



Challenges & Opportunities Cambodia Rice Sector

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18th SSC-TDRI Meeting

Ministry of Commerce

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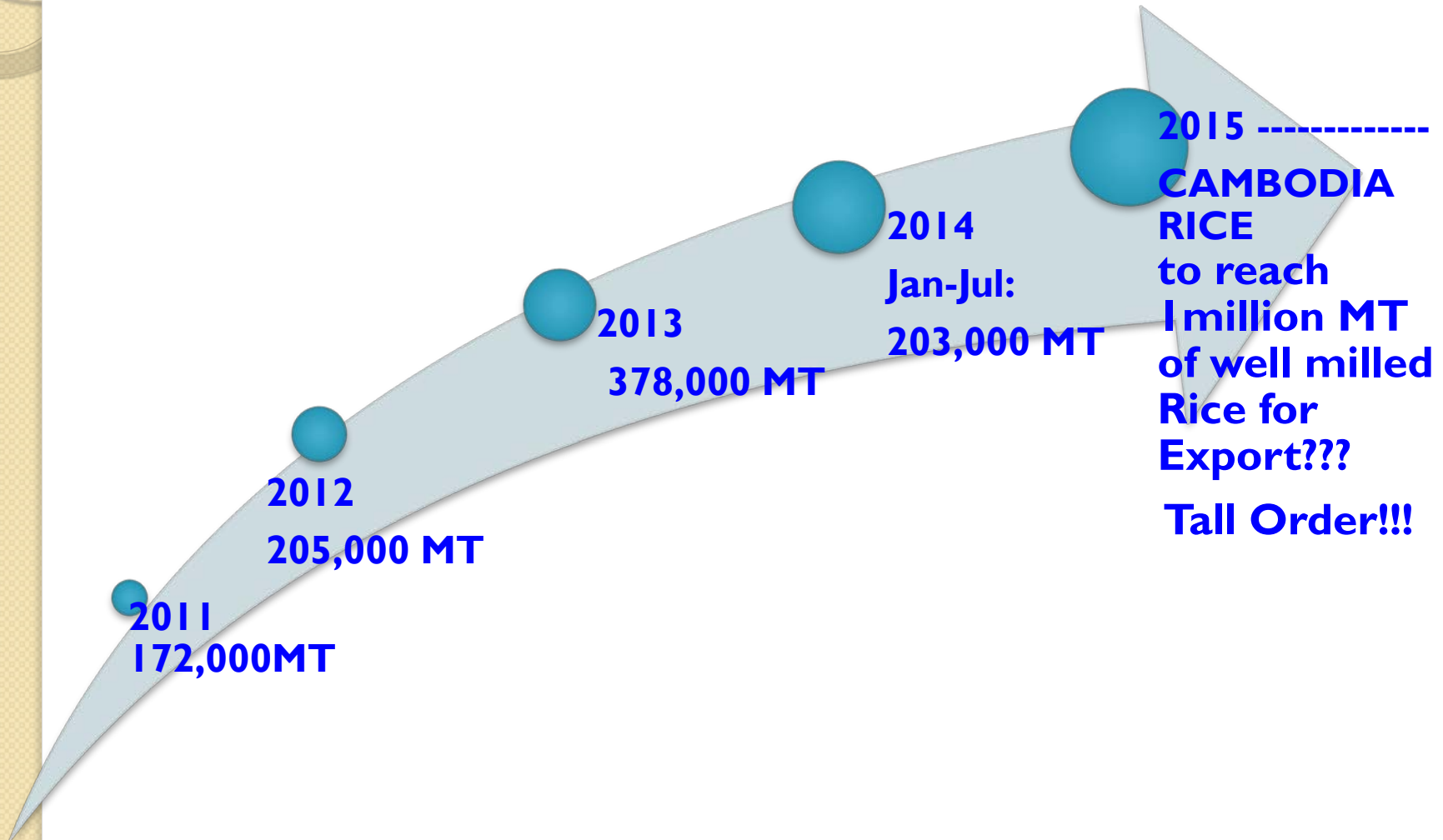


