

Required Report: Required - Public Distribution

Date: April 18, 2022

Report Number: CB2022-0001

Report Name: Grain and Feed Annual

Country: Cambodia

Post: Phnom Penh

Report Category: Grain and Feed

Prepared By: Sokkea Hoy

Approved By: Benjamin Petlock

Report Highlights:

Post revised its Marketing Year 2021/2022 (MY21/22) estimates of the Cambodia rice harvested area and production at 3,335 thousand hectares (THA) and 9.61 million metric tons (MMT), higher than the USDA official numbers. Post forecasts that MY22/23 harvested area and production to reach 3,345THA and 9.73MMT based on expectations for improved weather conditions and more adoption of new technologies. Post revised its MY21/22 estimates for corn harvested area and production down to 156THA and 781 thousand metric tons (TMT), lower than the USDA official numbers, and forecasts MY22/23 harvested area and production at 143THA and 716TMT based on the continued preference for planting cassava.

Executive Summary:

MY21/22 was positive for rice farming with less impacts from flooding and storms compared to the previous year. According to the Cambodia Ministry of Agriculture, Fisheries, and Forestry (MAFF), the damaged area of wet and dry season rice declined by 60 and 30 percent, respectively. Post estimates MY21/22 production volume at 9.6 million metric tons (MMT) up from the previous year thanks to better weather conditions coupled with more adoption of new technologies, such as the use of drones to efficiently spray pesticides. Post forecasts MY22/23 harvested area and production to 3,345 thousand hectares (THA) and 9.7 MMT, respectively.

For Marketing Year (MY) 21/22, Post revised its estimates for the corn harvest area and production down to 156THA and 781 thousand metric tons (TMT), lower than the USDA official numbers due to the continued preference to grow cassava. MAFF report shows an increase of 15 percent of the cassava harvested area in 2021. Post forecasts MY22/23 harvest area and production at 143THA and 716TMT due to the decreased trend of corn cultivation and farmers' continued preference for cassava.

In calendar year (CY) 2021, the domestic swine population rebounded to a near-full recovery of its pre-African Swine Fever (ASF) levels, with an expansion in large-scale operations offsetting losses in backyard farms. MAFF banned importations of pigs from the neighboring countries, especially Thailand and Vietnam, as preventative measures for ASF. Media reported the size of the country's pig herd decreased by more than 30 percent driving down supplies and pushing prices up. Post estimates total feed demand in Cambodia in CY2021 at 900TMT and forecasts 1000TMT in CY2022, higher than CY2021, providing diseases such as ASF, are kept under control.

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 | 3335 | 0 | 3345 |
| Beginning Stocks | 549 | 549 | 212 | 318 | 0 | 360 |
| Milled Production | 5783 | 5739 | 5900 | 5862 | 0 | 5933 |
| Rough Production | 9480 | 9480 | 9672 | 9610 | 0 | 9726 |
| Milling Rate (.9999) | 6100 | 6100 | 6100 | 6100 | 0 | 6100 |
| MY Imports | 30 | 10 | 10 | 10 | 0 | 10 |
| TY Imports | 30 | 10 | 10 | 10 | 0 | 10 |
| TY Imp. from U.S. | 1 | 3 | 0 | 0 | 0 | 0 |
| Total Supply | 6362 | 6298 | 6122 | 6234 | 0 | 6303 |
| MY Exports | 1850 | 1600 | 1400 | 1410 | 0 | 1500 |
| TY Exports | 1850 | 1600 | 1400 | 1410 | 0 | 1500 |
| Consumption and Residual | 4300 | 4380 | 4500 | 4420 | 0 | 4467 |
| Ending Stocks | 212 | 318 | 222 | 360 | 0 | 336 |
| Total Distribution | 6362 | 6122 | 6122 | 6234 | 0 | 6303 |
| Yield (Rough) | 2.9035 | 2.9309 | 2.9309 | 2.8816 | 0 | 2.9076 |

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

Production

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

| MY | 2020/2021 | | | 2021/2022 estimates | | | 2022/2023 forecasts | | |
|--------------|----------------------|---------------|------------------|----------------------|---------------|------------------|----------------------|---------------|------------------|
| | 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 | 2,735 | 2.687 | 7,350 | 2,735 | 2.702 | 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 | 3,335 | 2.882 | 9,610 | 3,345 | 2.908 | 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 the Cambodia's secondary crop period, the dry season, sowing starts in November-December, with the crop harvested from February to April. MY21/22 includes two crops: 2021 wet season and 2021-2022 dry season.

