

Global cassava markets: understanding the drivers and market dynamics

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ACIAR Mid-term Review
Vientiane, Lao PDR
15-19th January 2017



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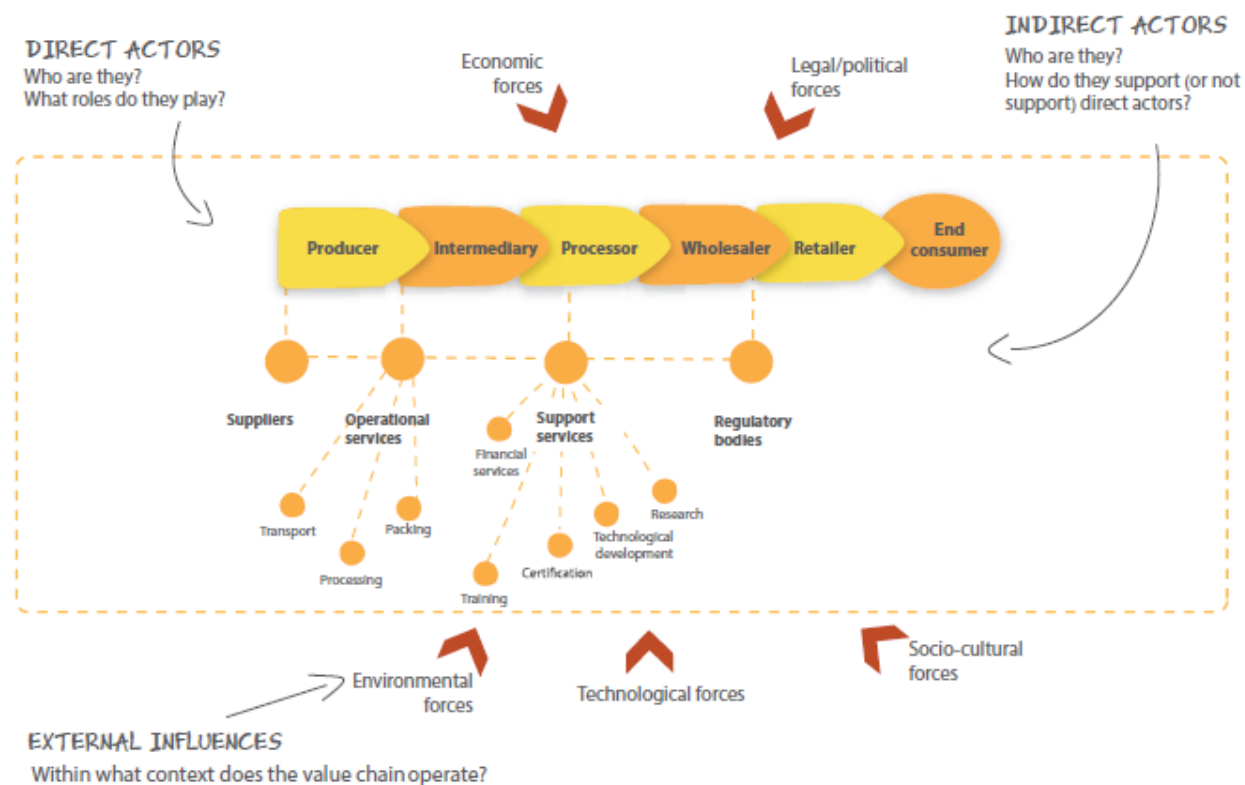
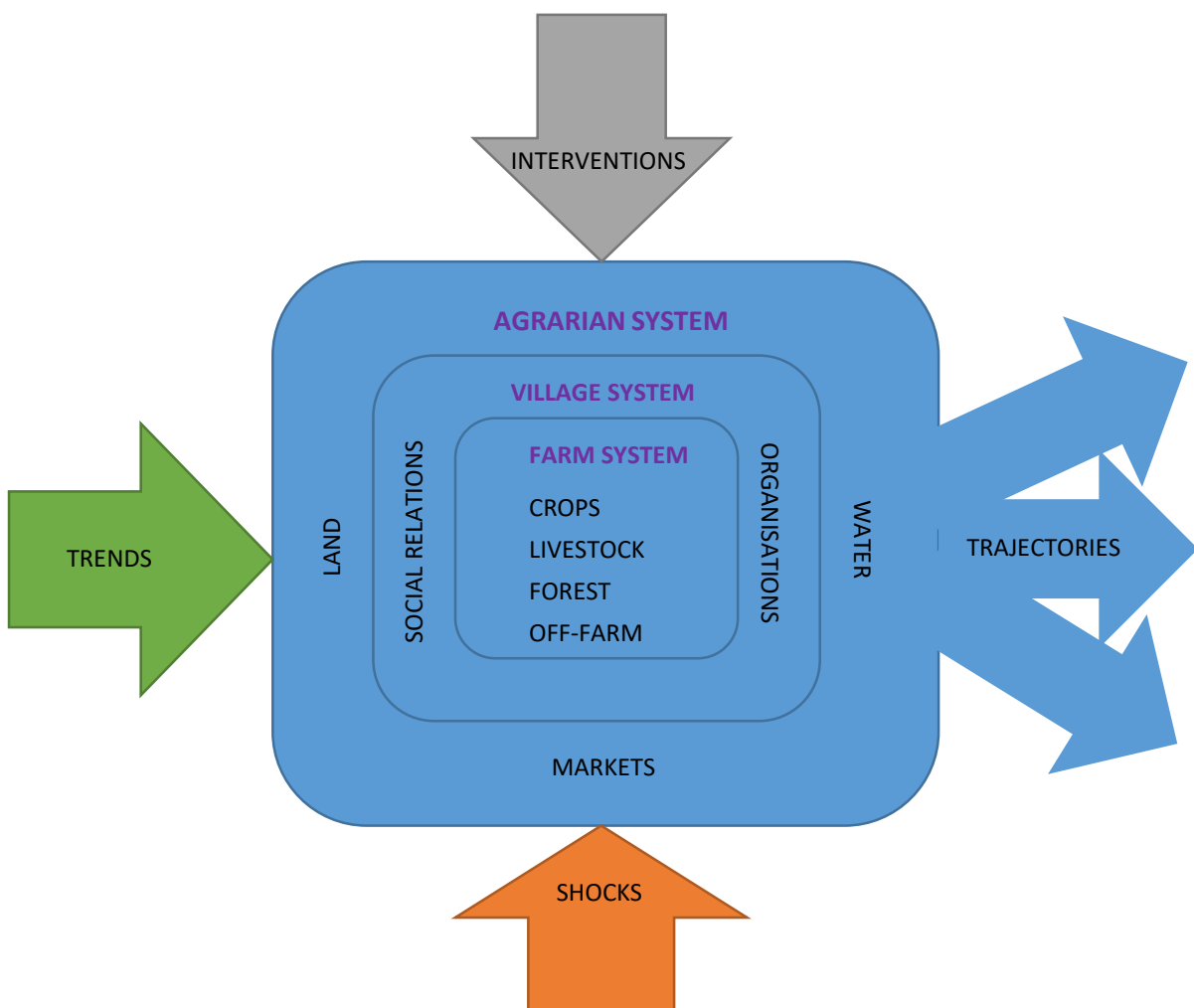
CGIAR



