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Report Name: Grain and Feed Update

Country: Cambodia

Post: Phnom Penh

Report Category: Grain and Feed

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Report Highlights:

Post forecasts that Marketing Year (MY 2022/23) harvested area and production will only slightly increase from the previous year due to a recovery from floods and storms, expectation of lower oil prices, and more adoption of technology. Post forecasts MY 2022/23 rice exports to the European Union (EU) will increase due to the lifting of its safeguard measures that restored access for Cambodian rice to the EU's Everything But Arms (EBA) trade preferences. Post estimates MY 2021/22 rice exports will increase also due to increased Cambodian rice exports to the EU as well as reduced freight costs.

RICE

Production, Supply, and Distribution

Rice, Milled	2020/2021		2021/2022		2022/23	
Market Begin Year	Jan 2021		Jan 2022		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3265	3256	3300	3271	3350	3310
Beginning Stocks	549	549	212	318	234	259
Milled Production	5783	5739	5900	5771	5940	5933
Rough Production	9480	9408	9672	9460	9738	9727
Milling Rate (.9999)	6100	6100	6100	6100	6100	6100
MY Imports	30	10	10	10	30	10
TY Imports	30	10	10	10	30	10
TY Imp. from U.S.	1	3	0	1	0	1
Total Supply	6362	6298	6122	6099	6204	6202
MY Exports	1850	1600	1400	1490	1600	1490
TY Exports	1850	1600	1400	1490	1600	1490
Consumption and Residual	4300	4380	4500	4350	4200	4398
Ending Stocks	212	318	222	259	404	314
Total Distribution	6362	6298	6122	6099	6204	6202
Yield (Rough)	2.9035	2.8894	2.9309	2.8920	2.9069	2.9390

(1000HA), (1000MT), (MT/HA)

Production

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

MY	**2020/2021**			**2021/2022**			**2022/2023**		
	Harvested area (THA)	**Yield (MT/HA)**	**Production (TMT)**	**Harvested area (THA)**	**Yield (MT/HA)**	**Production (TMT)**	**Harvested area (THA)**	**Yield (MT/HA)**	**Production (TMT)**
Wet season	2,671	2.686	7,175	2,671	2.696	7,200	2,700	2.737	7,390
Dry season	585	3.818	2,235	600	3.767	2,260	610	3.831	2,337
Total	**3,256**	**2,890**	**9,409**	**3,271**	**2.892**	**9,460**	**3,310**	**2.939**	**9,727**

Notes: For the wet season, Cambodia's primary crop period, sowing starts in May-June, with the crop harvested in August-September for short- and medium-term varieties and October-January for longer term varieties. For Cambodia's secondary crop period, the dry season, sowing starts in November-December, with the crop harvested from February to April. MY 2021/22 includes two crops: 2021 wet season and 2021-2022 dry season.

Source: Ministry of Agriculture, Forestry and Fisheries; Post's estimates.

Severe floods which began in the summer of 2022 created very poor rice cultivation conditions and lowered yields, impacting short and medium-term varieties in Cambodia. Media reports floods affected 22 out of 25 Cambodian provinces compared to only nine provinces last year, and flooding will likely continue until December. Industry contacts estimate total production volume to decrease by 15 percent compared to the previous year due to the flood damage. Based on an ongoing assessment by the Ministry of Agriculture, Forestry and Fisheries (MAFF), through mid-October, floods affected 206,773 hectares of rice cultivation areas, with 85,128 hectares damaged, three times worse than last year. Due to this flood devastation, Post revises its estimate of MY 2021/22 rice harvested area and production down to 3,271 thousand hectares (THA) and 9.46 million metric tons (MMT), slightly lower than the USDA official numbers.