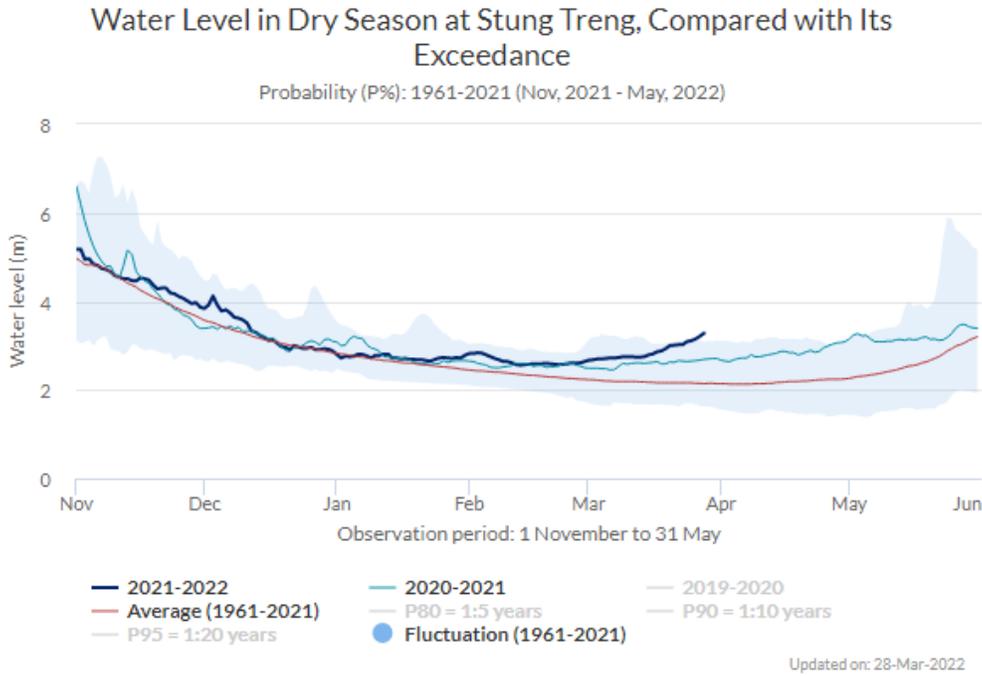
Source: Ministry of Agriculture, Forestry and Fisheries; Post's estimates.

Less flooding and storms during MY21/22 provided for improved rice cultivation conditions and better yields in Cambodia. MAFF estimated total production volume rose by 12 percent compared to the previous year. Cambodia recently adopted new technologies to combat pest infestation that led to an increased use of pesticide drones. Industry contact said sales of drones increased by four to five times from last year and 80 percent of the use was on rice fields. This adoption has expanded across the country which provides a cheaper and healthier option compared to human spraying. A farmer in Battambang said renting drones to spray pesticides saved her \$3.5 per hectare in labor compared to hiring a person. In addition, she said drone leasers are becoming familiar with pesticide use, leading to more effective and efficient application.

Industry contacts and farmers report that although fertilizer prices increased by 30 percent compared to the year before, dry season rice farmers will still use the same amount of fertilizer despite a shrink in profits. However, with the current conflict between Ukraine and Russia causing a rise in oil prices and even higher costs of fertilizer for farmers, Post forecasts the current spike will ultimately lead to less fertilizer application. Better use of pesticides and more irrigation may offset the risk of lower yields resulting from reduced application of fertilizers.

