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Report Name: Grain and Feed Annual

Country: Cambodia

Post: Phnom Penh

Report Category: Grain and Feed

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Report Highlights:

For marketing year 2019/2020 (MY19/20), Post revised estimates of harvested area and paddy production to 3,256 thousand hectares (THA) and 9.4 million metric tons (MMT), higher than the USDA official numbers, as drought did not appear to affect the wet season (primary) crop in Cambodia. Post forecasts that harvested area and paddy production will increase slightly to 3,283THA and 9.5MMT in MY20/21, as weather conditions are expected to improve. Post revised estimates for corn harvested area and production down to 185THA and 890 thousand metric tons (TMT) in MY19/20 on lower yield and competition from cassava, and forecasts that harvested area and production will increase slightly to 188THA and 907TMT in MY20/21 on lower disease pressure.

Executive Summary:
Despite warnings of drought and lower water levels in the Mekong River in the beginning of calendar year 2019 (CY2019), the MY19/20 wet season crop was not affected, according to the Ministry of Agriculture, Forestry, and Fisheries (MAFF). Some areas that were damaged by drought were replanted and subsequently benefited from delayed monsoon rains. The MY19/20 dry season crop was reportedly affected by the drought, but its reduction in harvested area and production was offset by expansion of the wet season crop. Post estimates that exports in MY19/20 will be stagnant as the government recently implemented a ban on exports of paddy and white milled rice.

Since Cambodia confirmed African swine fever (ASF) in April 2019, the industry reported a significant drop in swine production. Post estimates that total feed demand in Cambodia fell by 25 percent to approximately 750 thousand metric tons (TMT) in CY2019, and will rebound slightly to 800TMT in CY2020.

In MY19/20, corn harvested area and production fell as farmers switched to cassava and fall army worm affected yields. Consumption of corn was also down on lower feed demand due to ASF.

RICE

Statistical Tables

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	
Cambodia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3240	3240	3190	3256	0	3283
Beginning Stocks	397	231	499	363	0	416
Milled Production	5742	5742	5688	5740	0	5783
Rough Production	9413	9413	9325	9409	0	9481
Milling Rate (.9999)	6100	6100	6100	6100	0	6100
MY Imports	10	11	10	11	0	11
TY Imports	10	11	10	11	0	11
TY Imp. from U.S.	4	0	0	3	0	3
Total Supply	6149	5984	6197	6114	0	6210
MY Exports	1350	1370	1400	1370	0	1380
TY Exports	1350	1370	1400	1370	0	1380
Consumption and Residual	4300	4251	4300	4328	0	4405
Ending Stocks	499	363	497	416	0	425
Total Distribution	6149	5984	6197	6114	0	6210
Yield (Rough)	2.9052	2.9052	2.9232	2.8897	0	2.8879

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

Production

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

MY	2018/2019			2019/2020 estimates			2020/2021 forecasts		
	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	2,698	2.686	7,246
Dry season	587	3.895	2,288	585	3.818	2,235	585	3.818	2,235
Total	**3,240**	**2.905**	**9,414**	**3,256**	**2.890**	**9,409**	**3,283**	**2.888**	**9,481**

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. MY19/20 includes two crops: 2019 wet season and 2019-2020 dry season.
Source: MAFF, Post calculations.

In general, the weather in MY19/20 is drier than normal due to lower rainfall. According to the Mekong River Commission's (MRC) analysis, during the 2019 wet season in the Mekong Lower Basin, monsoon rains arrived two weeks late, but departed three weeks early; at the same time, El Niño resulted in higher temperatures and, therefore, high evapotranspiration. The Mekong River water levels fell to their lowest in the past sixty years, bottoming out in June 2019.

