

Required Report: Required - Public Distribution

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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 reduced its marketing year 2020/2021 (MY20/21) rice production estimates to 3,235 thousand hectares (THA) and 9.36 million metric tons (MMT), lower than the USDA official numbers, on unfavorable weather conditions that affected the wet season crop. Post revised its export estimate for MY19/20 to 1.33MMT on lower cross-border trade and its forecast for MY20/21 to 1.40MMT on the slight increase of official exports and revival of cross-border trade.

RICE

Cambodia's Production, Supply, and Distribution for Rice

Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan 2019		Jan 2020		Jan 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3240	3240	3256	3256	3280	3235
Beginning Stocks	397	397	499	363	599	465
Milled Production	5742	5742	5740	5740	5780	5710
Rough Production	9413	9413	9410	9410	9475	9361
Milling Rate (.9999)	6100	6100	6100	6100	6100	6100
MY Imports	10	11	10	20	10	15
TY Imports	10	11	10	20	10	15
TY Imp. from U.S.	4	3	0	3	0	3
Total Supply	6149	6150	6249	6123	6389	6190
MY Exports	1350	1370	1200	1330	1300	1396
TY Exports	1350	1370	1200	1330	1300	1396
Consumption and Residual	4300	4251	4450	4328	4500	4405
Ending Stocks	499	363	599	465	589	389
Total Distribution	6149	5984	6249	6123	6389	6190
Yield (Rough)	2.9052	2.9052	2.89	2.89	2.8887	2.8937

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

Production

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

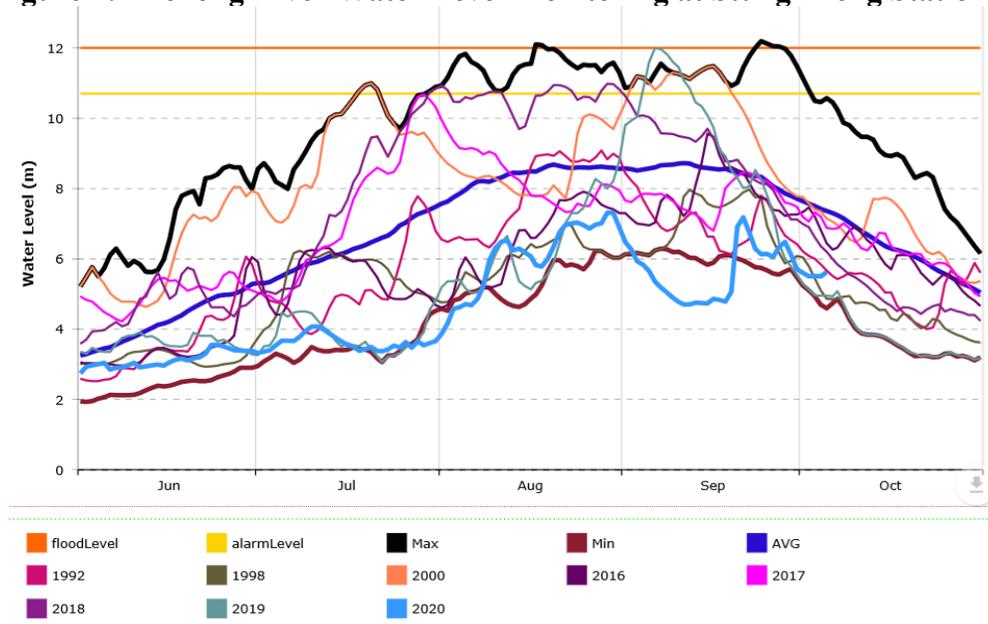
MY	2018/2019			2019/2020 Estimate			2020/2021 Forecast		
	Harvested area (THA)	Yield (t/ha)	Production (TMT)	Harvested area (THA)	Yield (t/ha)	Production (TMT)	Harvested area (THA)	Yield (t/ha)	Production (TMT)
Wet season	2,653	2.686	7,126	2,671	2.686	7,175	2,644	2.686	7,103
Dry season	587	3.895	2,288	585	3.818	2,235	591	3.818	2,257
Total	3,240	2.905	9,414	3,256	2.890	9,409	3,235	2.893	9,360

Notes: For the wet season, which is the primary crop season, sowing starts in May-June, and the crop is harvested in August-September for short and medium duration varieties and October-January for long duration varieties. For the secondary crop during the dry season, sowing starts in November-December, and the crop is harvested from February to April. MY20/21 includes two crops: 2020 wet season and 2020-2021 dry season.