CAMBODIA RICE FEDERATION

- **First Board elected on May 19, 2014**
- **Represents nation wide the rice industry stakeholders – 213 Founding Members**
- **Presents a more cohesive and unified voice of the industry**
- **Engages more effectively concerned private or public institutions in solving challenging issues of the industry**
- **Recognized by Anukret dated 8-8-14 as sole rice institution to work with RGC**



Rice Policy – Priority of the RGC





Challenges

- **Energy**
- **Infrastructure**
 - **Transportation and Logistics**
 - **Irrigation System**
- **Markets**
- **Quality**
- **Access to Finance**



ENERGY SUPPLIES

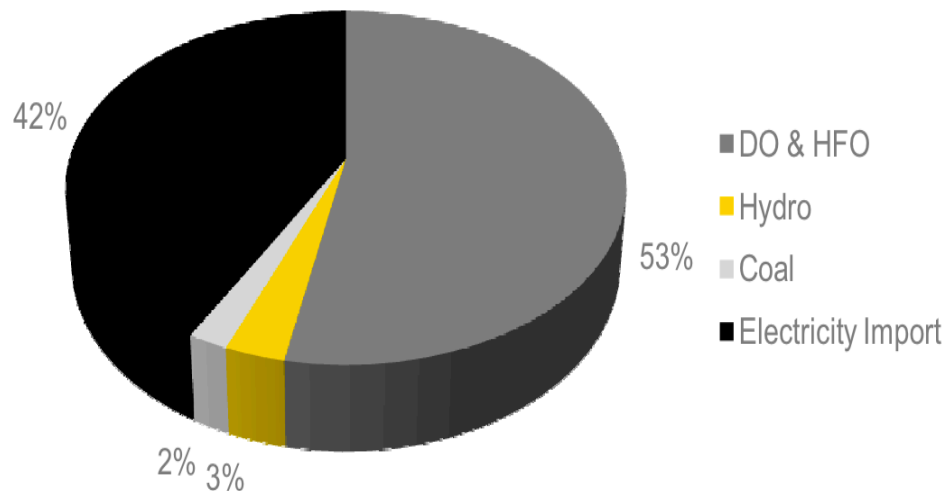
Wholesale electricity supply situation

IPP (31%), EDC (15%), REE (8%), PEC (4%)

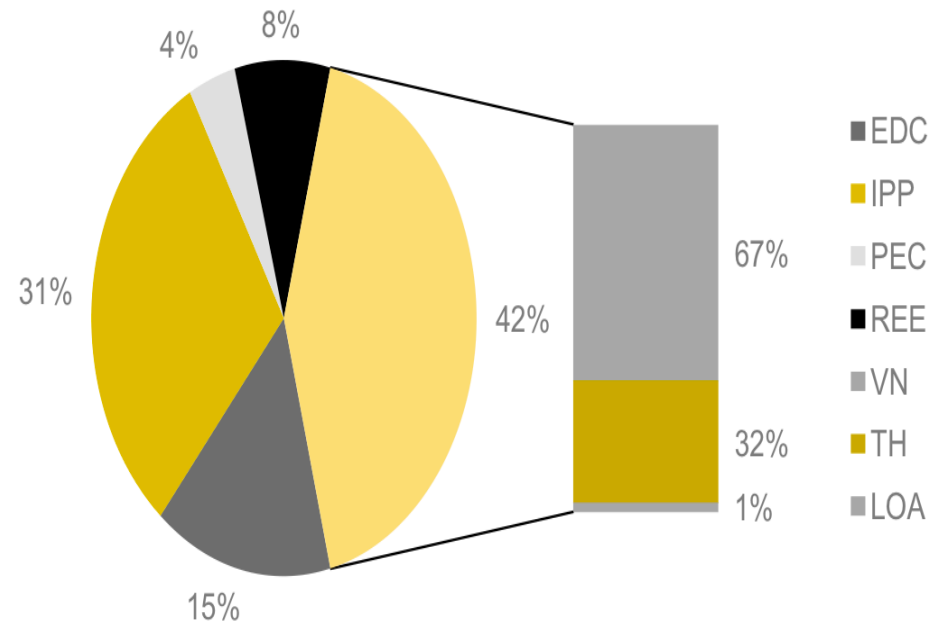
➤ Electricity Imported (42%)

Vietnam (67%) – Thailand (32%) – Laos (1%)