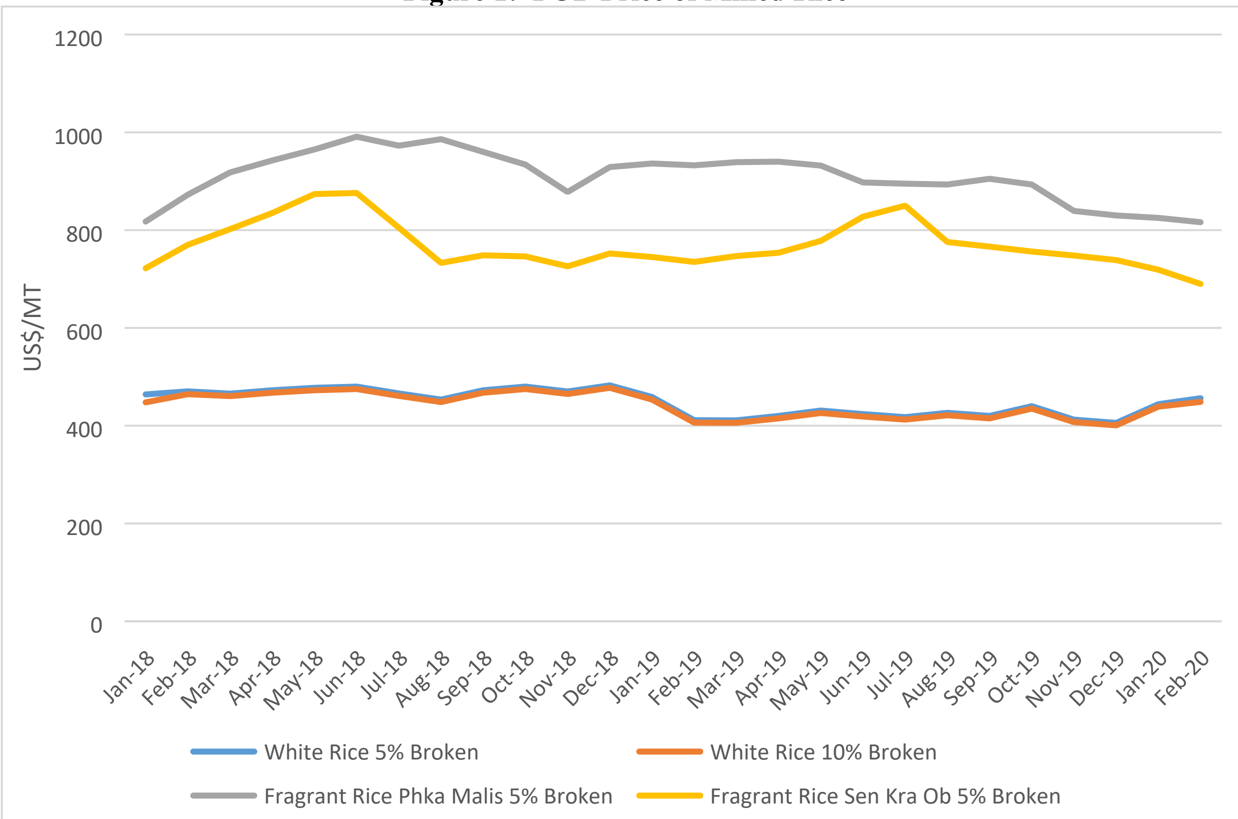
However, the MY19/20 wet season crop was not affected by the drought. According to MAFF, harvested area and production increased by less than 1 percent over the previous year. Contacts noted that some areas damaged by drought were replanted and subsequently benefited from delayed the monsoon rains. On the contrary, the MY19/20 dry season crop was reportedly affected, with an estimated production drop of 2 percent due to lower yield (Table 1). Local media reported that the Prime Minister (PM) requested farmers to only grow one crop in the MY19/20 dry season to prevent damage from drought. (Note: in some areas, especially along the border with Vietnam, if the weather is favorable, farmers will grow two short term variety crops in the dry season.) Despite the effects of drought on the dry season crop, Post revised its estimates of harvested area and paddy production for MY19/20 to 3,256THA and 9.4MMT, higher than the USDA official numbers, as the expansion in the wet season crop offset the drop in the dry season crop.

The drought appeared to be less severe beginning January 2020, according to MRC's meteorological monitoring. Therefore, Post forecasts that the MY20/21 harvested area and paddy production will slightly increase to 3,283THA and 9.5MMT.

Prices

On average, export prices in MY18/19 were lower than the previous year for all types of rice, partly due to decreasing demand from the EU following the imposition of safeguard tariffs (Figure 1).