Source: Ministry of Agriculture, Forestry and Fisheries; Post calculations.

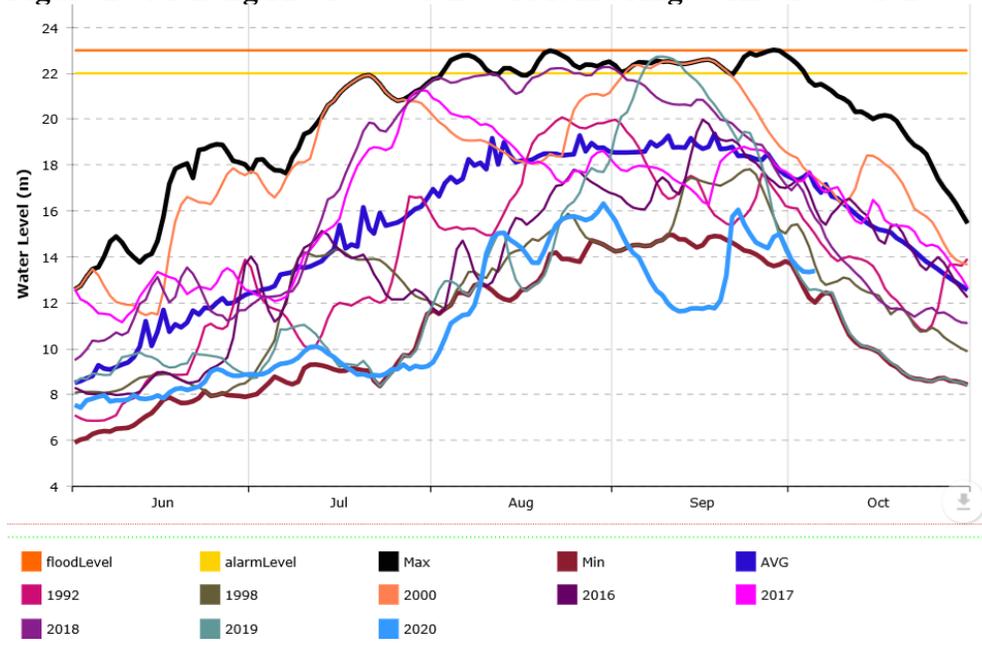
Post reduced its MY20/21 forecasts of rice production to 3,235THA and 9.36MMT, lower than the USDA official numbers, on unfavorable weather conditions that affected the wet season crop. Local media continues to report that drought is a major issue for rice cultivation in Cambodia. This year, drought most severely affected Kampong Thom, Battambang, Kampong Cham, Banteay Meanchey, Kampong Chhnang, Kampong Speu, and Takeo provinces. According to the Mekong River Commission (MRC), low rainfall in the Lower Mekong Basin (LMB) in 2019, due to a prolonged El Niño, caused below average water levels in the Mekong mainstream in the 2020 dry season. Figures 1 and 2 show that Mekong River water levels observed at Stung Treng and Kratie stations were close to multi-year minimum levels and sporadically dropped lower. As shown in Figure 3, Cambodia's drought in July 2020 was more severe than in July 2018.

