

Recent Developments on Global Rice Markets and Thailand Rice Trade

Somporn Isvilanonda

Knowledge Network Institute of Thailand



Cash Crop Conference 2018

*June 3rd to 7th, 2018 at Steigenberger
Hotel in Beijing, China*

Outline

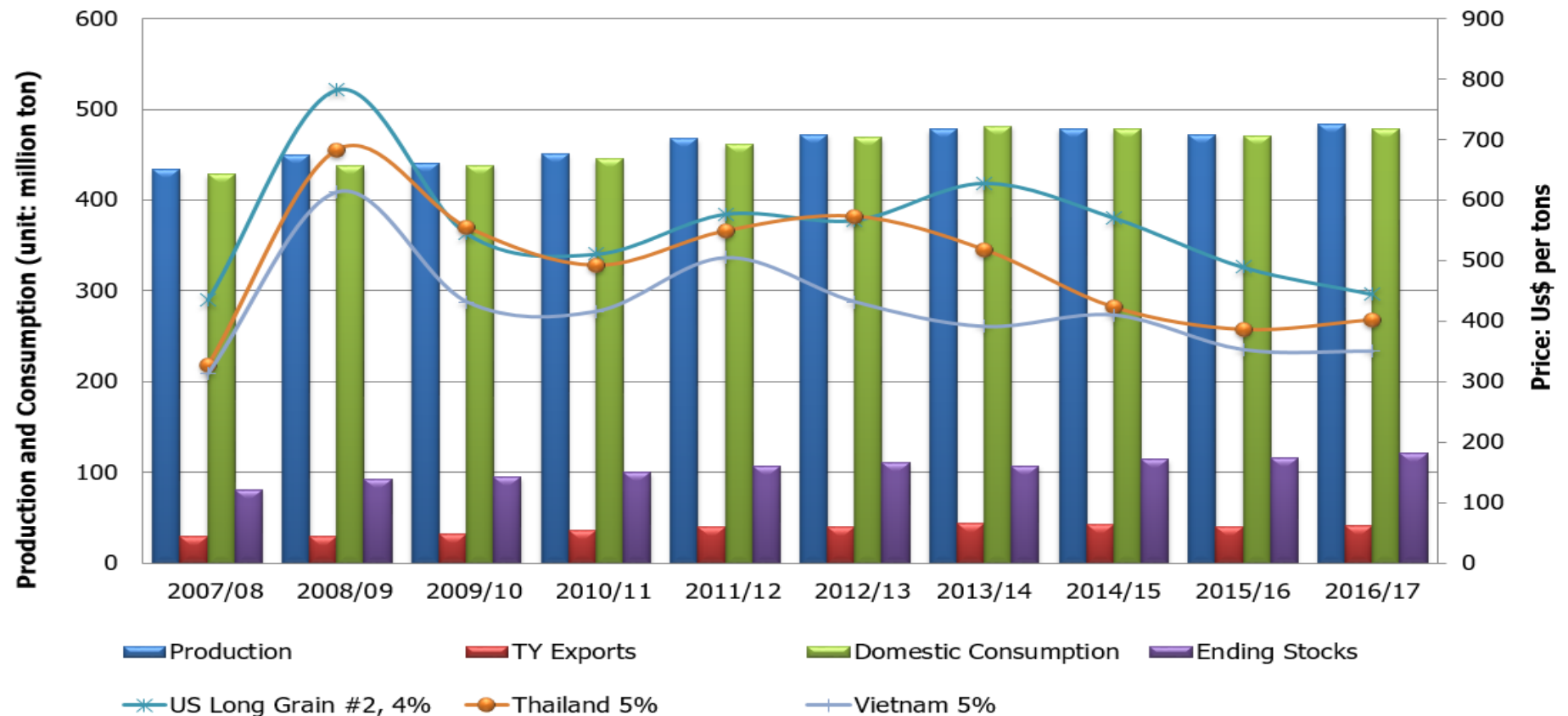
- 1. Recent Developments on Global Rice Market**
- 2. Thailand in the Global Rice Trade**
- 3. Future Challenges of Thailand Rice Economy**

1. Recent Developments on Global Rice Market



Global Rice Market: A Thin Market

➔ Global rice trade is about 48 mil. ton or 9.84% of global rice production in 2016/17



Source: Data from Grain: World Markets and Trade, various issues

Asia : The Largest Rice Consumption and Production

➔ Asia shares 85% of Global Rice Consumption and 89% of global rice production.