Figure 1: FOB Price of Milled Rice

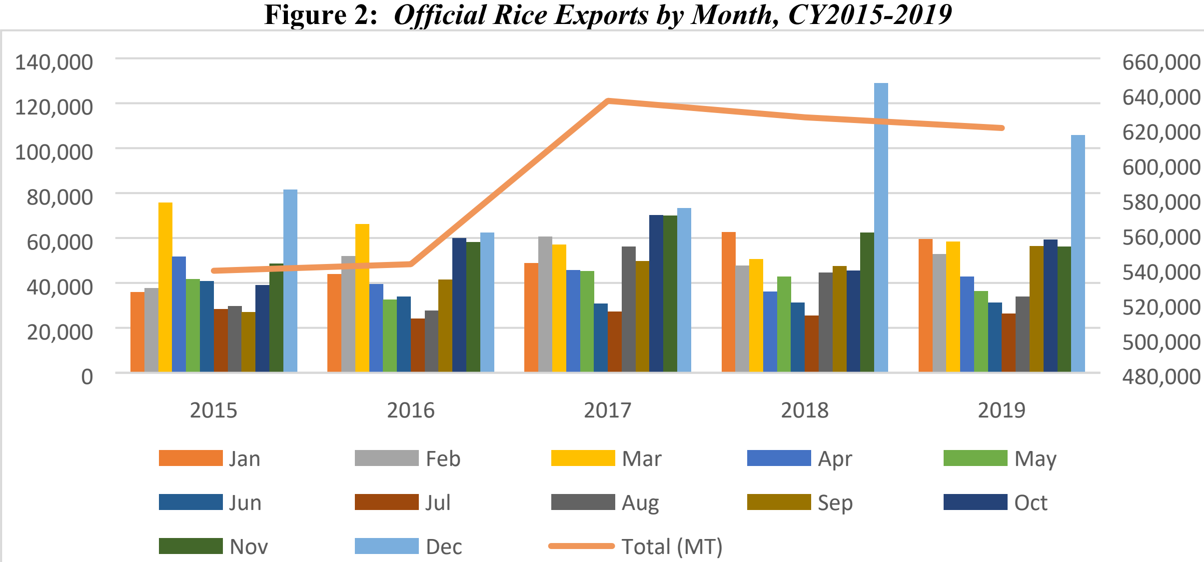


Source: Trade

Trade

In MY18/19, the official rice export volume reached 620,106MT, 1 percent lower than the previous year (Figure 2 and Table 2). Post revised estimates for MY18/19 exports to 1.4MMT.

