Overview of Cambodian Rice Market, Challenges and Way Forward

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Introduction
• Location: South East Asia
• Area: 181,035 km²
• Population: 15 million
• Language: Khmer
• GDP per capital: 1,269 $
• GDP growth rate: 6.9%
Share (%) of Agriculture in GDP

- 2012: 24.28% Agriculture, 35.60% Services, 3.30% Industry
- 2013: 25.64% Agriculture, 40.12% Services, 33.51% Industry
- 2014: 27.06% Agriculture, 40.85% Services, 30.51% Industry
- 2015: 29.42% Agriculture, 42.33% Services, 28.25% Industry
- 2016: 31.31% Agriculture, 42.40% Services, 26.30% Industry
• 70% of Cambodia population depends on agriculture
• Rice is the staple food of Cambodian people
• Poverty incidence’s reduction has been driven by increase of rice production
• Rice production account for 15% of agricultural value added
Rice Performance in Cambodia
CAMBODIAN RICE PRODUCTION FROM 1900 TO 2016

(ha or ton)

(kg/ha)

0 1,000 2,000 3,000 4,000 5,000 6,000 7,000 8,000 9,000 10,000 11,000 12,000


Cultivation area (ha) Total production (mt) Average yield (kg/ha)
Cambodia Main Export Destination (2012 to 2017)

- China: 22%
- Europe: 20%
- Malaysia: 10%
- Others: 48%
Value (US$) and Growth (%) of Cambodia Rice Export

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (Million)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>34.75</td>
<td>0%</td>
</tr>
<tr>
<td>2011</td>
<td>106.37</td>
<td>206%</td>
</tr>
<tr>
<td>2012</td>
<td>139.36</td>
<td>31%</td>
</tr>
<tr>
<td>2013</td>
<td>251.37</td>
<td>80%</td>
</tr>
<tr>
<td>2014</td>
<td>231.48</td>
<td>-8%</td>
</tr>
<tr>
<td>2015</td>
<td>284.91</td>
<td>23.10%</td>
</tr>
<tr>
<td>2016</td>
<td>305.89</td>
<td>7.40%</td>
</tr>
</tbody>
</table>
Type of Cambodia’s Rice Export in Volume

- Parboiled rice
- White rice
- Fragrant rice

<table>
<thead>
<tr>
<th>Year</th>
<th>Parboiled rice</th>
<th>White rice</th>
<th>Fragrant rice</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>84,998</td>
<td>156,654</td>
<td>394,027</td>
</tr>
<tr>
<td>2016</td>
<td>46,633</td>
<td>188,605</td>
<td>306,906</td>
</tr>
<tr>
<td>2015</td>
<td>41,050</td>
<td>221,862</td>
<td>274,671</td>
</tr>
<tr>
<td>2014</td>
<td>19,050</td>
<td>157,417</td>
<td>210,594</td>
</tr>
<tr>
<td>2013</td>
<td>102,224</td>
<td>194,003</td>
<td>184,853</td>
</tr>
<tr>
<td>2012</td>
<td>103,493</td>
<td>100,000</td>
<td>500,000</td>
</tr>
</tbody>
</table>
Challenges
Consumer’s trend, contract farming, sustainable standard compliance

- Growing demand of fragrant rice and organic, around 6% growth annually
- Health and safety food is the most concern by consumers

- RGC’s sub-decree on contract farming 2011
- Few exporters has initiated contract farming on organic in 2014 with ACs
- Contract farming on SRP standard in 2017
- Not all members of ACs joined contract farming
Decline in labor for agriculture

- Labor in agriculture decrease from 80% in 1993 to 41% in 2018

Source: MAFF 2017
Changing practice, using high seed rate, low quality paddy

- Farmers use seed 230kg/ha for dry season variety and 134kg/ha for wet season variety in average
- Max. use up to 400kg per ha
- Certified seed cost 0.75 US$ vs farmer saved seed cost 0.3US$

Source: CAVAC 2016
Poor post harvesting storage, Logistic and milling cost, lack of knowledge and technology on by-product processing

- Improper storage leads to low milling rate
- High electricity cost comparing to competitors
- High fuel cost, many rural roads are not accessible
Other threats

> High competition for selling rice in international markets

> Myanmar is granted EBA – a large low cost competitor

> FTA between Vietnam and EU for 20,000 MT of milled is effective in 2018

> Rice policy of Myanmar and Vietnam also focuses on fragrant rice
Way Forward
Introduce mechanization to incentivize farmers to use certified seed to get good quality paddy

- Eli-seeder, a locally made seeder for wet soil condition reduce seed to just 60-120kg/ha
- 60-80kg/ha for wet season variety

- Direct seeder imported from Thailand for dry soil condition can reduce seed rate for just 40-120kg/ha
- 100-120kg/ha for dry season variety
Development of new varieties fits to the market

Varieties suited for export both white rice and fragrant rice

Premium fragrant variety with non-photo period sensitive

Premium fragrant variety with no lodging
Promote “Malys Angkor” certification mark
Initiate and adopt Rice GAP in the country
Thank you for your attention!