Figure 1: Mekong River Water Level Monitoring at Stung Treng Station



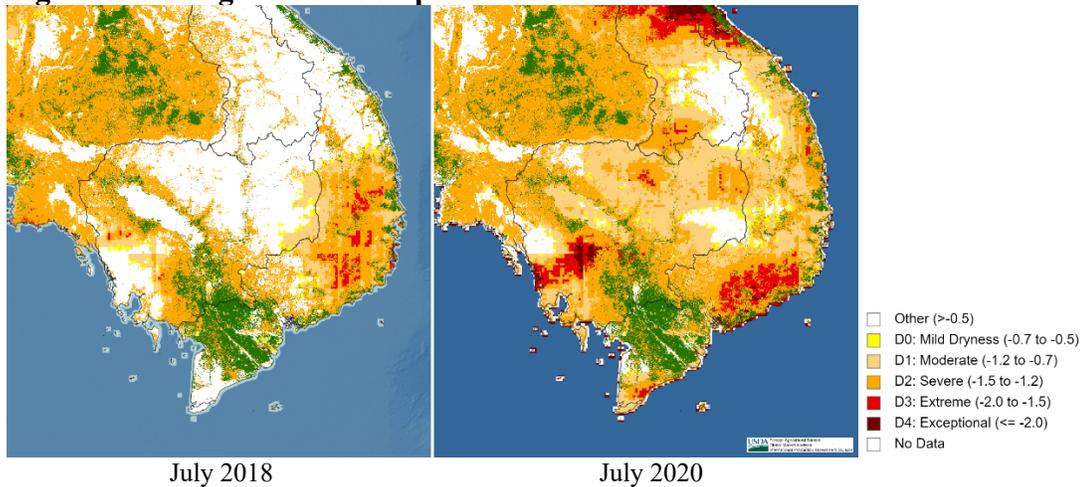
Source: MRC

Figure 2: Mekong River Water Level Monitoring at Kratie Station



Source: MRC

Figure 3: Drought Alert Comparison



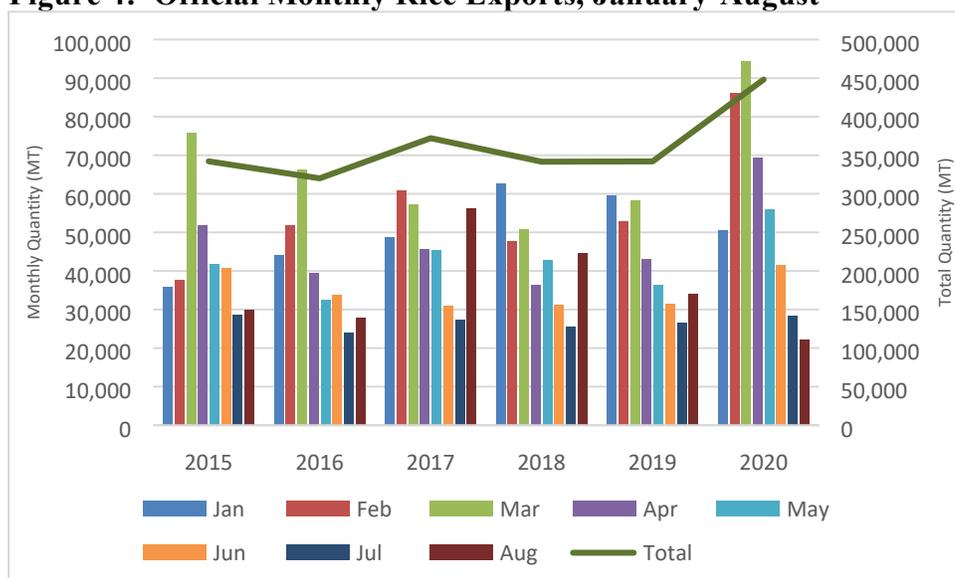
Source: USDA/Global Agricultural and Disaster Assessment System

Rainfall started improving in August 2020, which benefited the main wet season crop, but irregular rainfall has also triggered concerns of flooding in the remaining months of 2020. Due to drought, farmers in areas lacking access to irrigation reportedly delayed cultivation of the wet season crop or replanted drought damaged crops in June or July, leading to reduced production and a one- to two-month delay in the harvest of the main wet crop. As of August 15, according to the Ministry of Water Resources and Meteorology, 2,464THA of the wet season crop was planted, equal to 95.5 percent of the cultivation plan. Battambang, Prey Veng, and Svay Rieng, the three large production provinces, reported the highest percentage of production lag.