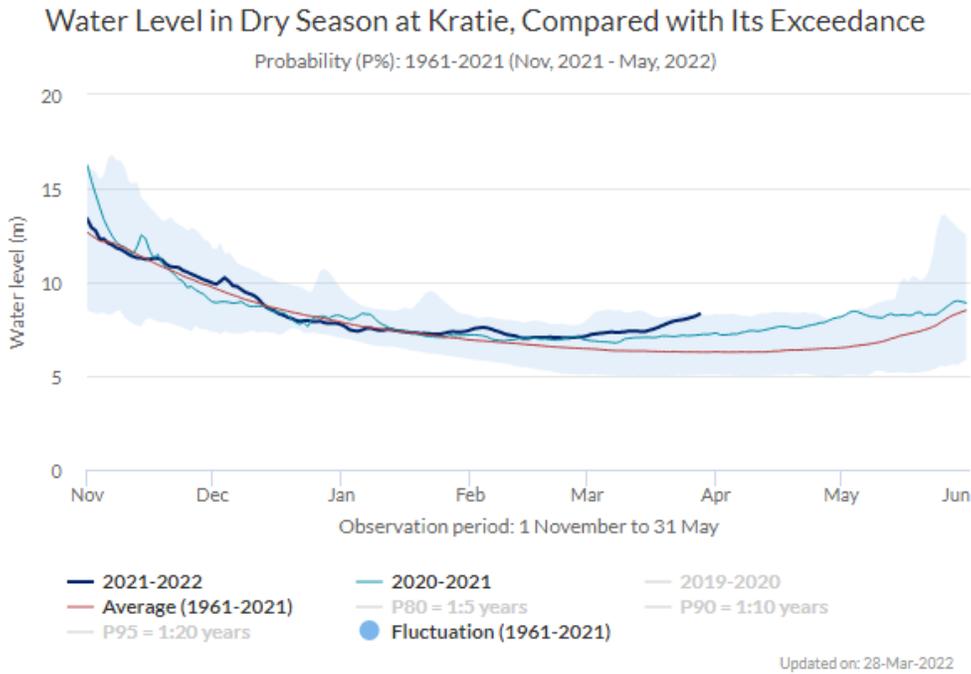
Based on the Mekong River Commission's (MRC) meteorological monitoring and forecast reports (Figures 1 and 2), the 2021/22 dry season seems to be wetter than the previous year as rains arrived earlier. Mekong River water levels in the 2021/22 dry season appear to be close to or above average, and higher than the 2020/21 dry season. Therefore, Post revised estimates of the MY21/22 dry season harvested area and production to 600THA and 2.3 MMT, respectively, slightly up from the previous year. Floods were also less than the previous year, thereby reducing the damaged areas of wet season rice by 60 percent. This revision leads to a higher total harvested area and production of MY21/22 up to 3,335 THA and 9.6 MMT, respectively. Post forecasts MY22/23 harvested area, slightly up for the dry season due to continued improvement of irrigation, allowing an additional harvest on some lands, to a total of 3,345 THA and 9.7 MMT, respectively.