Figure 2: ***Official Rice Exports by Month, CY2015-2019***



Source: SOWS-REF

Table 2: *Official Rice Exports by Month, CY2015-2019*

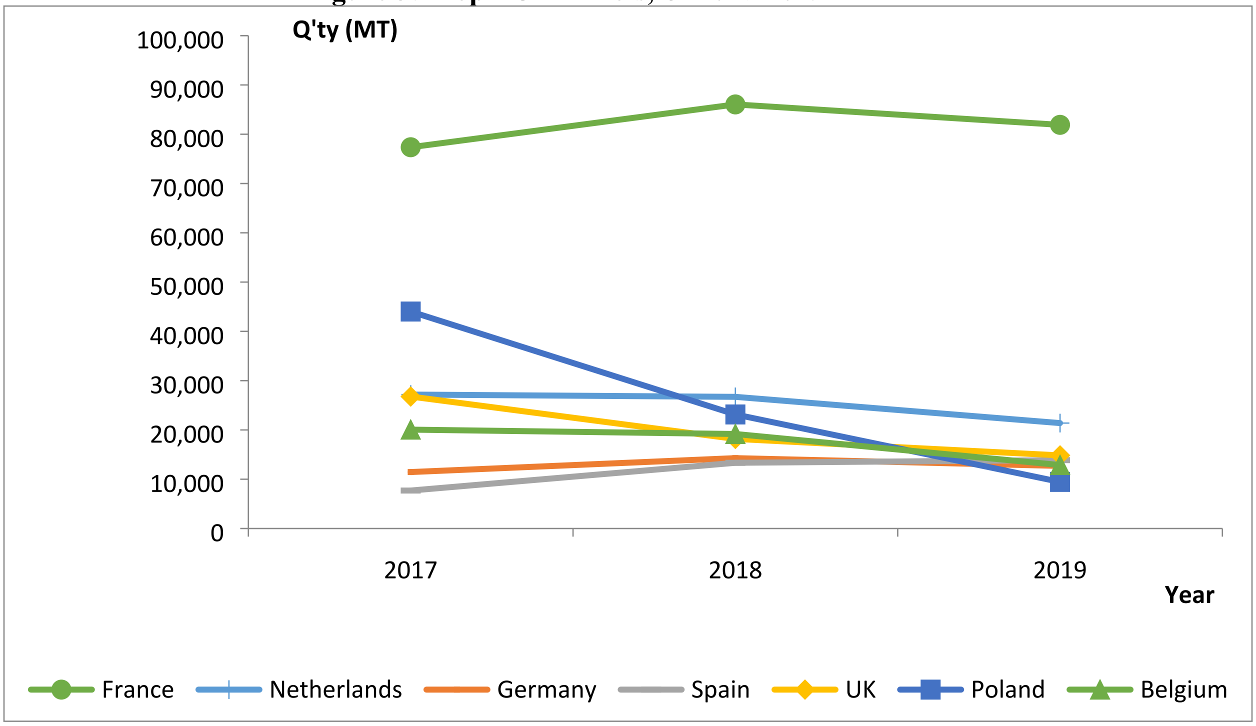
Month	2015	2016	2017	2018	2019
Jan	35,921	44,033	48,820	62,623	59,625
Feb	37,676	51,912	60,731	47,809	52,861
Mar	75,867	66,275	57,127	50,683	58,335
Apr	51,719	39,550	45,716	36,239	42,942
May	41,842	32,558	45,243	42,865	36,409
Jun	40,800	33,862	30,925	31,318	31,366
Jul	28,492	24,087	27,354	25,543	26,475
Aug	29,819	27,799	56,274	44,558	34,032
Sep	26,969	41,429	49,776	47,626	56,541
Oct	39,064	60,016	70,149	45,543	59,354
Nov	48,748	58,168	70,122	62,433	56,209
Dec	81,479	62,455	73,442	128,985	105,957
Total (MT)	**538,396**	**542,144**	**635,679**	**626,225**	**620,106**
Change (%)	39%	1%	17%	-1%	-1%

Source: SOWS-REF

Due to the imposition of EU safeguard tariffs on long grain white rice and parboiled rice imported from Cambodia, which took effect on January 18, 2019 (KH9002), exports to the major EU markets, most notably Poland, the United Kingdom, the Netherlands, and Belgium, dropped remarkably (Figure 3 and Table 3). The total 2019 export volume to the EU was 202,990MT, down 25 percent from the previous year. The safeguard tariff on rice will be reduced to €150/MT ($171) in 2020, and €125/MT ($143) in 2021, from €175/MT ($200) in 2019.

In February 2020, the EU announced that it was withdrawing some tariff preferences granted to Cambodia under the Everything But Arms (EBA) trade scheme. However, rice was not listed.