✓ Asia is the Rice supply surplus region but China is the largest rice import

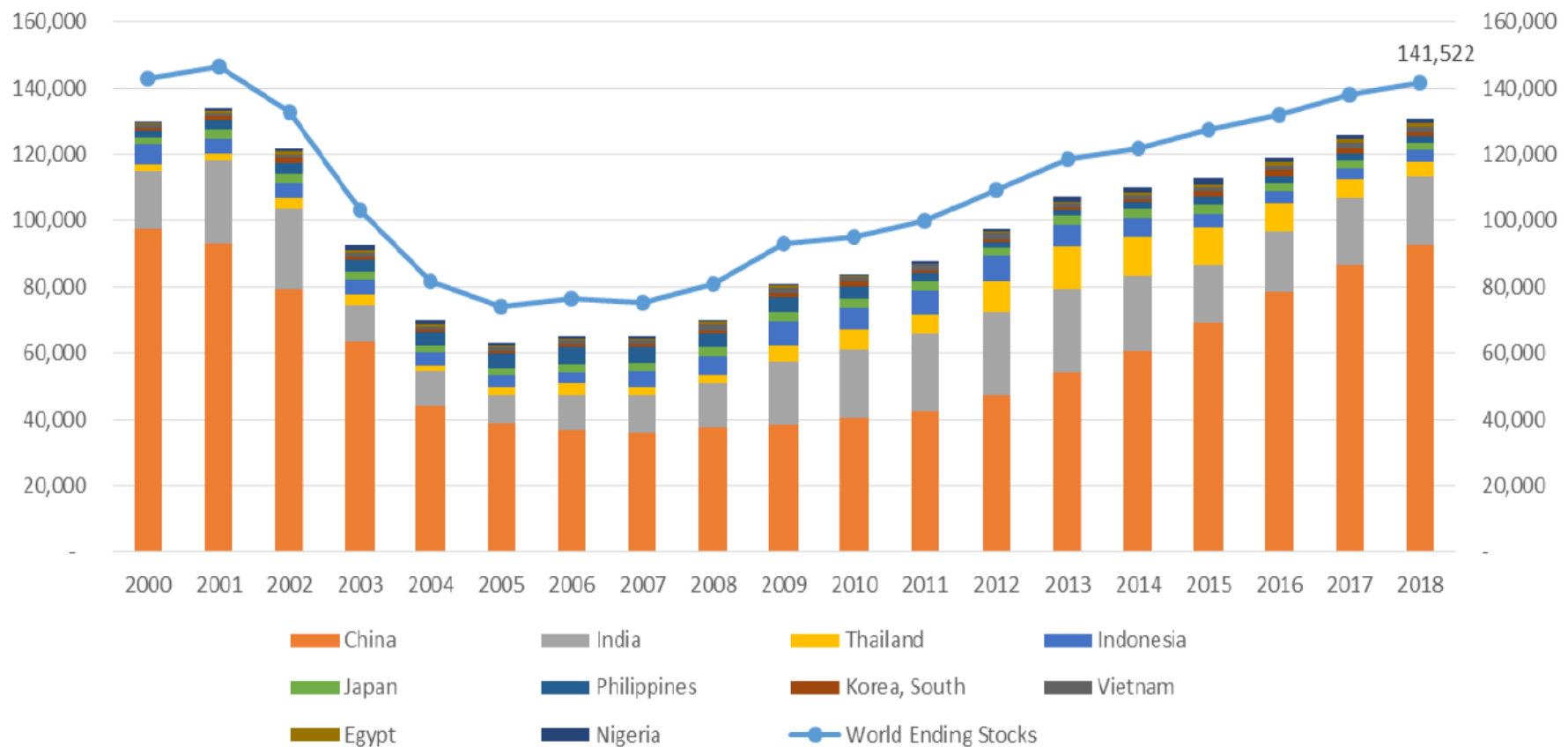
✓ Africa and Middle East are the rice supply deficit region

Region	2012-2014			2015-2017		
	Consumption (Mil. ton)	Production (Mil. ton)	Surplus+ / Deficit- (Mil. ton)	Consumption (Mil. ton)	Production (Mil. ton)	Surplus+ / Deficit- (Mil. ton)
Asia	400.08	426.61	+26.53	401.61	431.16	+29.55
-East Asia	156.68	158.38	+1.70	157.80	159.57	+1.77
-South Asia	141.33	152.72	+11.39	141.23	155.36	+14.13
-Southeast A.	102.07	115.51	+13.44	102.58	116.23	+13.65
MiddleEast	9.04	2.30	-7.01	8.88	2.46	-6.42
America	22.79	24.06	+1.27	23.61	24.70	+1.09
Europe-EU	3.30	2.00	-1.30	3.65	2.07	-1.58
Russia and Non-EU	1.57	1.23	-0.34	1.58	1.26	-0.32
Africa	30.61	18.96	-11.65	33.89	20.11	-13.78
Others	0.24	0.50	+0.26	-	-	-
Total	467.63	475.66	+8.03	473.22	481.76	+8.54

Source: Grain : World Markets and Trade , August 2014 and April 2018

The World Rice Stock

- Ending world rice stock was 136.8 mil. Ton % in 2017.
- China was the largest rice stock holding or about 65.7 and the second was India (14%)



Source: V. Subramanian, The World Rice Trade Conference 2017, The Rice Trader

Key Rice Export Countries

- ✓ Major rice export countries mostly in Asia.
- ✓ The important countries are India, Thailand, Vietnam and Pakistan.

Countries	2015	2016	2017
Million ton			
India	11.05	10.04	12.56
Thailand	9.78	9.87	11.62
Vietnam	6.61	5.09	6.49
Pakistan	4.0	4.10	3.60
USA	3.38	3.37	3.38
Myanmar	1.74	1.30	3.35
Cambodia	1.15	1.15	1.15
Other	4.94	5.29	5.83
Total	42.65	40.21	47.98

Source: Data from Grain: World Market and Trade, USDA, April 2018

More Dispersing Rice Importers

- ✓ Africa, Middle-east, and Asia are among the important rice import regions.
- ✓ In 2017, the largest rice import country was china; the second is Nigeria.
- ✓ In Asia, important import countries are China, Indonesia, Philippines, and Malaysia.