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



Source: MRC

Figure 2: Mekong River Water Level Monitoring at Kratie Station

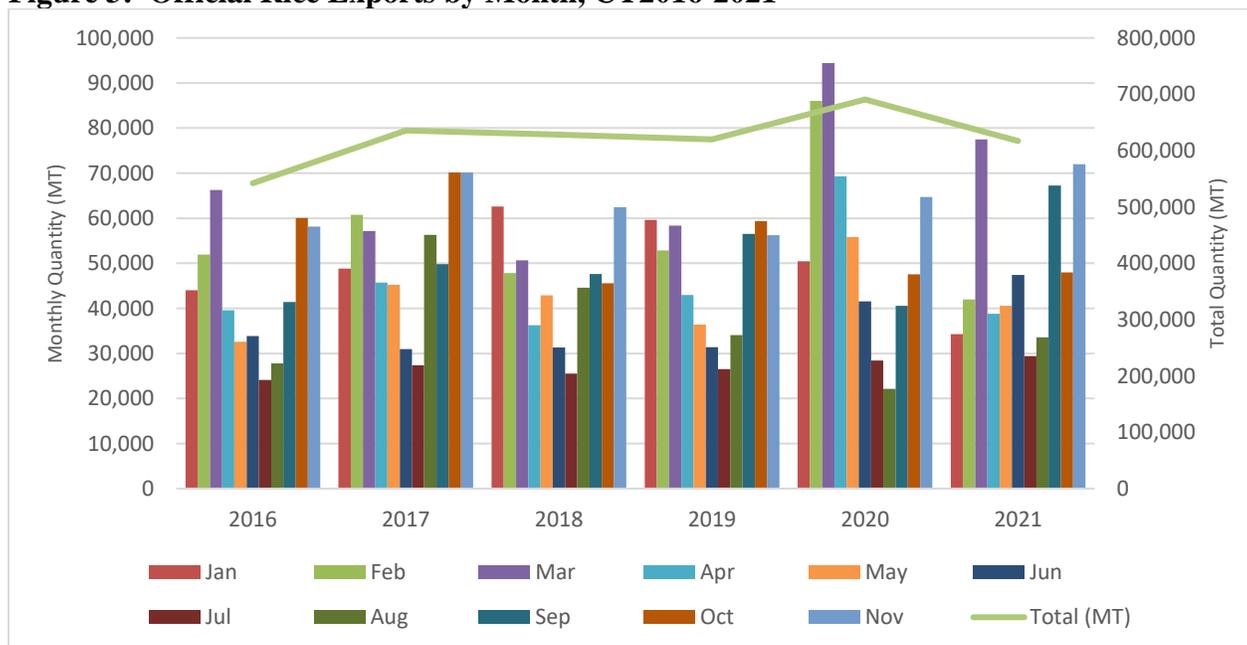


Source: MRC

Trade

In MY20/21, the official rice export volume decreased to 617,069 tons, 11 percent less the previous year (Figure 3, Table 2). This decrease was due to persistent high shipping costs and the ongoing shortage of containers resulting from COVID-19 disruptions.

Figure 3: Official Rice Exports by Month, CY2016-2021



Source: Cambodia Rice Federation

Table 3: Top Markets, CY2018-2021 (Unit: MT)

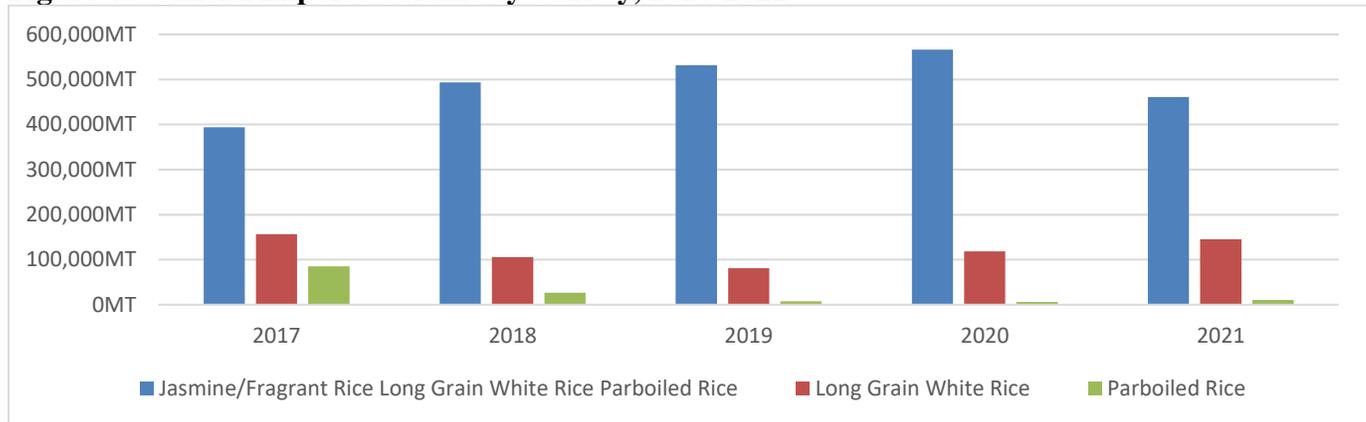
| Year | France | Netherlands | Germany | Spain | UK | Poland |
|------|---------|-------------|---------|--------|--------|--------|
| 2018 | 86,050 | 26,714 | 14,279 | 13,333 | 18,178 | 23,142 |
| 2019 | 81,905 | 21,390 | 12,701 | 13,871 | 14,836 | 9,453 |
| 2020 | 108,332 | 34,162 | 15,788 | 14,783 | 18,167 | 15,657 |
| 2021 | 69,802 | 21,491 | 10,723 | 13,664 | 9,692 | 5,396 |