Figure 3: Top EU Markets, *CY2017-2019*



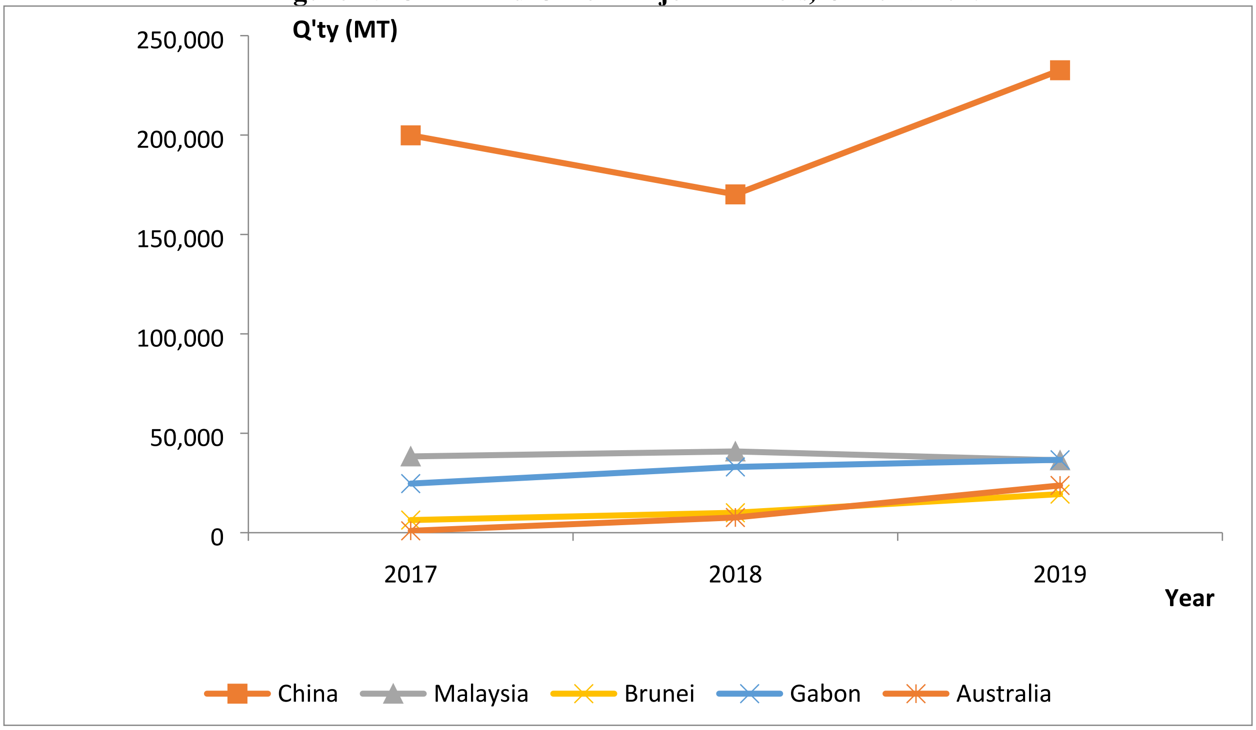
Source: SOWS-REF

Asia was the largest market for Cambodian rice, accounting for 53 percent of exports, with China as the top buyer, accounting for 40 percent of total exports. The Chinese market dipped in CY2018, but was back up robustly in CY2019, recording 232,590MT of imports, a 37 percent year-on-year increase.

In April 2019, COFCO and the Ministry of Commerce's Green Trade Company signed a Memorandum of Understanding (MOU), committing COFCO to purchase 400,000MT of Cambodian rice from August 2019 to December 2020, after Cambodia uses up the 300,000MT quantity agreed to in a previous MOU signed in January 2018. In December 2019, the Chinese government approved an additional 18 Cambodian rice exporters to export to China, bringing the total number of qualified export companies to 44.

Brunei, Gabon, and Australia, Cambodia's other major markets, have steadily increased purchases in the past three years (Figure 4 and Table 3).

Figure 4: China and Other Major Markets, *CY2017-2019*



Source: SOWS-REF

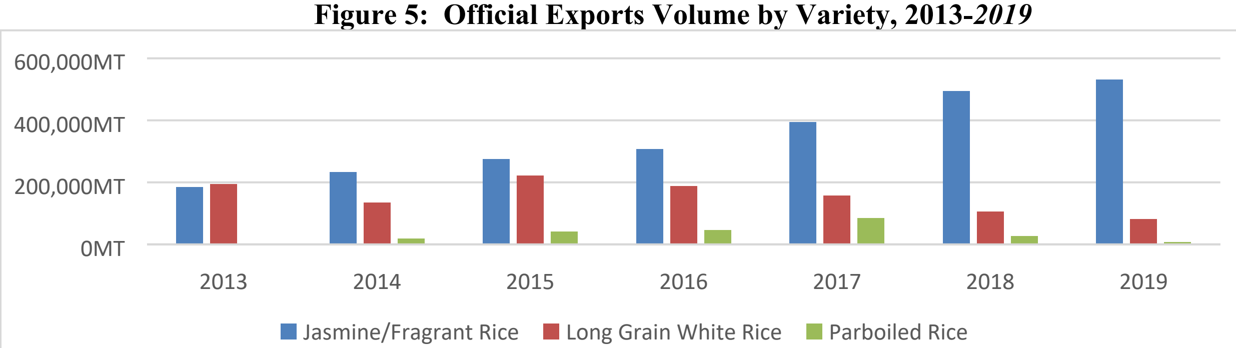
Table 3: Top Markets, *CY2017-2019*

Year	China	Malaysia	Brunei	France	Netherlands	Gabon	Australia
2017	199,857	38,360	6,342	77,363	27,175	24,677	930
2018	170,154	40,861	10,017	86,050	26,714	33,060	7,648
2019	232,593	36,397	19,399	81,905	21,390	36,663	23,750