Trade

In the first eight months of MY19/20, Cambodia's official rice export volume reached 448,203MT, 31 percent higher than the previous year, on increasing global demand related to COVID-19 (Figure 4, Table 2). However, industry reported that tightened border controls due to COVID-19 concerns sporadically affected cross-border paddy trade. As a result, Post reduced its MY19/20 export estimate to 1.33MMT, which is still higher than the USDA official number. Post revised its MY20/21 exports forecast to 1.40MMT on the slight increase in official trade and the revival of cross-border trade.

Figure 4: Official Monthly Rice Exports, January-August



Source: Secretariat of One Window Service for Rice Export Formality (SOWS-REF)

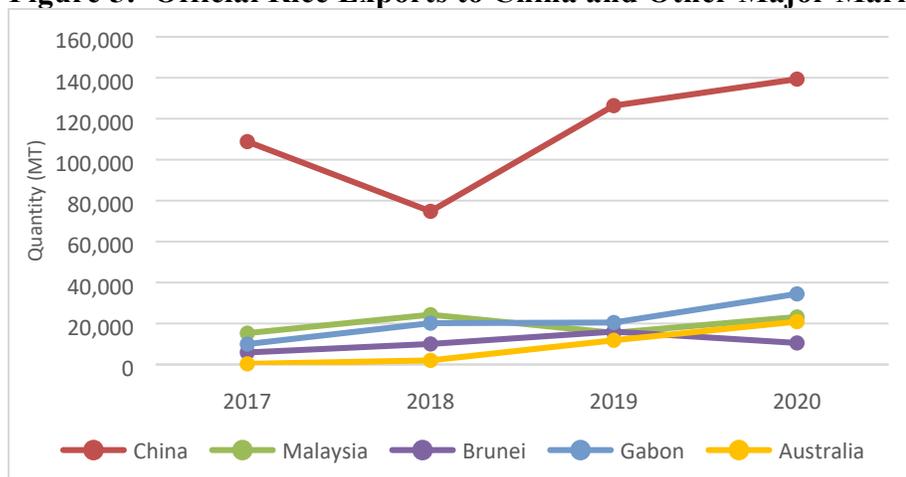
Table 2: Official Monthly Rice Exports, January-August

Month	2015	2016	2017	2018	2019	2020
January	35,921	44,033	48,820	62,623	59,625	50,450
February	37,676	51,912	60,731	47,809	52,861	86,049
March	75,867	66,275	57,127	50,683	58,335	94,449
April	51,719	39,550	45,716	36,239	42,942	69,304
May	41,842	32,558	45,243	42,865	36,409	55,845
June	40,800	33,862	30,925	31,318	31,366	41,563
July	28,492	24,087	27,354	25,543	26,475	28,413
August	29,819	27,799	56,274	44,558	34,032	22,130
Total (MT)	342,136	320,076	372,190	341,638	342,045	448,203
Year-on-Year Change (%)	46%	-6%	16%	-8%	0%	31%

Source: SOWS-REF

China was the largest importer of Cambodian rice, accounting for 31 percent of the market in the first eight months of MY19/20 (Figure 5). According to the Cambodian Rice Federation, China has granted Cambodia a total import quota of 1.1MMT rice under a number of memorandums of understanding (MOU). The latest MOU, which was signed in April 2019, allows Cambodia to export up to 400,000MT of rice to China from August 2019 to December 2020. Under this MOU, Cambodia has exported a total of 254,228MT to China as of August 2020 and expects to fully utilize the quota by the end of 2020.