Countries	2015	2016	2017
Unit: million ton			
China	5.15	4.60	5.50
Nigeria	2.10	2.10	2.50
<u>Philippines</u>	2.00	0.80	1.20
Indonesia	1.35	1.00	0.30
EU	1.79	1.82	1.88
Saudi Arabia	1.60	1.30	1.30
Senegal	0.99	0.98	1.00
<u>Corte d' Ivoire</u>	1.15	1.30	1.35
Malaysia	1.05	0.82	1.00
South Africa	0.91	0.95	1.05
Ghana	0.58	0.70	0.65
Japan	0.69	0.69	0.68
USA	0.76	0.77	0.79
Others	22.53	20.10	28.78
Total	42.65	40.21	47.98

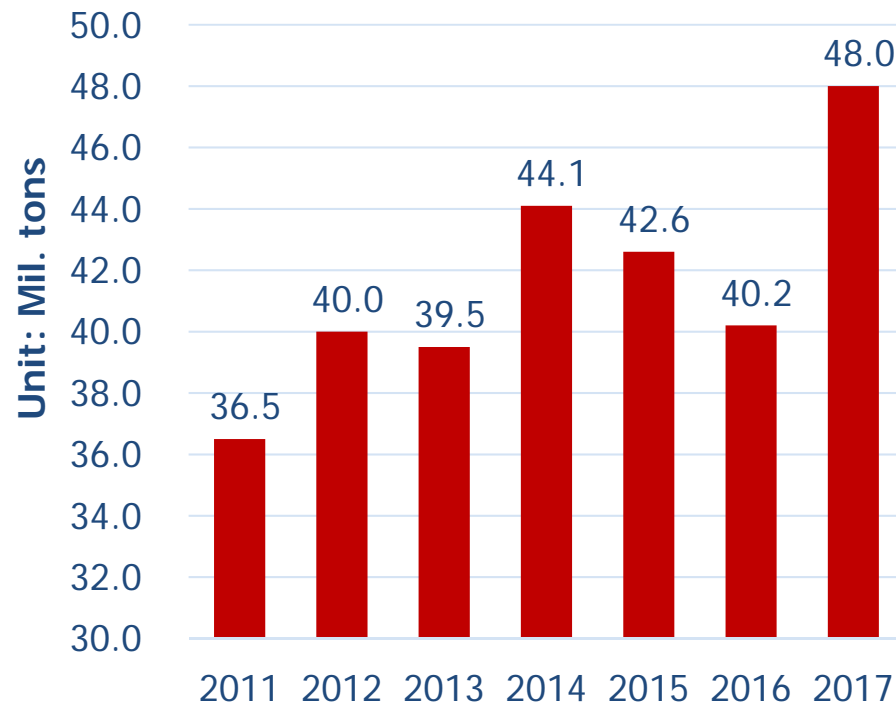
Source: Grain: World Market and Trade, USDA, April 2018