RESEARCH
PROGRAM ON
Roots, Tubers
and Bananas



Framework for Objective 1



Project objectives

AGB

Objective 1 – Assess opportunities and constraints for smallholder production and marketing of cassava within different value chains

1.1 Understand the macro-level drivers for the development of the cassava industry including changing market and policy arrangements for cassava (starch, feed, chips) and substitutes (e.g., maize, potato, and sugar) and the potential benefits and risks to value chain actors

ASEM

Objective 1 – Assess the current production, marketing, and institutional arrangements for cassava in major agroeconomic zones and value chains in Laos and Cambodia.

1.1 Understand the macro-level drivers for the development of the local cassava industry in different agroeconomic zones in each country, including changing market conditions and policy settings.

Activity and output

Activity

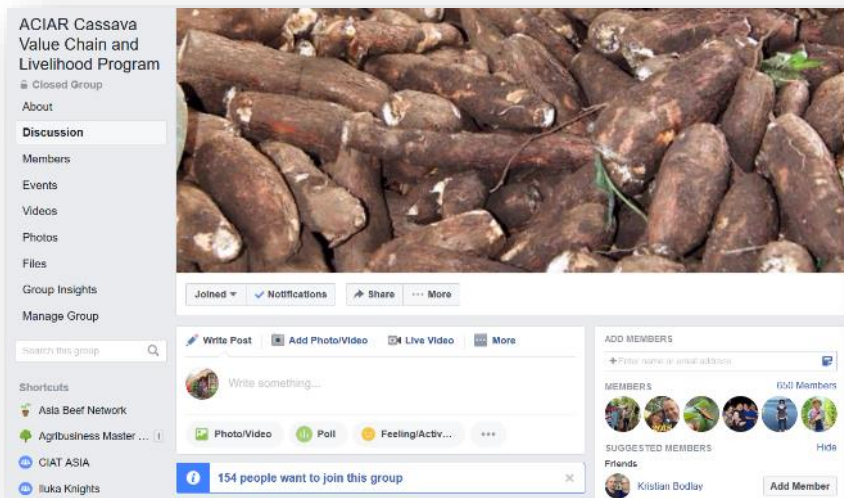
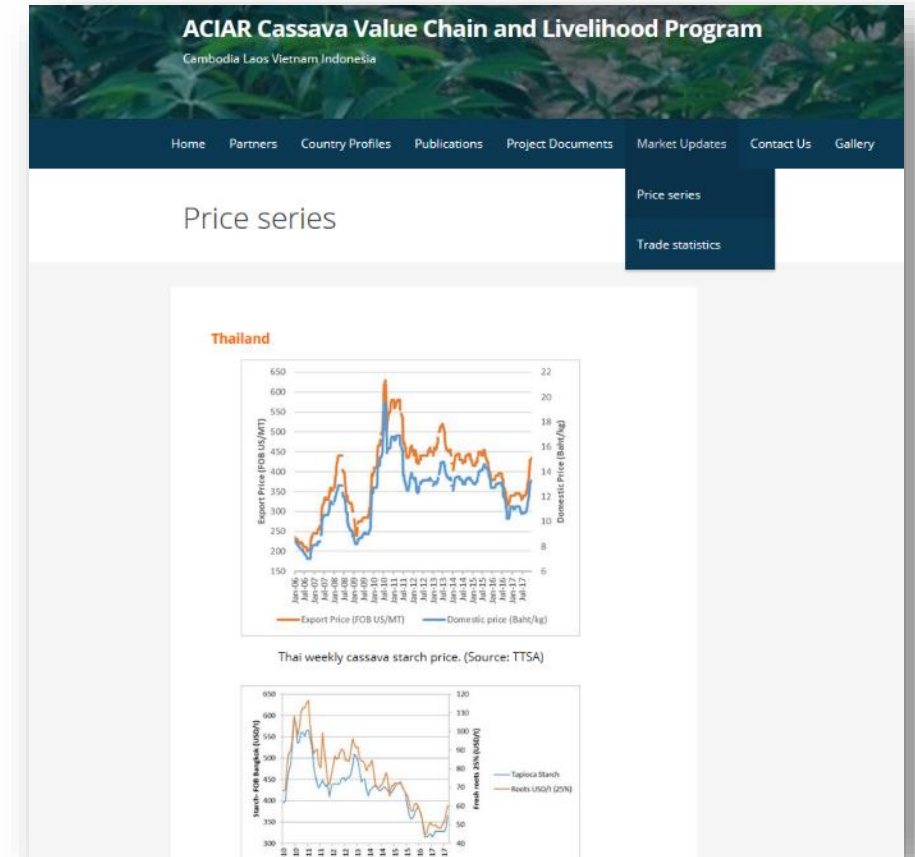
Review information on global and national cassava production, utilisation, trade, and policies.