Source: Cambodia Rice Federation

China is the main market for Cambodia rice, accounting for approximately 50 percent of the official market share in MY21/22. With the lift of European Union safeguard measures on Cambodia, CRF expects an increase of milled rice exports to Europe in MY22/23 to 200,000 MT from around 155,000 MT in MY21/22. Due to the removal of the European safeguard measures and increased ties to China, Post forecasts total rice exports will continue to increase in MY22/23 up to 1.5 MMT, up from 1.4 MMT in 21/22. According to international trade sources, Vietnam imported approximately 690,000 MT of milled rice from Cambodia in MY21/22. TDM data also indicates Thailand did not import Cambodian rice in MY 21/22.

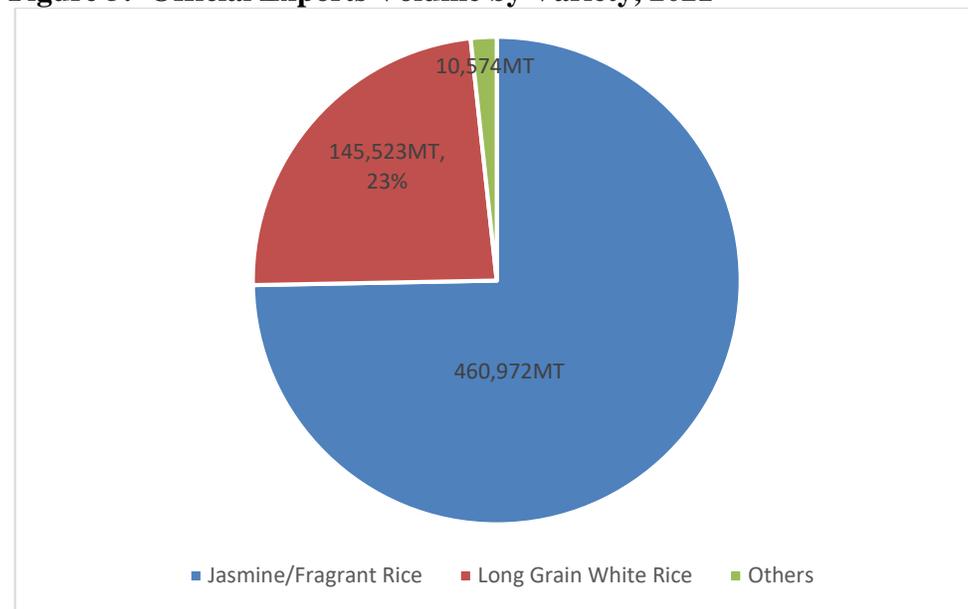
Fragrant rice continued to account for the largest share of exports, at 74 percent (Figure 4 and 5).