Understanding the Market by Types of Rice Trade

➡ Rice Market can be disaggregated into 6 major types

➡ Market size by types of rice

Global rice Trade



✓ Aromatic rice app. 4.5 mil. ton

✓ Parboiled rice app. 7 mil. ton

✓ Glutinous rice app. 1.5 mil. ton

✓ Basmati rice app. 4.5 mil. ton

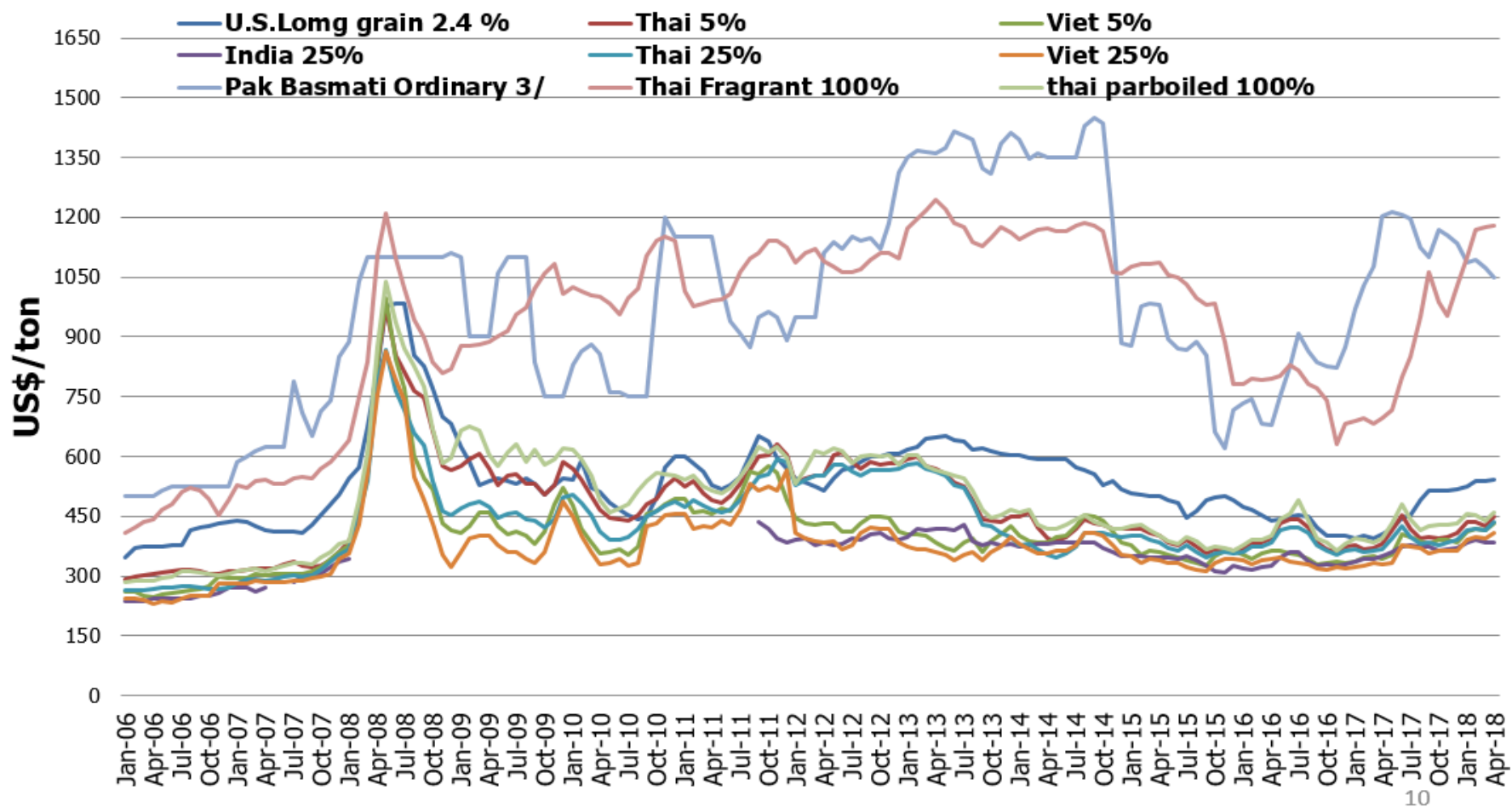
✓ Japonica rice app. 2.5 mil. ton

✓ White milled rice and broken rice app. 27-28 mil. ton

Trends of Rice Price

➤ Since the end of 2017 global rice price is upward trends

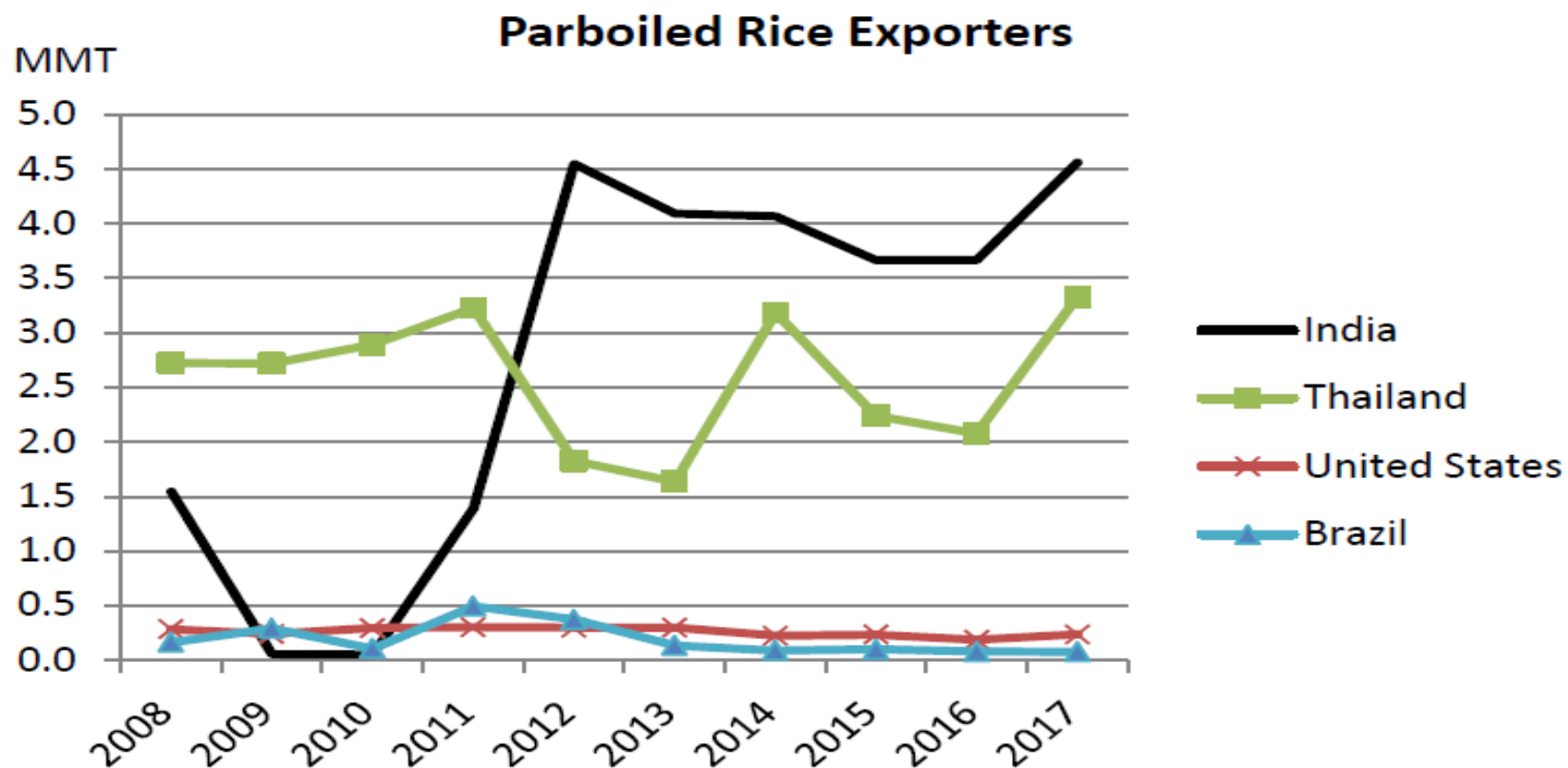
Rice price Movement: From January 2006 to April 2018



Source: Calculated from the FAO price data

Key Exporters of Parboiled Rice

- India shares 75.77% of Parboiled rice market.
- Africa is the leading destination for parboiled rice export.