Original output

Annual market update

Actual output

Annual market updates, blogs, presentations, Facebook group, website



Our vision, a sustainable food future

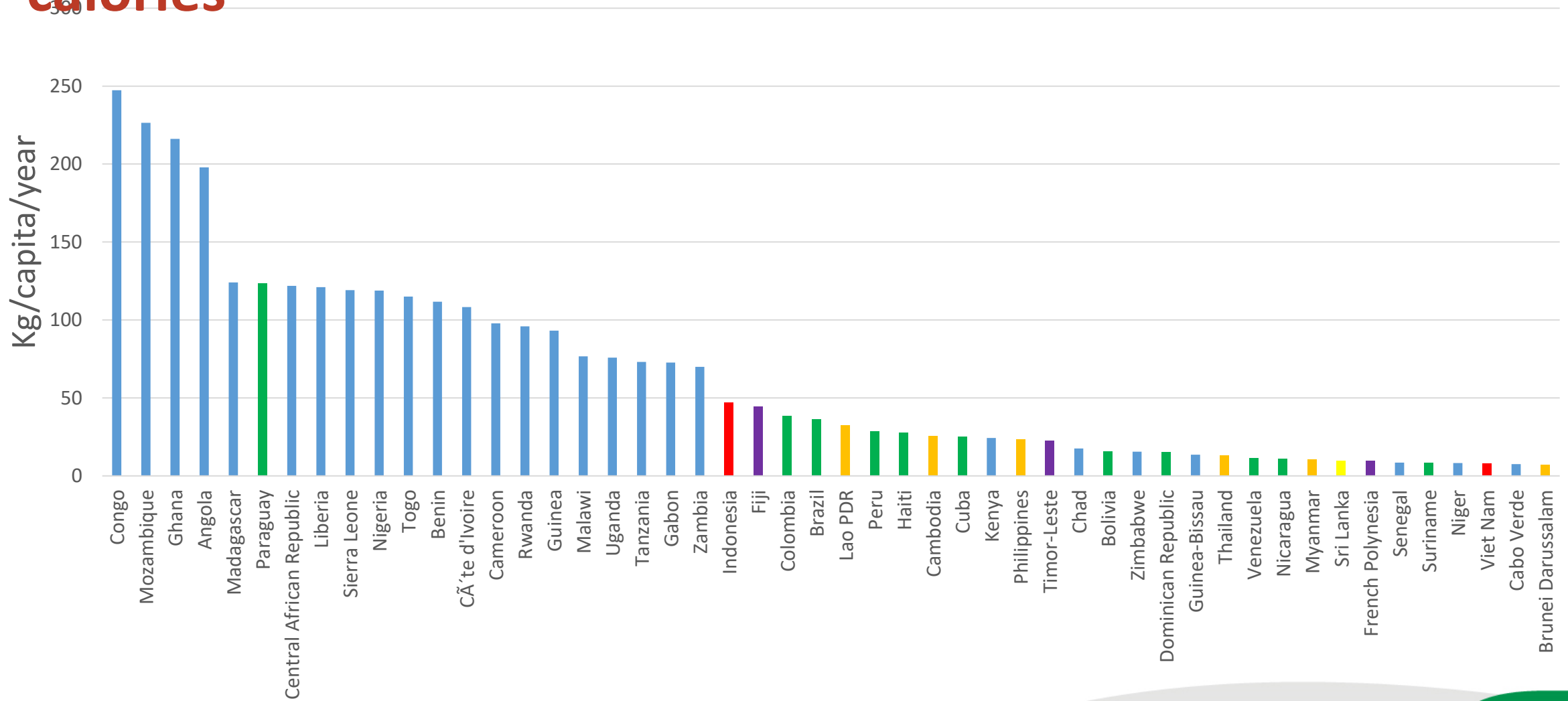


Market outlook for cassava needs to be considered in the context of substitutes in different applications

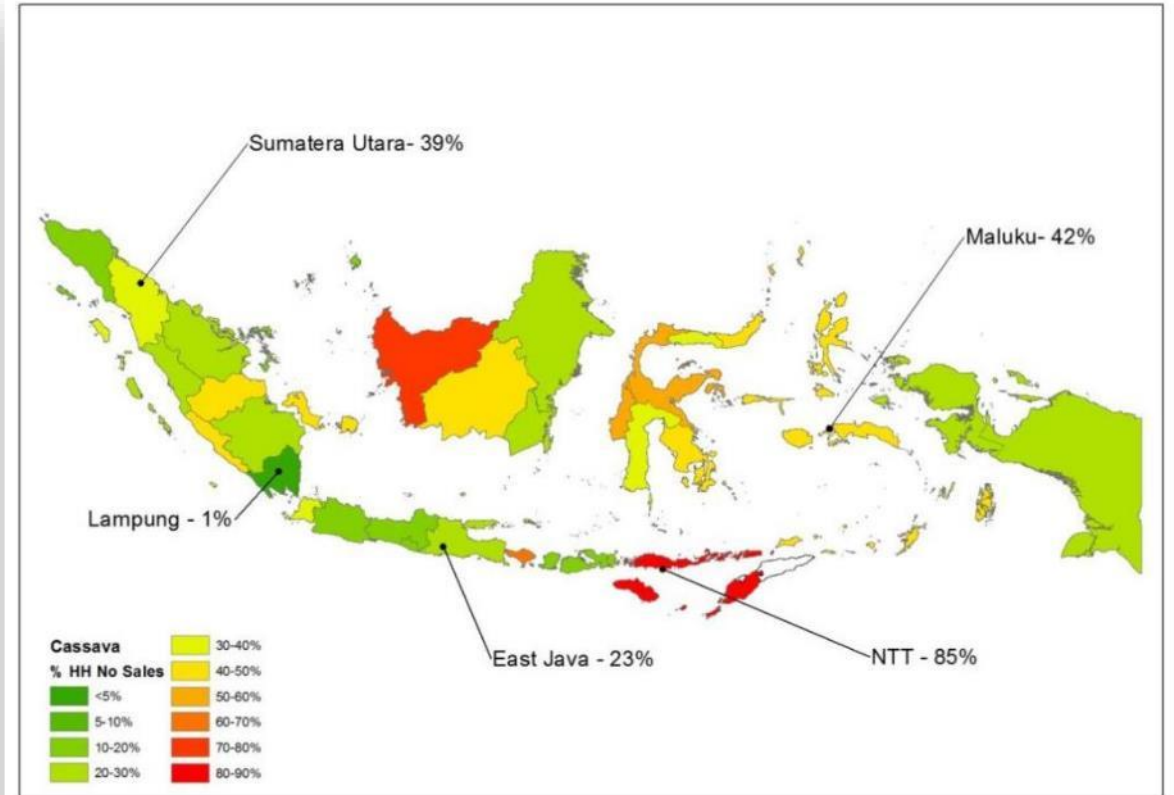
1. Cassava for direct consumption or sale into short value chains as fresh roots for food. Competition with other food such as **rice** based on price and consumer preferences.
2. Global markets where cassava chips compete with other forms of carbohydrate for processing animal feed or ethanol such as **maize, sorghum, wheat, molasses – oil, gas.**
3. Markets where cassava starch competes largely on price with substitutes such as **maize** and **potato** starch, **sugarcane.**
4. Markets where the functional properties of the starch are desired.



