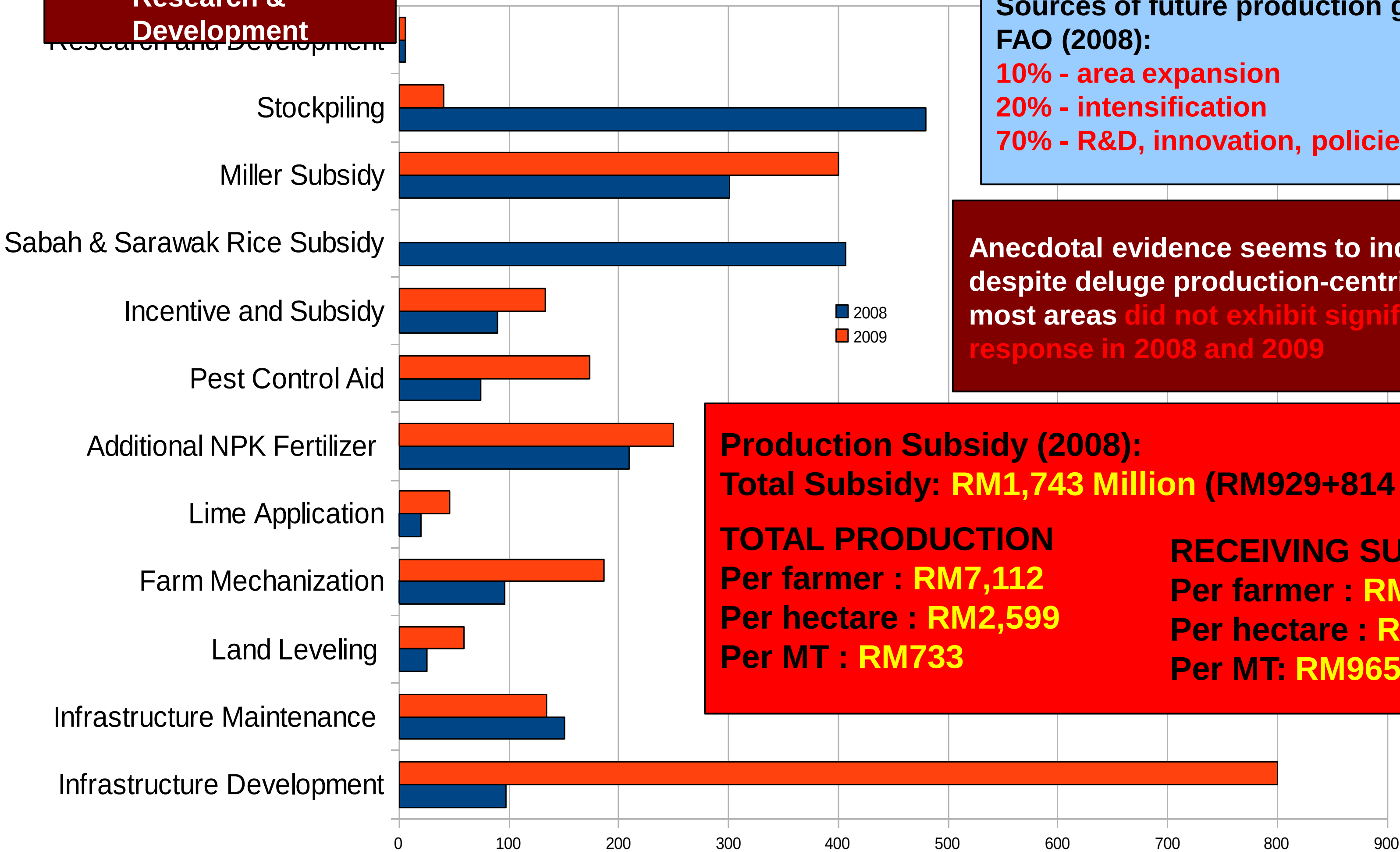


Source: World Bank (2007) – Philippines: Agriculture Public Expenditure Review,

MALAYSIA – What cost wrt National Food Security 2008 & 2009?

(budget – in RM million)

Research & Development



Sources of future production growth FAO (2008):
10% - area expansion
20% - intensification
70% - R&D, innovation, policies

Anecdotal evidence seems to indicate that despite deluge production-centric subsidies, most areas did not exhibit significant supply response in 2008 and 2009

Production Subsidy (2008):
Total Subsidy: RM1,743 Million (RM929+814 Million)

TOTAL PRODUCTION
Per farmer : RM7,112
Per hectare : RM2,599
Per MT : RM733

RECEIVING SUBSIDY
Per farmer : RM11,973
Per hectare : RM 5,819
Per MT: RM965

Total budget : 2008 – 1,954.95 2009 - 2,280.00

Key Messages:

1. Myanmar (exported 1.3 mil MT in 2013), Cambodia (exported 377,000MT) and Lao PDR (marginal exporter of Glutinous rice). All targeting to export more in coming years - Myanmar 2 million MT and Cambodia 1 million MT by 2015. Currently, insignificant % exports to ASEAN countries.

2. Dynamics of Global and regional rice markets and Trade – shifting - policy changes in India, China and Thailand – China hike in imports result from raising price subsidy over last few years (likely major importer of rice in future) – coupled with ASEAN and GMS connectivity increasing importance of Regional cross border investments and Trade – ASEAN as a common production base and market.

3 Increasing incidence of cross-border investments in all 3 countries - Thai, and Japanese in rice mills in Myanmar; Thai, Singapore and Chinese in Cambodia; Thai, French and Chinese in Lao PDR and regional rice and agri-food supply chains and trading networks

4. Ahead of 2015, private sector already treating ASEAN as common production and market. Also Japan and China also involved. Can expect big net importers like Malaysia, Indonesia and Philippines (and Korea) to also follow suite

Key Messages (Cont’d):

5. Idea of OREC misplaced – rice is NEITHER oil nor wine. More pragmatic to develop a regional consortium of exporting and importing countries

6. Therefore timely to consider Regional Rice Integration buttressed in ASEAN but also involving China, Japan and Korea – (ASEAN plus three’) – building on and having a more holistic approach to involve not only exporters but also importing countries as well as building on ASEAN Plus Three Emergency Rice Reserve (APTERR) in relation to regional sustainable food security – getting governments to trust the regional market.

7. Consider various basic considerations, options and future prospects:

- B2B Initiated and driven , G2G facilitated
- Basics – after gaining concurrence on ‘Why’ and ‘what’ needs to be done – open for discussion in roundtable on ‘how’, ‘when’, ‘where’ and by ‘who’?
- What is the role for APAP Forum? – Policy guidance and oversight?

THANK YOU !