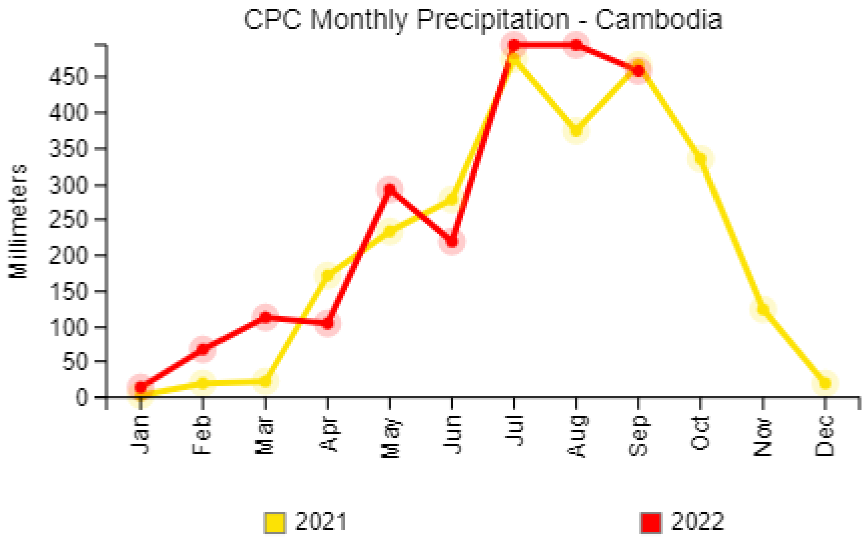
This prolonged flooding will impact MY 2022/23 wet-season rice farming and slow the rate of expansion of cultivated areas accordingly, especially in key rice provinces such as Banteay Meanchey, Battambang, Kampong Thom, and Siem Reap. The Cambodian government appointed a new Minister of Agriculture in October to tackle the flood issues and has taken measures to provide seeds to farmers to replant once flooding subsides. Therefore, Post forecasts total cultivated areas will still slightly increase from the previous year, although at a slower rate. Post revises its MY 2022/23 harvested area and production to 3,310 THA and 9.727 MMT, slightly lower than USDA official forecast.

Farmers use fertilizers much more in dry-season rice cultivation, and very little in wet-season rice. For MY 2021/22, industry contacts and farmers report that although fertilizer prices increased by 30 percent compared to the year before, dry season rice farmers will not reduce their fertilizer use despite a shrink in profit. Additionally, based on the Mekong River Commission’s meteorological monitoring and forecast reports, the 2021/22 dry season seems to be wetter than the previous year as rains arrived earlier. Mekong River water levels in the 2021/22 dry season appear to be close to or above average, and higher than the 2020/21 dry season. Therefore, Post keeps its estimates of the MY 2021/22 dry season harvested area and production at 600 THA and 2.26 MMT, respectively.

With better irrigation, the dry-season rice cultivated area will increase slightly and offset the damage of flooding which allows MY 2021/22 total harvested area and production to remain stable.

Industry contacts expect global oil prices to decrease, which will allow farmers to irrigate their fields at less cost and able to conserve resources to apply more fertilizer. Therefore, Post maintains its forecasts for MY 2022/23 dry season harvested area and production to increase to 610 THA and 2.34 MMT, respectively.

Figure 1: Monthly Precipitation Comparison on Global Agricultural and Disaster Assessment System (GADAS)