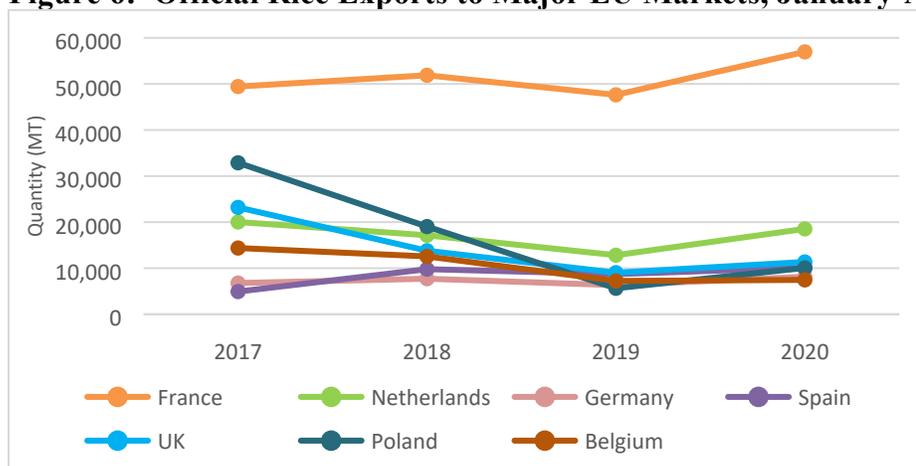
Figure 5: Official Rice Exports to China and Other Major Markets, January-August



Source: SOWS-REF

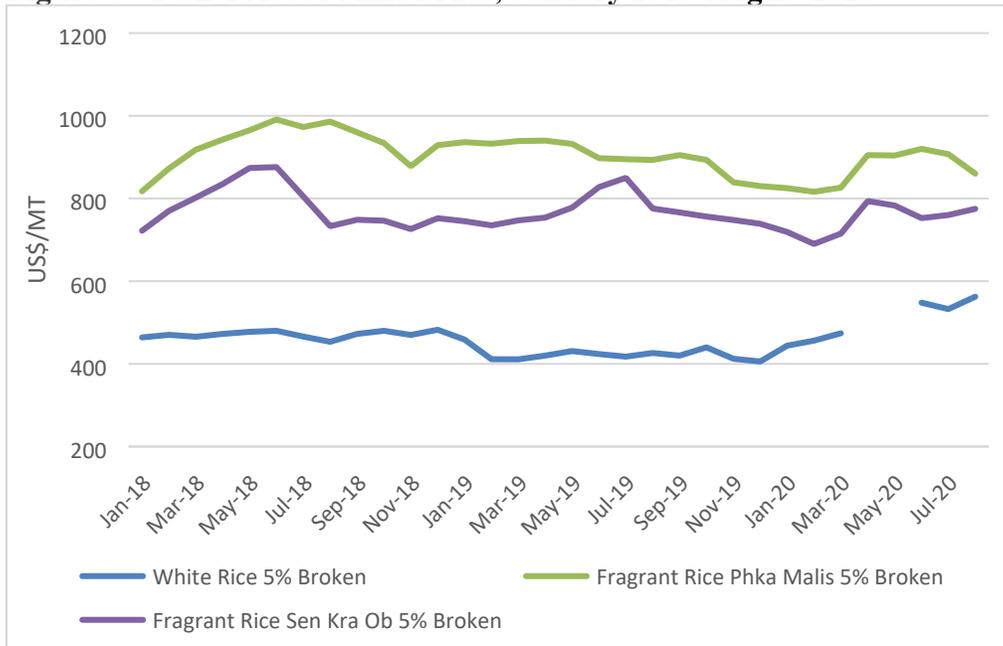
In the first eight months of MY19/20, exports to the EU rose by 25 percent to 149,848MT on increasing demand related to COVID-19 (Figure 6). However, the EU’s current safeguard tariff, which is being imposed on Cambodian long grain white rice and parboiled rice at €150/MT (\$171), and high prices as compared with other sources (Figure 7) are reducing the competitiveness of Cambodian rice in the EU market. Due to the import tariffs, exports of Cambodian milled and semi-milled Indica rice to the EU have fallen since MY18/19 (Figure 8).