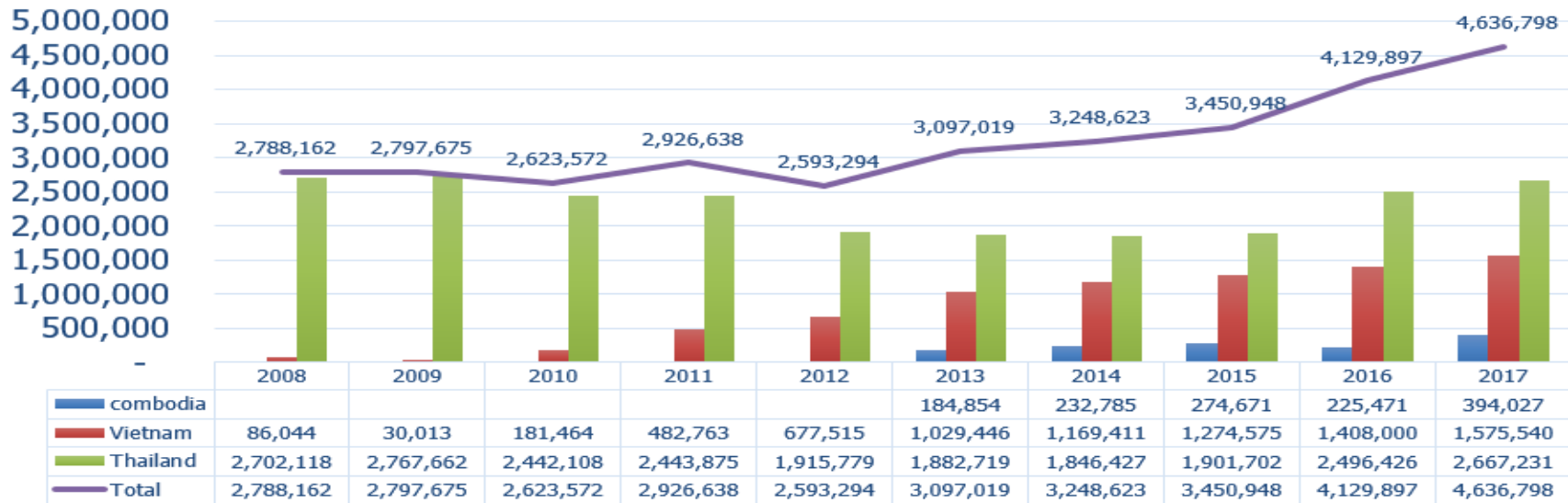


Source: Data from the Rice Trader

High Quality Rice in the Global Trade

➡ Aromatic rice and Basmati rice are among high premium quality over the others white rice. Thailand is the leading exporter of aromatic rice.

Fragrant rice markets by origin and type since 2008 (MT)



Source: Thailand data from Thai rice exporter association; Vietnam data from Pham Quang Dieu (2017) Vietnam Rice market in 2017, the Rice Trader

Types	Comparing Thai and Vietnamese Aromatic rice price(US\$/ton)		
	2016	2017	2018(January-April)
KDML	716	815	1,155
Viet. Jasmine	450	570	600

Source: KDML price from Thai rice exporter association; Jasmine price from Pham Quang Dieu (2017) Vietnam Rice market in 2017 and 2018 price from Alibaba

High Quality Rice in the Global Trade(Cont.)

- ➡ Basmati rice is mostly produced in South Asia; India and Pakistan.
- ➡ Basmati market about 4.5 million ton. Average FAO Pakistan Basmati in 2017 about 1,131 US\$/ton.
- ➡ Indian Basmati rice export in 2016 about 3.88 million ton. Mostly to Middle-East.

Indian Basmati Rice to	Q. Export (thousand ton)
Asia	36.95
Middle -East	3,161.06
Europe	389.41
America	144.88
Africa	117.80
Others	34.65
Total	3,884.75

Source: [Somporn Isvlanonda \(2017\)](#)