Unit: MT
Source: SOWS-REF

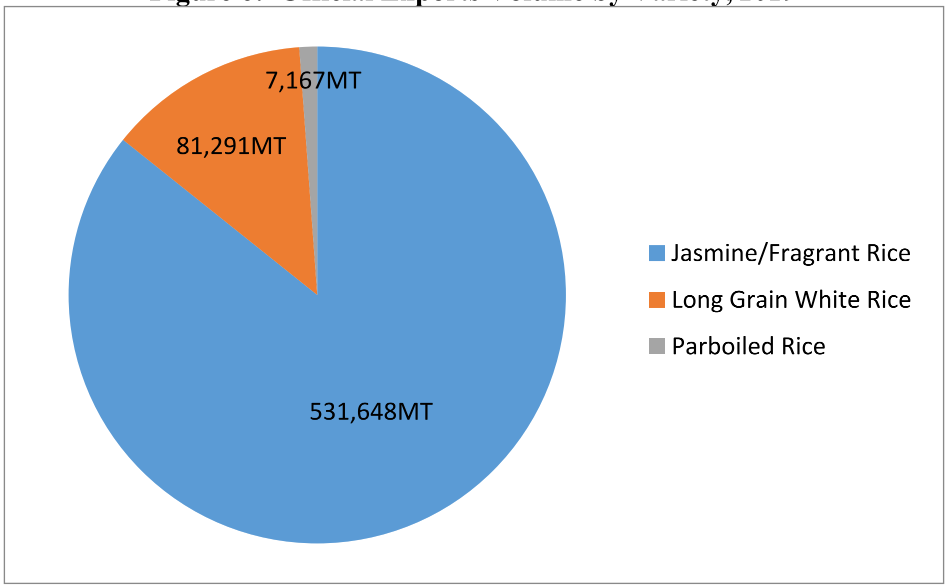
Fragrant rice continued to account for the largest share of exports, at 86 percent (Figure 5 and 6).

Figure 5: Official Exports Volume by Variety, 2013-*2019*



Source: SOWS-REF

Figure 6: Official Exports Volume by Variety, *2019*



Source: SOWS-REF

Rice Export Ban

On March 30, the PM announced that a rice export ban would take effect on April 5, with the stated purpose of securing rice supplies for domestic consumption amid COVID-19 and the rising demand for storage. (Note: Local media reported that rice prices increased by 10 to 30 percent compared to pre-COVID levels.) The ban encompasses all types of paddy and white milled rice, but not fragrant milled rice. As exports of fragrant milled rice accounted for 86 percent of total exports in MY18/19, Post does not anticipate that the ban will have a large impact on Cambodia's official rice exports in MY19/20.

The PM stated that the effective date of the ban was lagged in order to allow exporters to clear already contracted shipments. During this time period, local media reported that Vietnamese traders sped up cross border purchases, boosting rice prices prior to the deadline. Vietnam customarily buys paddy from Cambodia for processing in Vietnam, especially white rice which is grown in border provinces. The ban will likely affect Vietnam in the short term, as Vietnam is currently short of white rice varieties. According to industry, the rice supply in Cambodia starts falling in April with the end of the dry season harvest. Therefore, Post retains cross border trade estimates at 750,000MT per year and forecasts stagnant total exports of milled rice in MY19/20 and MY20/21.

Policy

Local media reported that the Cambodian government, via the state-owned Rural Development and Agriculture Bank, provided two rounds of emergency funding of $50 million each in 2019 for local millers to buy paddy from farmers. The financing mechanism, which was created in 2016, is made available during harvest to help stabilize paddy prices, boost official exports, and reduce unofficial exports of paddy to neighboring countries.