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Source: GADAS

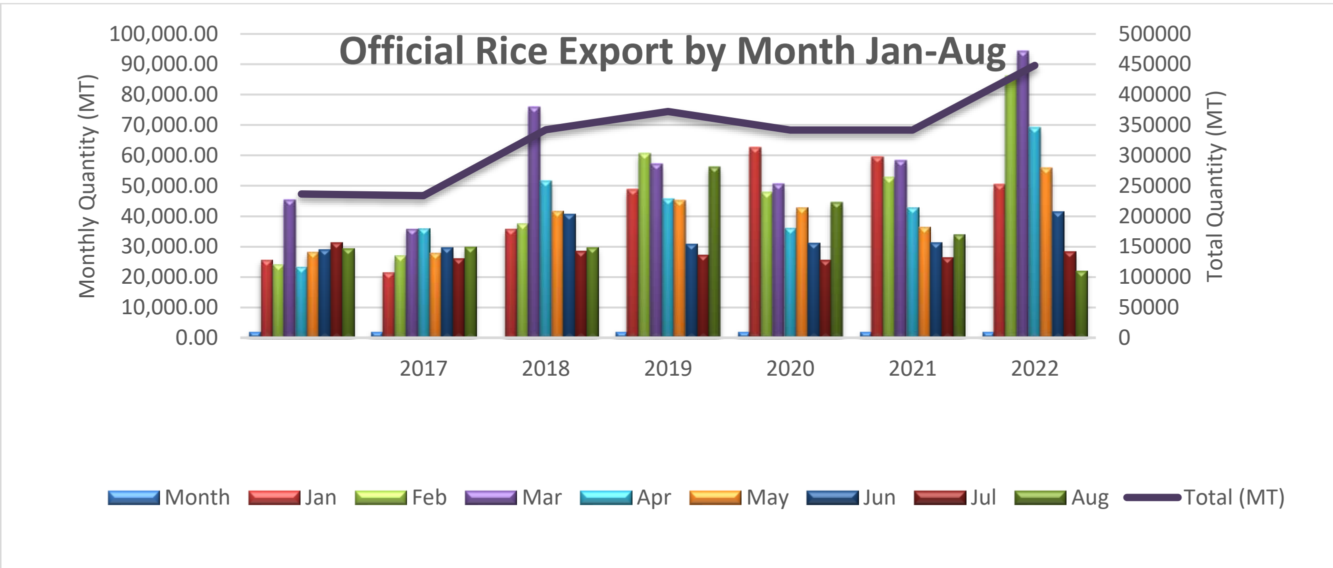
Figure 2: Evacuated Residents Due to Floods

Photo: National Committee for Disaster Management

Trade

In the first nine months of Trade Year 2021/2022 (TY 2021/22), the official rice export volume reached 449,361 MT, 3 percent higher than the previous year (Figure 3, Table 