2. Thailand in the Global Rice Trade

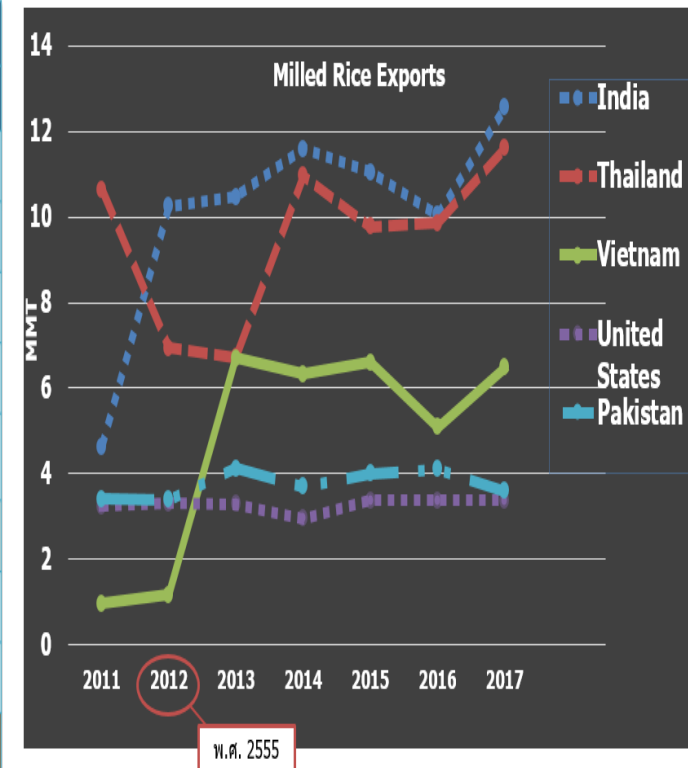


Market share of Thai Rice in the Global Trade

- White rice is very competitive in the global trade. Thailand has the market share second after India during the past few years.
- Thailand is the leader for aromatic rice export. But, India is the leader for basmati and parboiled rice export.

ประเทศ	ส่วนแบ่งตลาด (ร้อยละ)							
	2553	2554	2555	2556	2557	2558	2559	2560
อินเดีย	7.06	12.80	26.29	26.54	26.25	25.91	25.33	26.18
ไทย	28.67	29.37	17.61	17.01	24.84	22.91	24.51	24.22
เวียดนาม	21.32	19.31	19.73	16.97	14.33	15.49	12.66	13.53
ปากีสถาน	12.67	9.40	8.69	10.46	8.38	9.37	10.68	7.50
สหรัฐอเมริกา	12.26	8.96	8.46	8.36	6.68	7.87	8.79	7.04
รวม 5 ประเทศ	81.98	79.84	80.86	79.34	80.48	81.54	81.97	78.47
อื่นๆ	18.02	20.16	19.14	20.66	19.52	18.46	18.03	21.53
การค้าโลก	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
การค้าข้าวโลก (ล้านตัน)	31.57	36.26	39.13	39.49	44.16	42.68	40.27	47.98

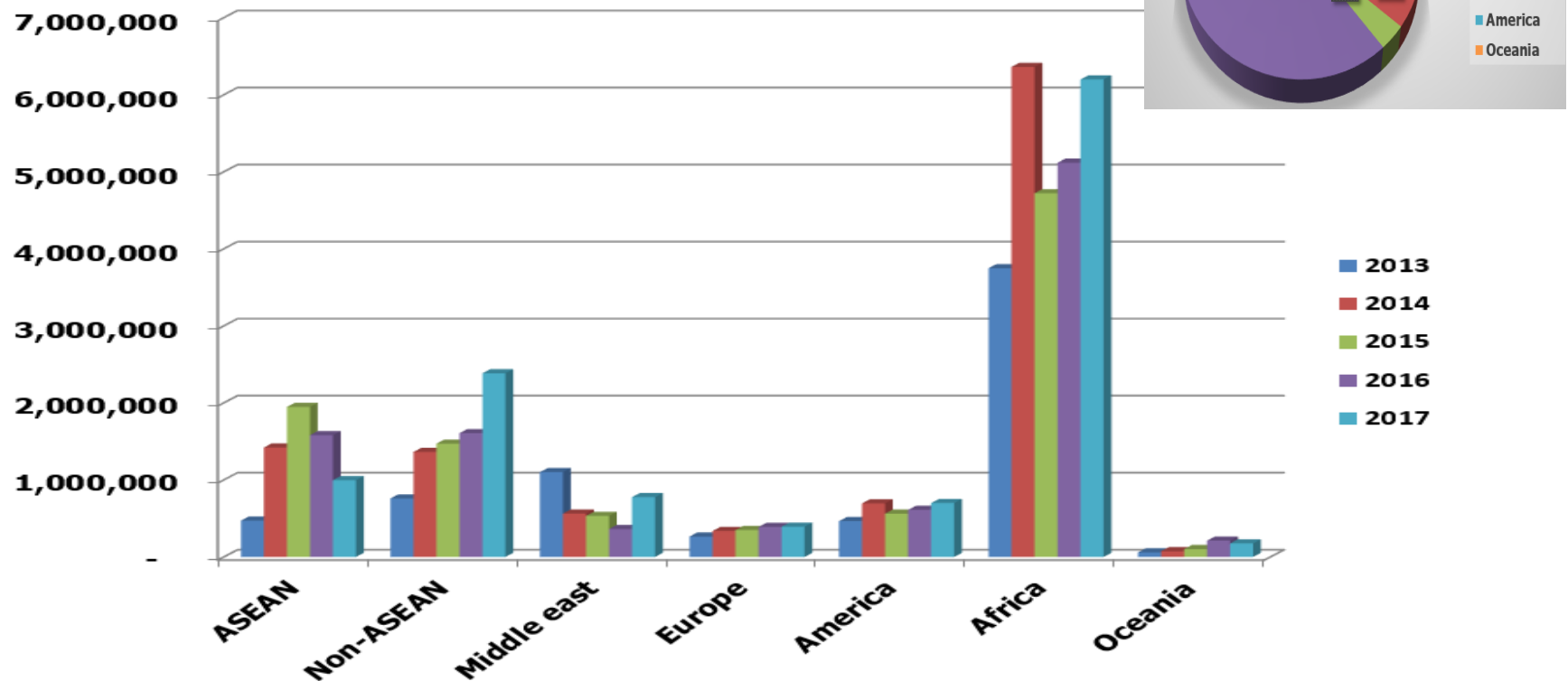
ที่มา: คำนวณจากข้อมูล USDA "Grain: World Markets and Trade", February 2015 and April 2018