Generation Mix in 2010



Electricity Supplier 2010



Source: MIME



ENERGY COST FOR RICE MILLS & OTHER FACTORIES

Banteay Meanchey	\$ 0.25 - Riels 1,000/KWh
Siemreap	\$ 0.21 - Riels 820/KWh
Battambang	\$ 0.25 - Riels 1,000/KWh
Pursat	\$ 0.40 - Riels 1,600/KWh
Svay Rieng	\$ 0.16 - Riels 650/KWh
Kandal	\$ 0.28 - Riels 1,100/KWh
Kg Cham	\$ 0.33 - Riels 1,300/KWh
Prey Veng	\$ 0.26 - Riels 1,050/KWh
Takeo	\$ 0.24 - Riels 950/KWh



INFRASTRUCTURE

Focused Conservatively:

- ◆ Building of Roads, Bridges, Irrigation Canals, Ports


Overlooked:

- ◆ Enhancing Waterways, especially in countries (like Cambodia) that are blessed by many rivers/waterways – 3,700 kms of all year round navigable waterways with average barging capacity of 20 MT to 150 MT depending on river depth



Cambodia's Waterways: Under Utilized Still...

In any given country (whether Developed or Under Developed) the cost of transportation by order of cost efficiency is:

1. Waterways / Maritime (River Freight – Ocean Freight)
2. Railways
3. Inland Trucking  Cambodia
 - BTB-PNH \$15-\$17/MT, PNH-SHV \$7-\$8
4. Airfreight



Waterways Cost Comparison With Neighboring Countries

- Vietnam Rice Mills located mainly along estuaries and their cost of transport is **\$ 3/MT**
- Cambodia cost of transport in average out **\$ 15-17/MT** by inland trucking
- Cargo to Sihanoukville from Phnom Penh is transported by road **(\$7-\$8/MT)** while that to the Vietnamese ports moves either via the Mekong River to the deep water port of Cai Mep or Ho Chi Minh City (HCMC)
- Shipment by Barges from PNH Port to HCM Port about **\$ 14/MT**
- Similar distance in Thailand only **\$ 4/MT**



Logistics/Exporting Docs Fee

#	Description	# Container	Fee per MT
1	Document Fee	1	≈\$34
2	Document Fee	2	≈\$30
3	Document Fee	5	≈\$28
4	Document Fee	10	≈\$27
5	Document Fee	20	≈\$26



MARKETS

By the end of July 2014 Cambodia has exported to 55 market destinations

➤ Still too much dependent on EU with EBA





MARKETS (Con' t)

- Cambodia is sandwiched between two major players (Thailand and Vietnam) where paddy rice has flown out across the border.
- Rice mostly being sold in container bulk or 50kg bag where buyer need to re-pack into smaller packing in their own brands
- Cambodian Jasmine rice has been sold under the shadow of Thai Hom Mali where buyers still view that our quality is inferior (Branding issue)



Quality Consistency

- Cambodia won the world best rice award two years consecutively (2012 in Bali, 2013 in Hong Kong).
 - ✓ Location that produces best rice?
 - ✓ Quantity produced?
 - ✓ Branding?

- Not all rice millers could produce export quality standard on a consistent basis

- Lack of coordination and supervision



Assess to Finance

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
			2 nd Harvest				3 rd Harvest			Main Harvest	

- Bank interest is still very high
- Most Loan out against fixed assets
- Paddy and milled rice **is not (yet)** accepted as collateral
- Average miller occupancy rate is around 30% - 35% of the normal capacity (not able to maximize the economic of scale due to financial constraint)
- Need for an EXIM Bank or Agricultural Development Bank established by the Government to support the crucial paddy procurement (discussed since May 2009)



Donors TA in Rice

Mostly derived from DTIS Recommendations

- IFC
 - ✓ Strengthen Millers Capacity (HACCP, GMP, ISO...)
 - ✓ Export Promotion (Trade Fairs & Seminars)
 - ✓ Warehousing Receipts

- World Bank
 - ✓ Logistics
 - ✓ Warehousing Receipts

- AFD
 - ✓ Agricultural Development Bank
 - ✓ Support in Trade Promotion

- ADB
 - ✓ Warehousing Receipts



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THANK YOU
FOR YOUR ATTENTION