At the national scale: cassava not a large contributor to calories



Sub-national level it is an important food crop

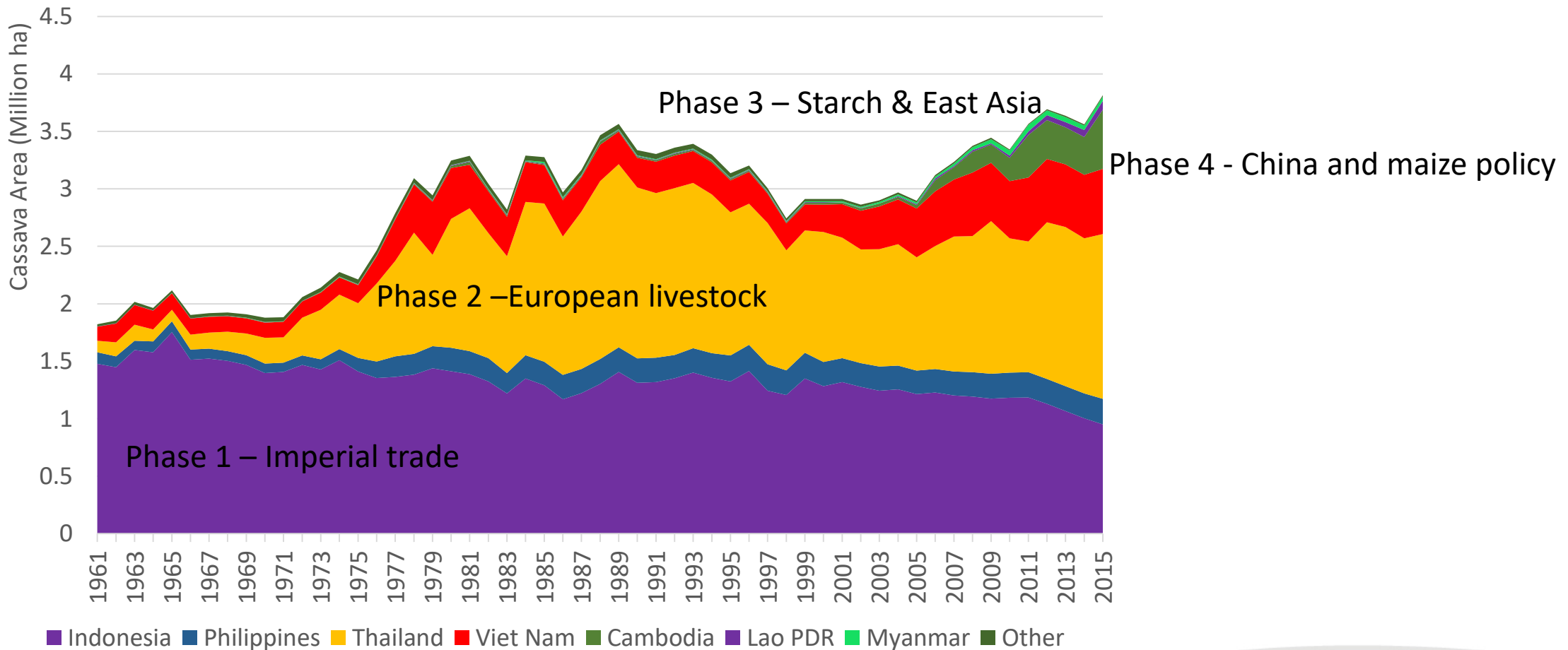


Over 306,000 cassava households in *Nusa Tenggara Timur* – 85% sell no cassava