ที่มา : Grain : World Markets and Trade , April 2018

Destination Regions for Thai Rice trade

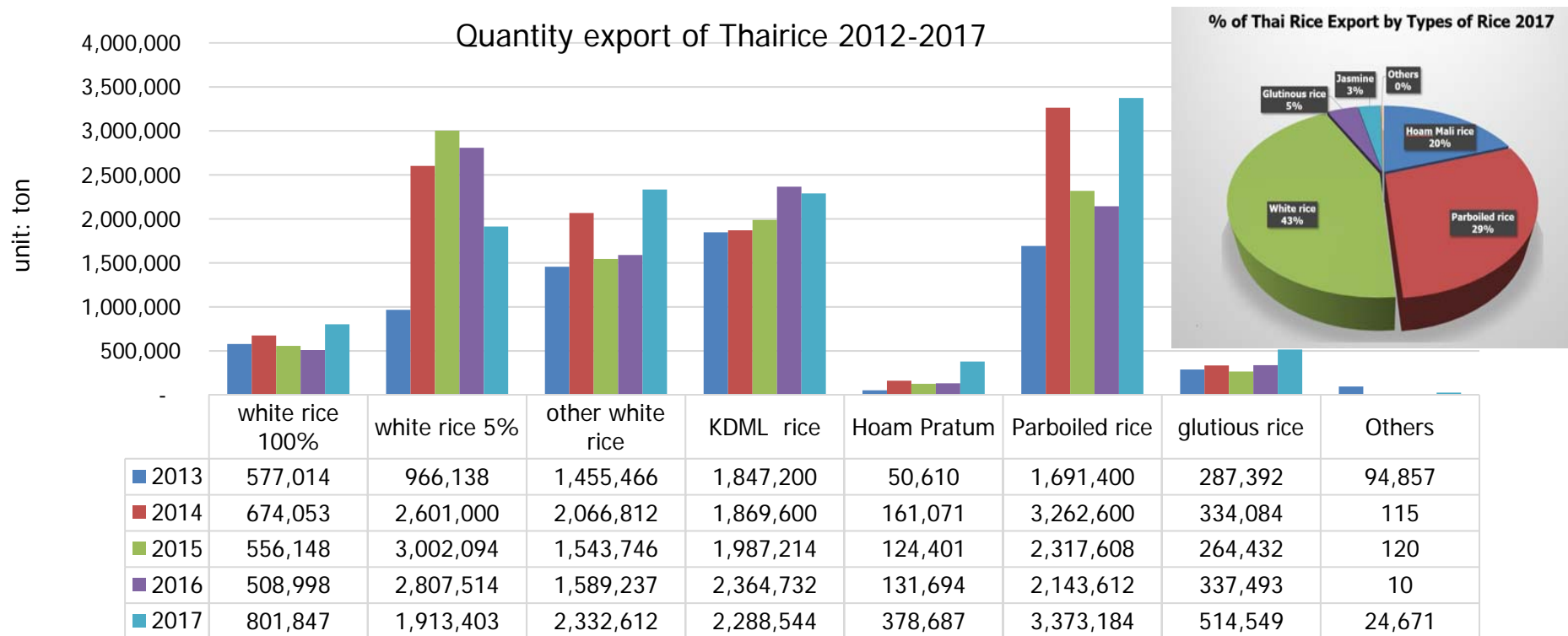
- The Thai Rice export was 11.62 Mil. Ton in 2017.
- Africa region is among the largest destination of Thai rice export.



Source: Calculated from Custom Department's Data

Facig High Competition on White Rice Export

- Majority of Thailand rice export are white rice (5 .05 million ton in aggregation. This has low price due to high competition with the low cost countries, such as India, Vietnam and Myanmar
- Parboiled rice is the second or 3.4 mil.ton. The strong competitor is India.
- The aromatic rice export about 2.67 million ton (KDML shares 87%)



Source: Calculated from Custom Department Data

Thailand Facing with Declining Competitive Strength in the Global Rice Trade

- A premium price of Thai rice over competitors are declining. A strength of Thai rice in international rice trade is declining.

A comparison of FAO rice price by types among major rice exporters

Year	White Rice 5%			White Rice 25%			KDML 105	Basmati	Parboiled Rice
	Thai.	Viet.	Dif.	India	Thai.	Viet.	Thai.	Paki.	Thai.
Unit: US\$									
2010	492	416	+76	-	444	387	1,045	881	532
2011	549	505	+44	409	511	467	1,054	1,060	563
2012	573	432	+141	391	560	397	1,091	1,137	594
2013	518	391	+127	402	504	363	1,180	1,372	530
2014	423	410	+13	377	382	377	1,150	1,324	435
2015	386	353	+33	337	373	334	1,008	949	392
2016	396	347	+49	333	385	332	768	795	410
2017	398	372	+26	361	384	351	843	1131	421
2017(Jan.-April)	374	344	+30	344	366	327	691	1070	390
2018(Jan.-April)	437	420	+17	386	422	398	1155	1076	452

Source: Calculated from FAO Rice price report, various issue



3. Future Challenges of Thailand Rice Economy



Problems Encountering with Traditional Platform of Thailand Rice Economy

- Losing competitive strength in the global rice trade due to a high unit of production cost and a pressing from low cost countries;
- Produce too much low quality rice with high competition in the export market but low income to farmers;
- Less efficient in farming due to small farm and still using traditional practice in managing the farm;
- Encountering with farm labor shortage and high wage rate, including aging farmers.