CORN

Statistical Tables

Cambodia's Production, Supply, and Distribution for Corn

Corn	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jul 2018		Jul 2019		Jul 2020	
Cambodia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	221	208	220	185	0	188
Beginning Stocks	195	195	190	316	0	196
Production	1045	1231	1025	890	0	907
MY Imports	50	70	50	80	0	100
TY Imports	50	70	50	80	0	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1290	1496	1265	1286	0	1203
MY Exports	500	550	500	500	0	400
TY Exports	500	550	500	500	0	400
Feed and Residual	400	450	400	400	0	420
FSI Consumption	200	180	200	190	0	200
Total Consumption	600	630	600	590	0	620
Ending Stocks	190	316	165	196	0	183
Total Distribution	1290	1496	1265	1286	0	1203
Yield	4.7285	5.9183	4.6591	4.8108	0	4.8245

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

Production

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

Year	MY18/19		MY19/20 Post's estimate		MY20/21 Post's forecast	
	Harvest area (Ha)	Production (MT)	Harvest area (Ha)	Production (MT)	Harvest area (Ha)	Production (MT)
Dry season	23,882	116,942	20,000	90,000	20,400	91,800
Wet Season	184,339	1,114,952	165,000	800,000	168,300	816,000
Total	**208,221**	**1,231,894**	**185,000**	**890,000**	**188,700**	**907,800**

Notes: The wet season is the main corn crop season. Sowing starts in July to August, and harvest is in October to November. The dry season crop starts in February to March, and the crop is harvested from June to July. MY19/20 includes the 2019 wet season and 2020 dry season.
Source: MAFF, Post calculations.

MAFF's 2018-2019 annual report showed that, in MY18/19, corn harvested area fell by 7 percent, but production remained stable on higher yields. Therefore, Post revised its estimates for corn harvested area and production to 208THA and 1,231TMT (Table 4).

In MY19/20, local media cited MAFF's report that more than 11,000HA of corn in Battambang, Pailin, and Banteay Meanchey provinces was infested with fall army worm, leading to lower yields. Sources added that farmers reduced corn cultivation, switching to cassava on increasing export demand for cassava chips and starch. MAFF's report indicated that the cassava harvested area in Cambodia increased from 612,800HA in MY17/18 to 650,500HA in MY18/19.

Drought appeared to not affect corn production significantly, as the dry crop accounts for only 10 to 11 percent of the total cultivation area. Post revises its estimates for corn harvested area and production down from the USDA official number to 185THA and 890TMT, respectively, in MY19/20, and forecasts that harvested area and production will increase to 188THA and 907TMT in MY20/21 on improving weather conditions and lower disease pressure.

The Cambodian government recently approved a maize hybrid, CHM01, that was developed locally with support from the Korea Programme on International Agriculture (KOPIA), for commercialization. The hybrid's pilot yield was recorded at 8.6MT/HA, higher than the varieties which are commonly grown in Cambodia.

Consumption

Since Cambodia confirmed the first ASF outbreak in Ratanakiri Province on April 2, 2019, outbreaks were detected in five provinces with over 3,500 pigs culled, according to MAFF. There have not been any reports of new outbreaks since mid-July 2019. However, industry reported much higher rates of infection, stating that ASF affected from 20 to 50 percent of the swine herd.

Post estimates that total feed demand fell by 25 percent to approximately 750,000MT in CY2019 due to the reduction in the swine production, and forecasts a slight increase to 800,000MT in CY2020 on swine repopulation. Post revised estimates for corn consumption up to 630TMT on increasing feed and residual in MY18/19, and down to 590TMT in MY19/20 due to ASF. In MY20/21, Post forecasts that consumption will increase to 620TMT on steady food demand and a revival of livestock production.

Trade

The feed industry and exports drive demand for local corn. MAFF's report indicated that, in CY2018, Cambodia's official exports of corn were higher than the previous year and reached over 200TMT. Nevertheless, cross border trade of corn is vital as corn farmers and collectors' shortage of working capital and storage capacity encourages them to sell corn quickly after harvest. Post increased its estimates for corn exports, including cross border trade, to 550TMT in MY18/19 on higher production, with the estimate and forecast for MY19/20 and MY20/21 falling on lower production.

Due to inadequate corn storage capacity leading to short supply during the off-season, feed mills must supplement with imports. Therefore, Post's estimates corn imports at 70TMT in MY18/19, 80TMT in MY19/20, and forecasts 100TMT for MY20/21, higher than the USDA official numbers.

Attachments:

No Attachments