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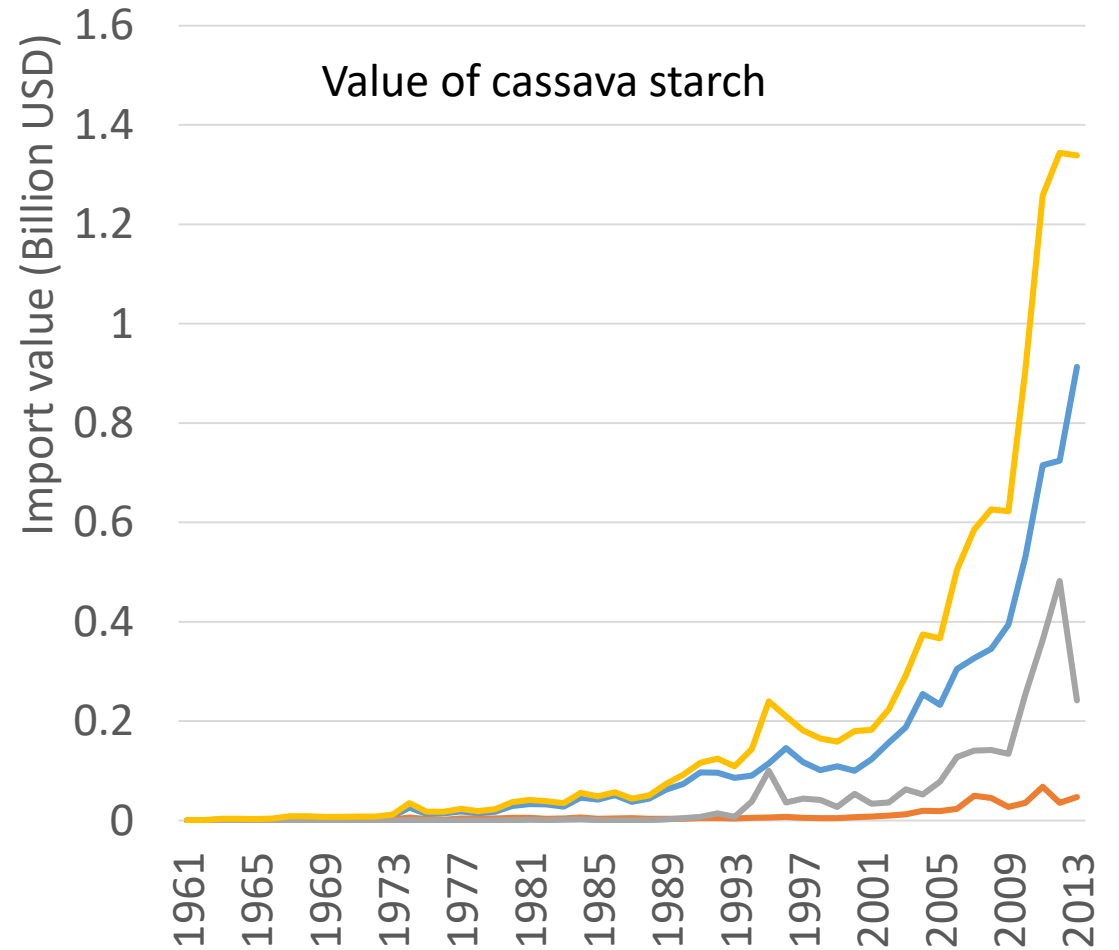
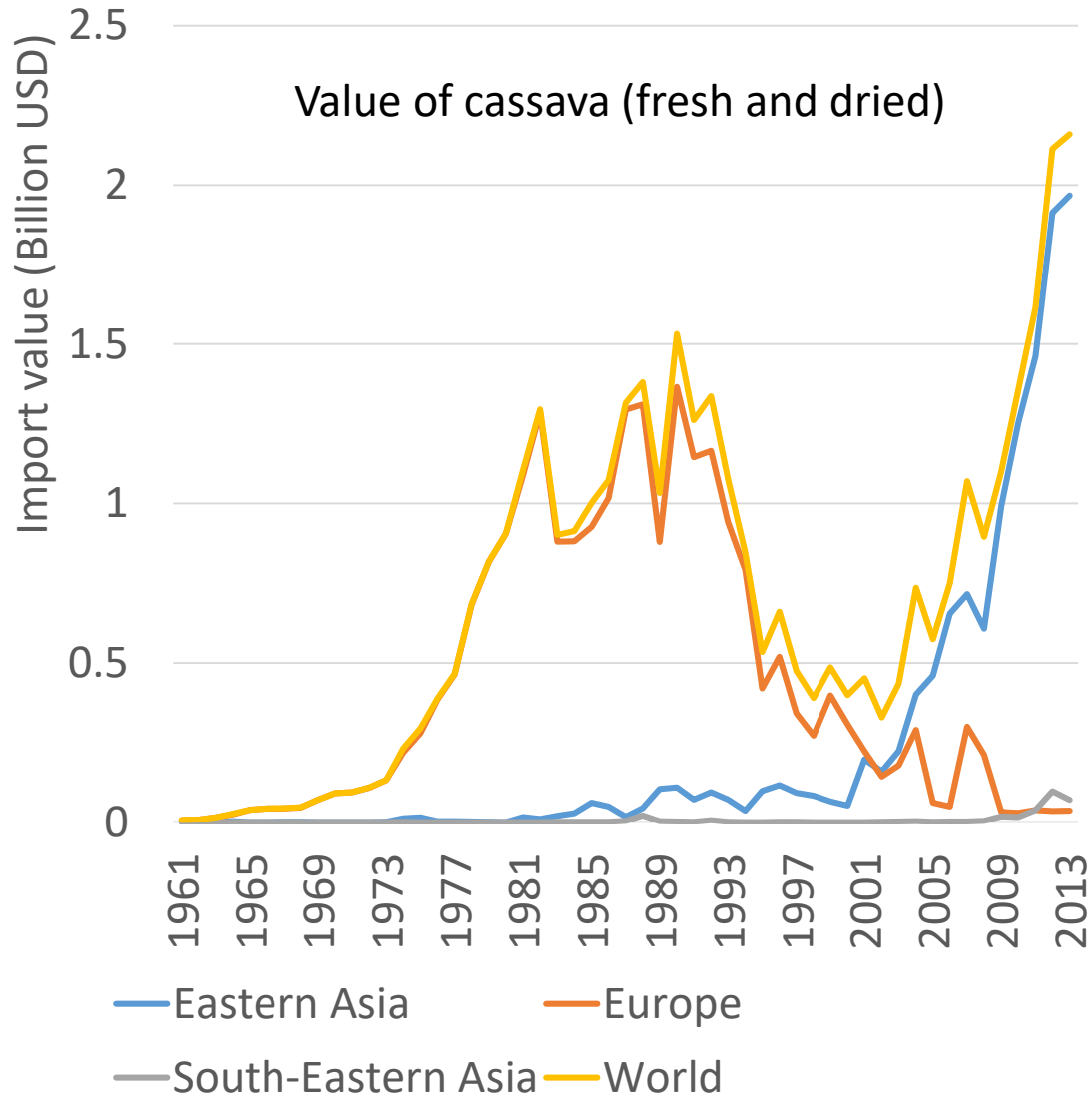
Cultivation of cassava in Southeast Asia has long history of association with markets, trade and policy