2). This increase was due to lower freight costs and exporters taking advantage of the lift of the safeguard measures which restored access for Cambodian rice to the EU's EBA trade preferences.

Figure 2: Official Rice Exports by Month, CY 2017-2022



Source: Cambodia Rice Federation

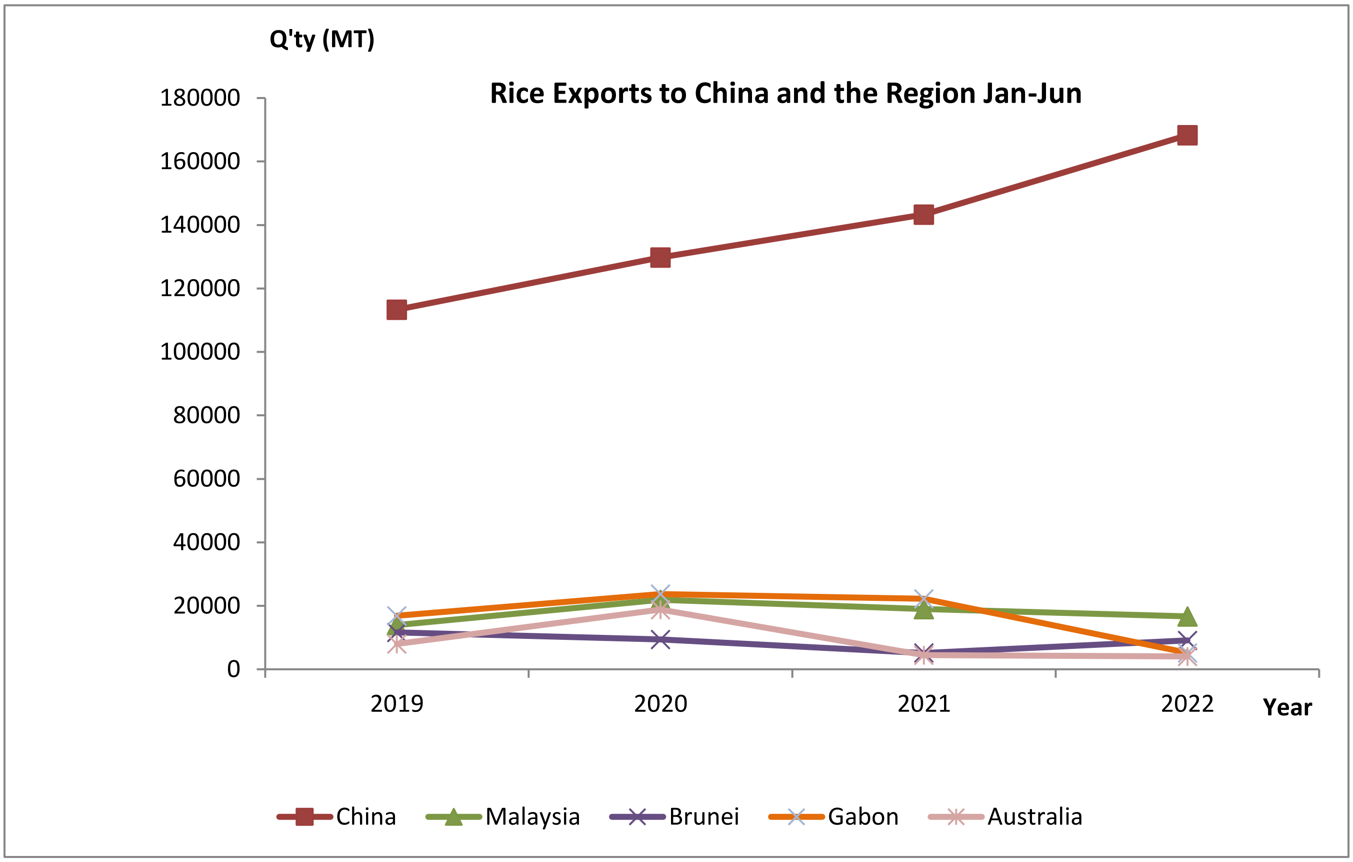
Table 2: Official Rice Exports, January-August (Unit: MT)