Figure 6: Official Rice Exports to Major EU Markets, January-August



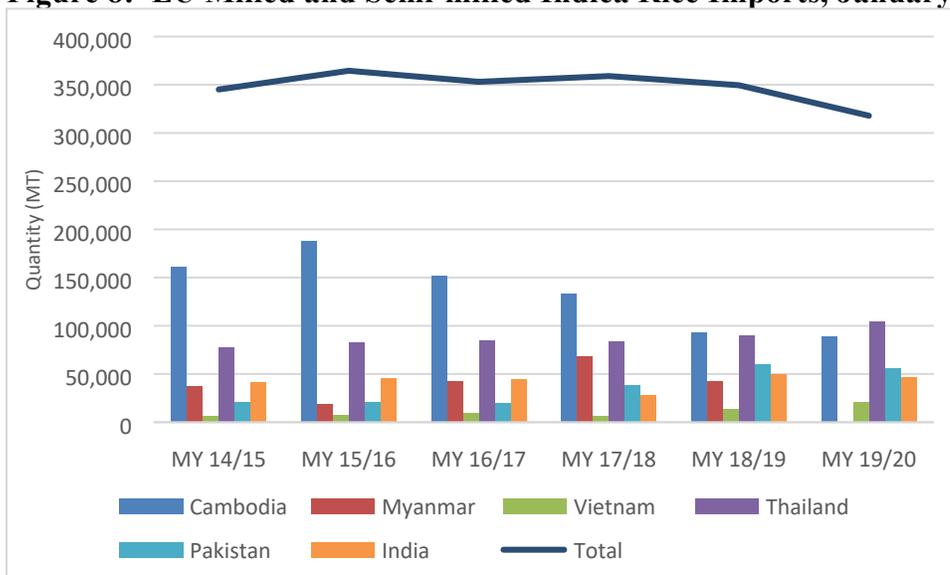
Source: SOWS-REF

Figure 7: FOB Price of Milled Rice, January 2018-August 2020



Note: White rice prices in April and May 2020 were not available due to the government's rice export ban.
Source: Trade

Figure 8: EU Milled and Semi-milled Indica Rice Imports, January-July

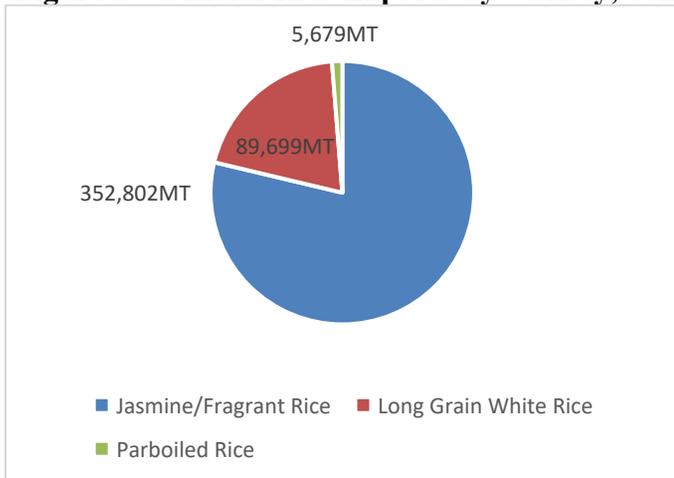


Source: European Commission

As noted above, cultivation of the wet season crop was delayed or replanted in some areas, causing harvest delays of one or two months. As a result, the export supply has recently tightened which, in addition to high prices, is causing trade to fall.

Jasmine and fragrant rice account for 79 percent of the total exports in the first eight months of MY19/20, followed by white rice (20 percent) and parboiled rice (1 percent) (Figure 9).

Figure 9: Official Rice Exports by Variety, January-August 2020



Source: SOWS-REF

Attachments:

No Attachments