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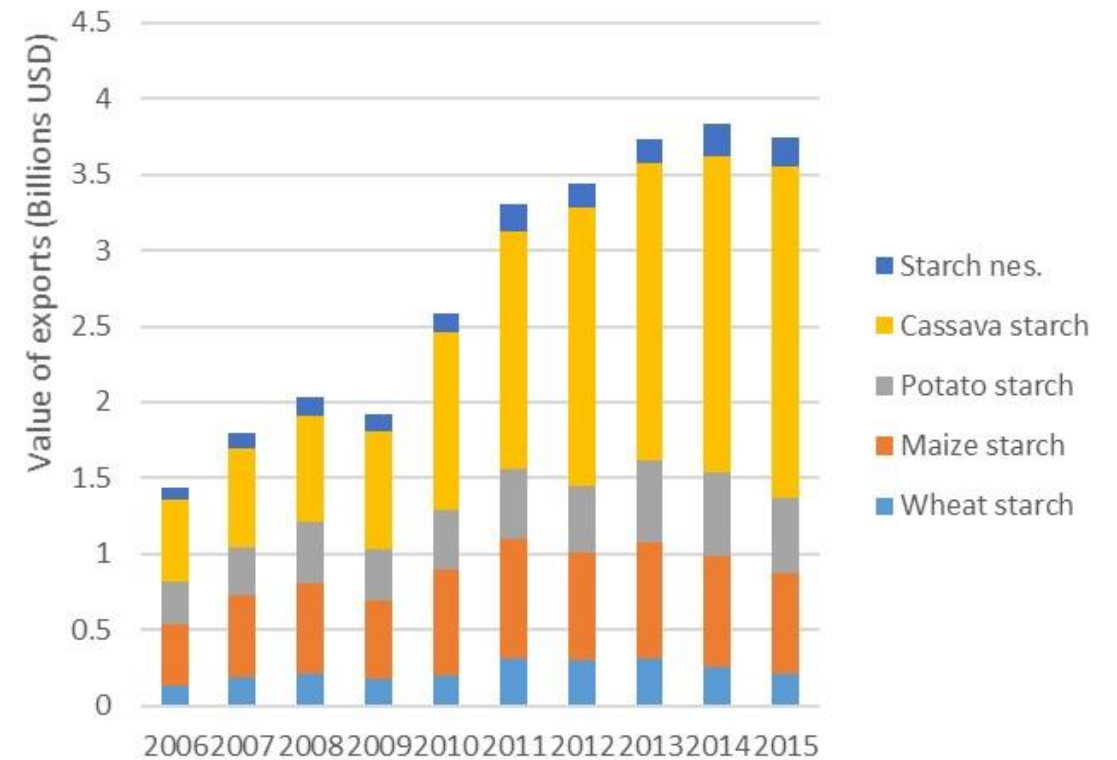
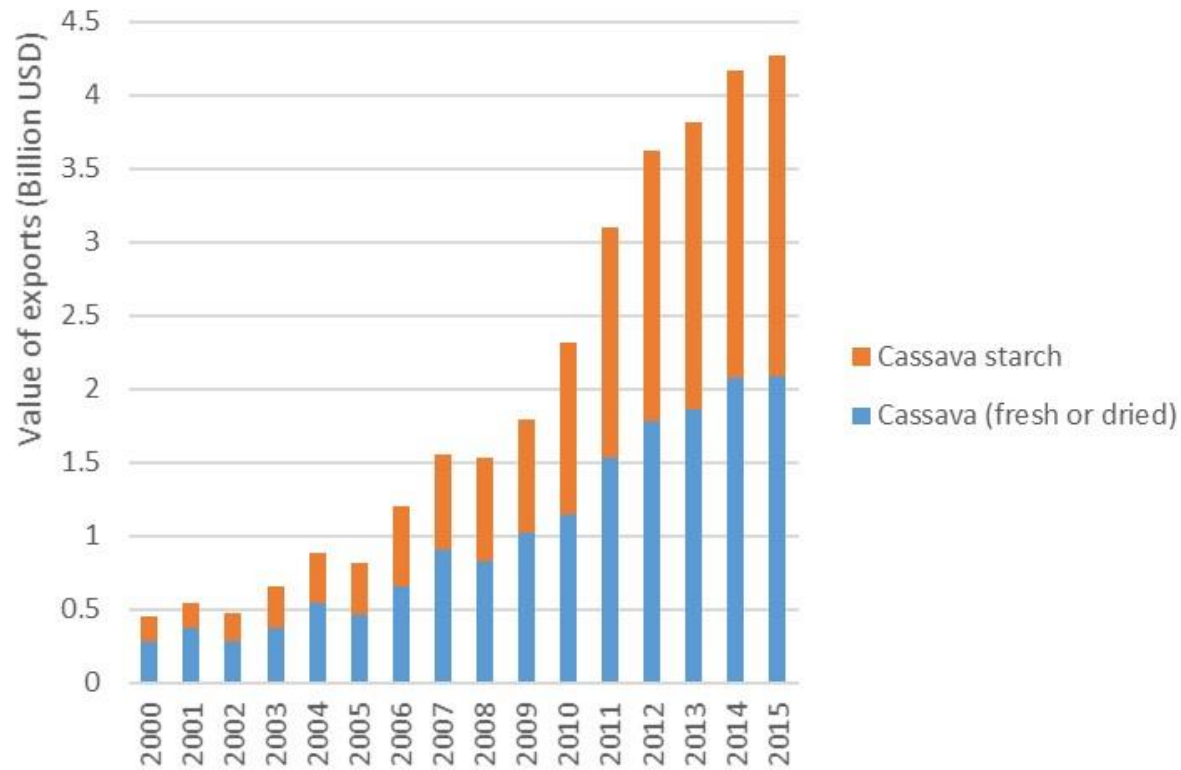
Policy induced re-orientation of cassava trade from Europe to Asia