Figure 4: Official Exports Volume by Variety, 2015-2021



Source: Cambodia Rice Federation

Figure 5: Official Exports Volume by Variety, 2021



Source: Cambodia Rice Federation

CORN

Production, Supply, and Distribution

| Corn | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|--------------------|---------------|----------|---------------|----------|---------------|----------|
| Market Begin Year | Jul 2020 | | Jul 2021 | | Jul 2022 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested | 185 | 185 | 190 | 156 | 0 | 143 |
| Beginning Stocks | 251 | 251 | 256 | 231 | 0 | 137 |
| Production | 895 | 895 | 920 | 781 | 0 | 716 |
| MY Imports | 100 | 100 | 100 | 120 | 0 | 150 |
| TY Imports | 100 | 100 | 100 | 120 | 0 | 150 |
| TY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 1246 | 1246 | 1276 | 1132 | 0 | 1003 |
| MY Exports | 400 | 400 | 400 | 350 | 0 | 300 |
| TY Exports | 400 | 400 | 400 | 350 | 0 | 300 |
| Feed and Residual | 400 | 400 | 450 | 450 | 0 | 450 |
| FSI Consumption | 190 | 190 | 195 | 195 | 0 | 195 |
| Total Consumption | 590 | 590 | 645 | 645 | 0 | 645 |
| Ending Stocks | 256 | 256 | 231 | 137 | 0 | 58 |
| Total Distribution | 1246 | 1246 | 1276 | 1132 | 0 | 1027 |
| Yield | 4.8378 | 4.8378 | 4.8421 | 5.0064 | 0 | 5.007 |

Production

Table 4: Corn Area, Production, and Yield by Crop

| Year | MY20/21 | | MY21/22 Post's estimate | | MY22/23 Post's forecast | |
|--------------|-------------------|-----------------|-------------------------|-----------------|-------------------------|-----------------|
| | Harvest area (Ha) | Production (MT) | Harvest area (Ha) | Production (MT) | Harvest area (Ha) | Production (MT) |
| Dry season | 23,834 | 119,328 | 24,311 | 121,555 | 24,311 | 121,725 |
| Wet Season | 161,623 | 776,108 | 131,884 | 659,420 | 118,695 | 594,306 |
| Total | 185,457 | 895,436 | 156,195 | 780,975 | 143,006 | 716,031 |

Notes: The wet season is the main corn crop season. Sowing starts in July to August, with harvest from October to November. The dry season crop starts in February to March, and the crop is harvested from June to July. MY21/22 includes the 2021 wet season and 2022 dry season.

Source: MAFF, Post's estimates.

MAFF estimates MY21/22 corn production lower than the previous year at 792TMT (19 percent). Red/yellow corn, which is used for feed manufacturing, generally accounts for 90 percent of total production. MAFF's data shows an increase of 15 percent of cassava cultivated areas; sources also said corn farmers continued to switch to cassava due to higher demand of cassava chips and starch, higher

prices, and less husbandry efforts. Therefore, Post revised its MY21/22 estimates for corn harvest area and production down to 156THA and 781TMT, lower than the USDA official numbers (Table 4). Industry speculates prices of corn to continue growing, thereby incentivizing less switch of corn farming to cassava in the coming year. Post forecasts MY22/23 harvest area and production at 143THA and 716TMT.

Consumption

After the first ASF outbreak was detected in April 2019, industry reported that at least 20 to 30 percent of the Cambodia's swine herd was infected. However, over time, Cambodia has developed more precautions to control the spread. For example, media reported that more than 100 pigs imported from Thailand were destroyed in April 2021 due to ASF outbreak in Thailand. Based on ASF concerns, Cambodia took additional measures to ban imports of live pigs from Thailand and Vietnam in January 2022 driving the local pork prices higher. The Cambodia Prime Minister requested relevant ministries to take measures to drive prices down but take precautions regarding ASF. Post expects high pork prices will incentivize farmers to raise more pigs, thereby increasing feed demand. Therefore, Post estimates feed demand to grow at 900 TMT in CY2021 and forecasts 1,000 TMT in CY2022.

Trade

The feed industry, as well as exports, mainly drives demand for local corn. Cross-border trade of corn is vital as farmers and collectors' shortage of working capital and storage capacity encourages them to sell corn quickly after harvest. Due to COVID-19, Cambodia, Vietnam, and Thailand imposed stricter preventive measures at the borders, affecting cross-border trade flows. Post predicts this trend to continue; therefore, Post revises its estimated MY21/22 corn exports, including cross-border trade, down to 350TMT and decreases to 300TMT in MY22/23 forecast.

Attachments:

No Attachments