Adjusting Platform Towards New Rice Economy



Thailand 4.0

- Focusing on value-based and innovation-driving the country rice economy and escalating investment in R&D for upgrading the rice value chain toward strong improvements on high quality premium value rice;
- More diversity of value added innovative products along the food and non-food value chain;

● **Good Quality** ● **High Nutrient** ● **For Longevity Life**

Let Your Rice be Your Medicine

Iron and high Fe bioavailability

High Antioxidants Selenium/ Folate/ Phytonutrients (สารพฤกษเคมี)

High Antioxidant

High phytoferritin, Fe, High Folate, High B-carotene, Low phytate, Low Gannin

Fe Bioavailability

Omega-3, oryzanol, Vitamin E, beta-sitosterol, GABA, Zn, Selenium, Folate, Flavonoid, Polyphenol, Carotenoid, Tannin

Complex carbohydrate, High resistant starch, High amylose, High protein, Resistant starch

Low – medium glycemic index

Low Glycemic Index

Alaурone layer "Yagurumi" Particarp

Grain for Life: 168 การค้นพบข้าวที่ทนไกลโคสิมัลลินสูงที่สุด
Composition rice grain

สารอาหาร (nutrient) Oil, fatty acid, 7-carotenoid
โปรตีน (protein) Iron, zinc, protein, B-carotenoid, Vitamin E, carotenoid, fatty acid, amino acid, oil, tannin, polyphenol, polyphenol, tannin
คาร์โบไฮเดรต (carbohydrate) starch, iron, zinc, protein

พืชม้า: รัชนี้ ดงดาจุยฉาย 2556

ช่วยชะลอความแก่ ด้วย โคเอ็นไซม์ Q10 และ แกมมา ออริซานอล

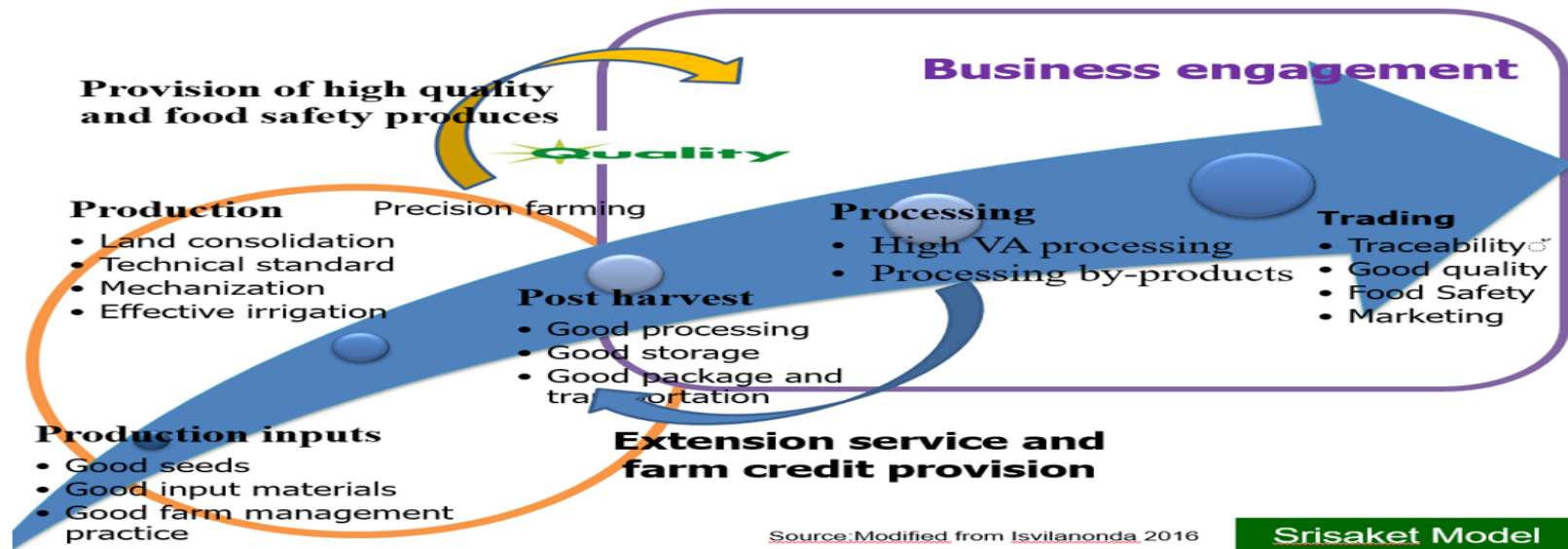


Adjusting Platform Towards New Rice Economy(cont.)

- Promoting farm field consolidation for upgrading community rice supply chain

✓ Enhancing a cooperation among farmers, public and business sectors in term of partnership in the rice supply chain .

✓ Sharing new skill and knowledge to farmers at community level for better farm planning and management practice with quality and safety concerns, including a unit cost reduction.



- Adopted labor saving technology for maintained a competitiveness of Thai rice in the world market;
- More integrated rice farming with other farming and non-farming activities for added benefit to HH.

Thank You