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Value of cassava trade and relative importance of cassava starch in global trade



Not an “economic inferior” good

- Livestock feed
- Paper industry and glues
- Textiles
- Sweeteners
- Processed food sector
- Pharmaceuticals
- Alcohol
- Bioplastics
- Biofuel

Desirable functional traits:

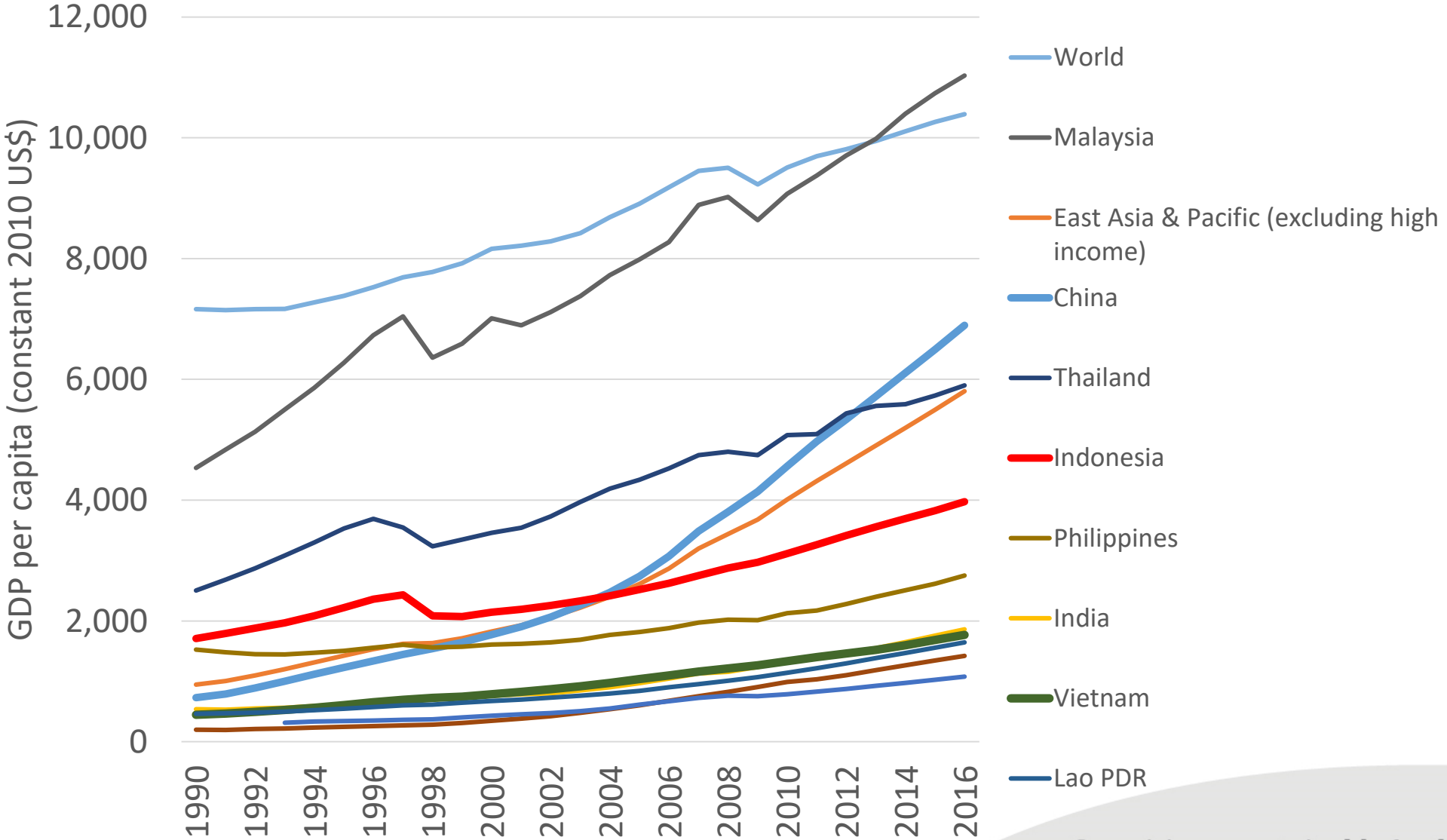
Meat products, sauces, frozen foods, dairy products, noodles

- High viscosity, firm and elastic texture
- Freeze thaw stability.
- Provide short texture and reduce water separation
- Smooth texture and paste clarity
- Prevent cracking, good freeze thaw
- Smooth and improve mouth feel

Cost competitive compared to substitutes?