Month	2017	2018	2019	2020	2021	2022
Jan	48,820	62,623	59,625	50,450	34,273	53,036
Feb	60,731	47,809	52,861	86,049	41,949	50,022
Mar	57,127	50,683	58,335	94,449	77,466	67,481
Apr	45,716	36,239	42,942	69,304	38,807	50,599
May	45,243	42,865	36,409	55,845	40,536	62,537
Jun	30,925	31,318	31,366	41,563	47,419	43,525
Jul	27,354	25,543	26,475	28,413	29,415	23,702
Aug	56,274	44,558	34,032	22,130	33,582	38,098
Total (MT)	**372,190**	**341,638**	**342,045**	**448,203**	**343,447**	**354,548**
Change (%)		-8%	0%	31%	-23%	3%

Source: Cambodia Rice Federation

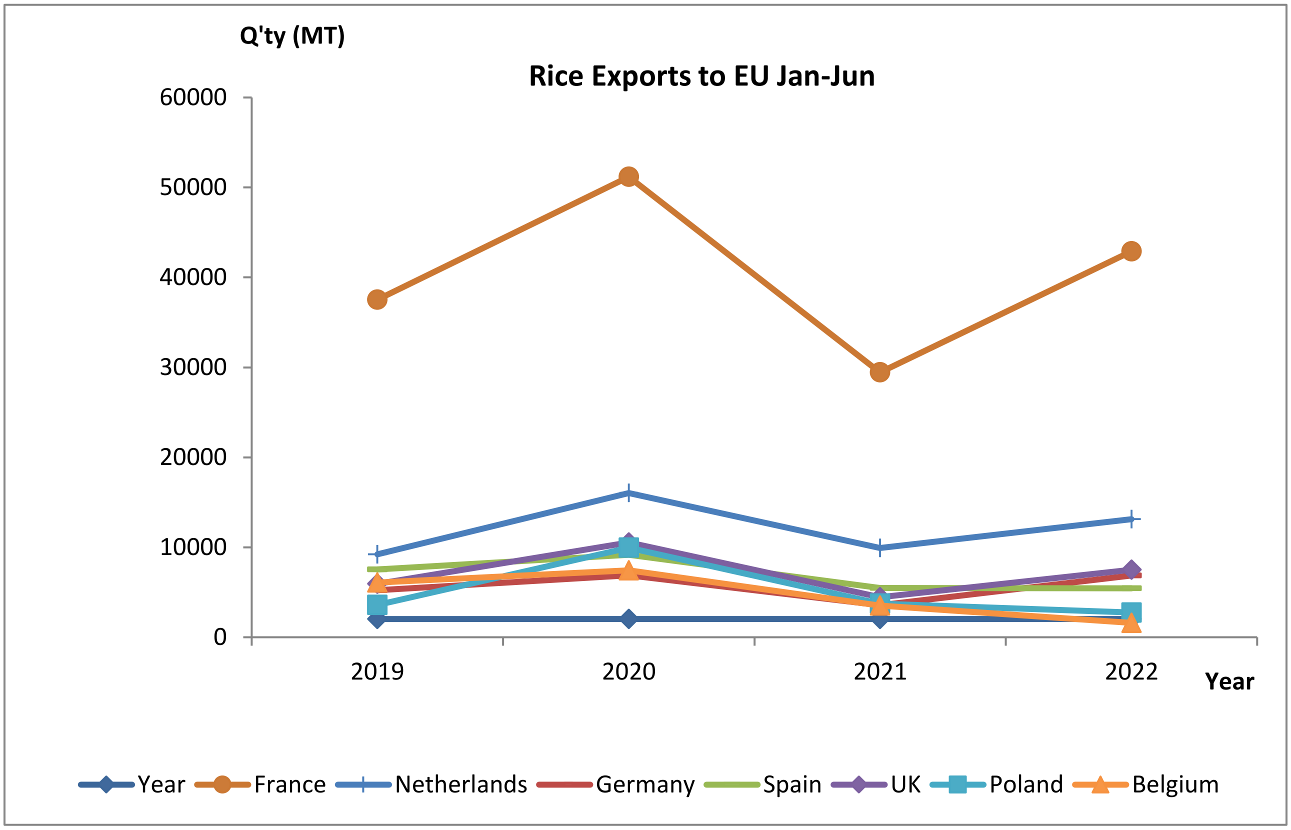
The proportion of Cambodia rice exported to the EU is increasing although China remains Cambodia's top destination for rice exports at 204,942 MT. However, due to the increase in exports to the EU, it's share decreased to 44.1 percent (compared to 51 percent in TY 2021/22) during the first nine months of TY 2021/22. Exports to the EU increased due to the early 2022 removal of safeguard measures which had placed tariffs on Cambodia rice exports to the EU, and lower freight costs. Ocean freight costs from Cambodia to EU ports for 20-feet containers decreased 166 percent from $8,000 in 2021 to $3,000 in October 2022. Exports to France increased by around 15 percent and to the Netherlands by 4.65 percent. The Cambodia Rice Federation also reported paddy exports to Vietnam at 2,357,674 MT in the first nine months of 2022; however, other international trade sources reported much less at around 983,606 MT. Although flood damage could constrain TY 2022/23 export growth, Post forecasts rice exports from Cambodia in TY 2022/23 to remain flat compared to TY 2021/22, due to continued reductions in freight costs and higher exports to the EU.

Figure 3: Rice Exports to China and Key Export Destinations by Month, CY 2019-2022



Source: Cambodia Rice Federation

Figure 4: Top EU Markets, CY 2019-2022



Source: Cambodia Rice Federation

Figure 5: Average Free on Board (FOB) Price of Milled Rice, January-September 2022

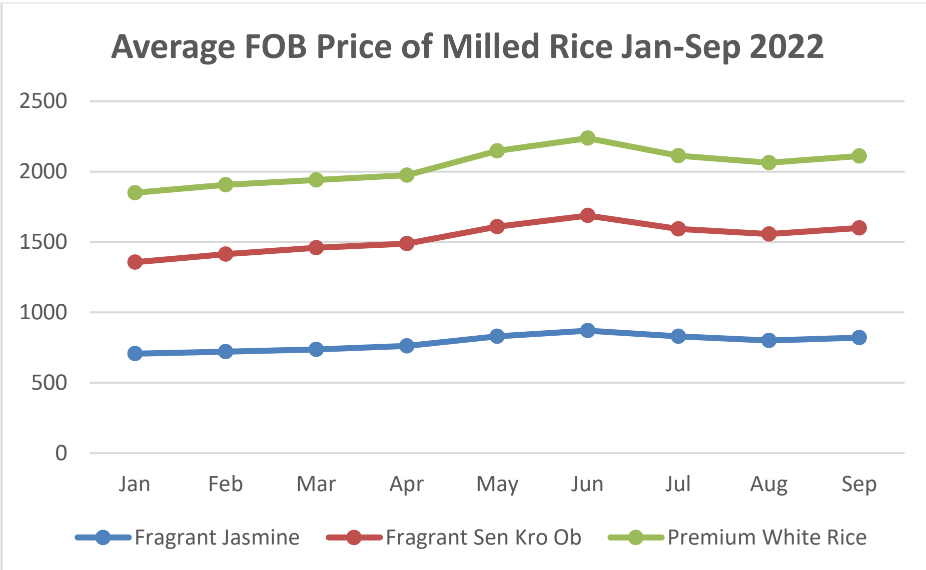
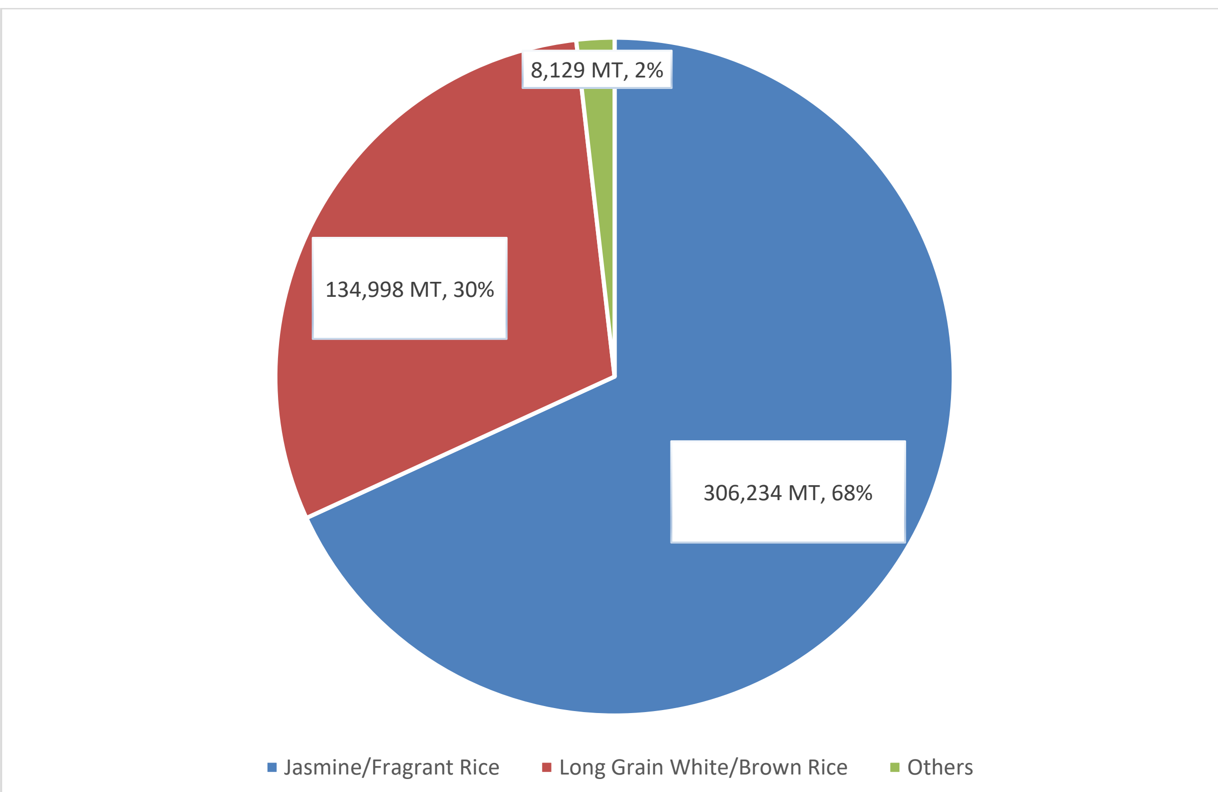


Figure 6: Official Rice Export Volumes by Variety, January – September 2022



Source: Cambodia Rice Federation

Attachments:

No Attachments