- Maize, sorghum, sugarcane, potatoes, etc
- Oil

Rising incomes in Asia: changing diets and consumption

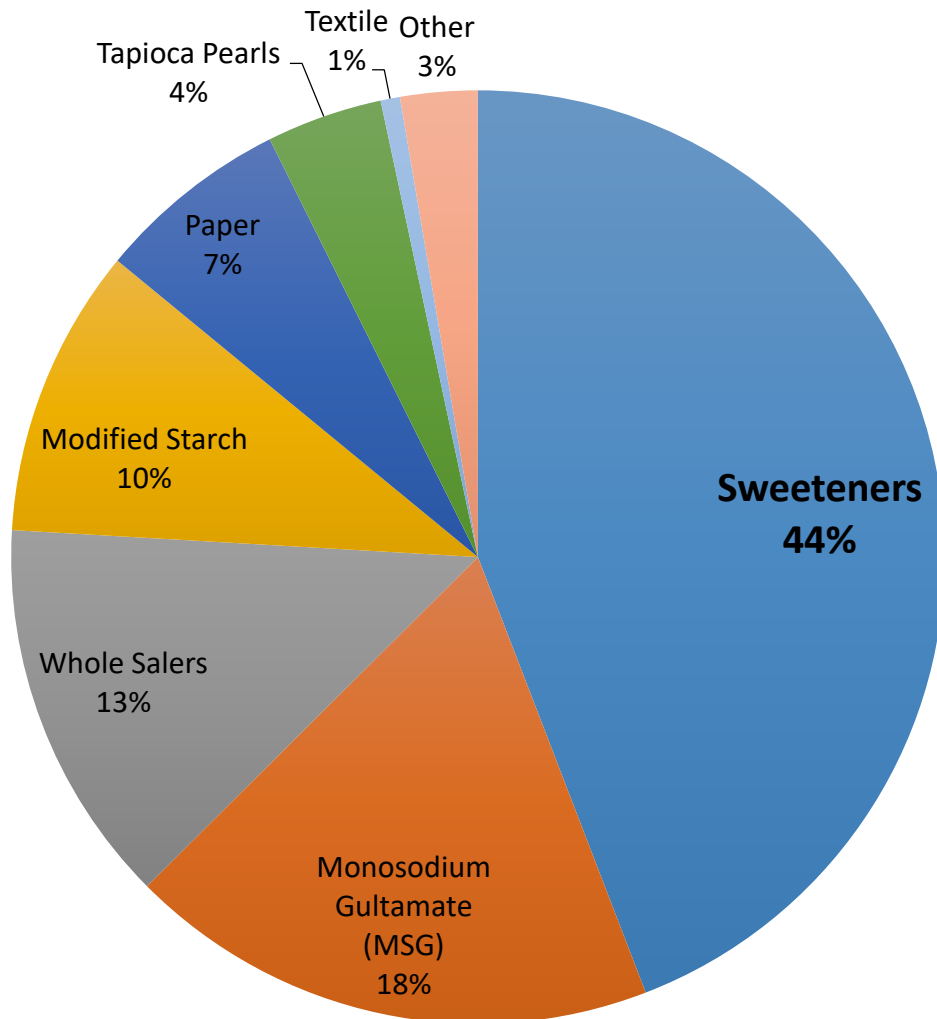


Our vision, a sustainable food future

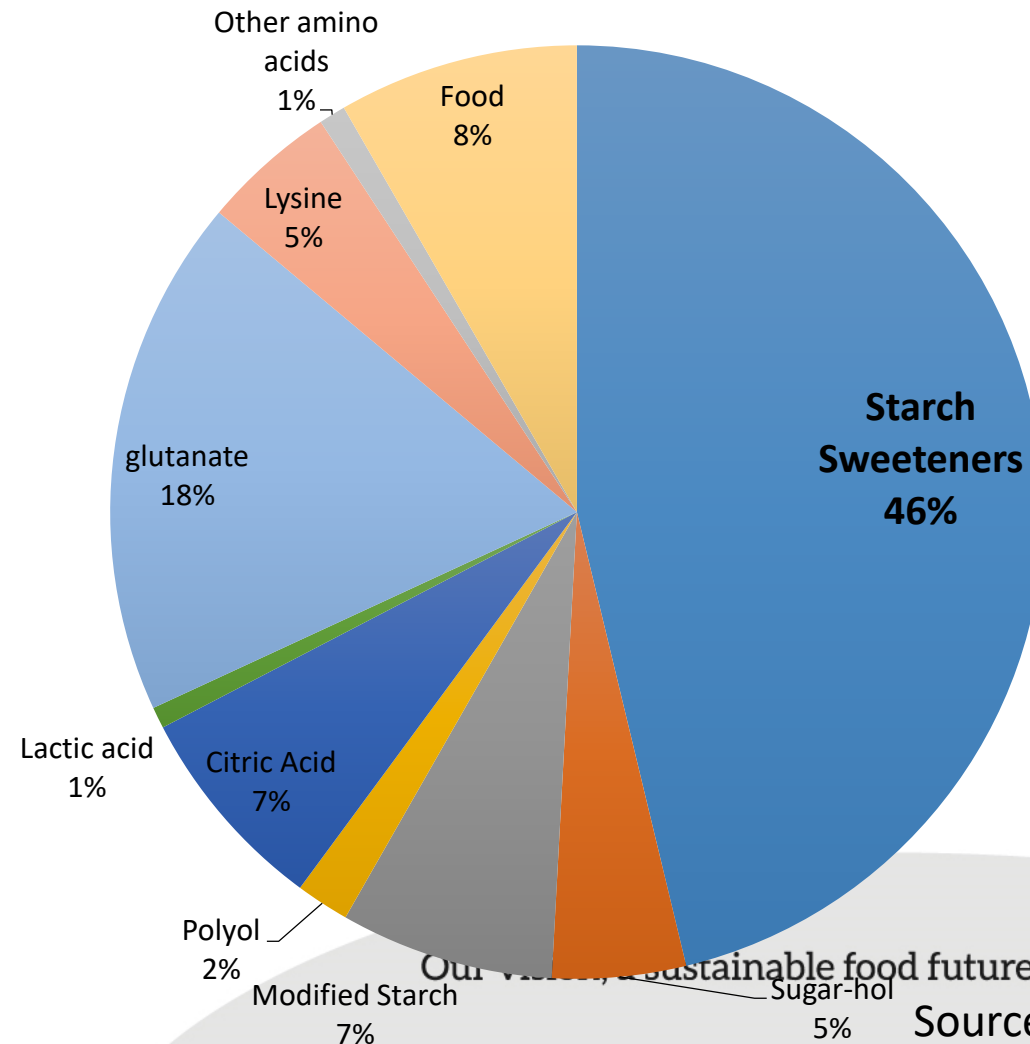


Utilisation of starch in Thailand and China

Thai Domestic use of cassava starch



Chinese use of all starch



Source: TTTA

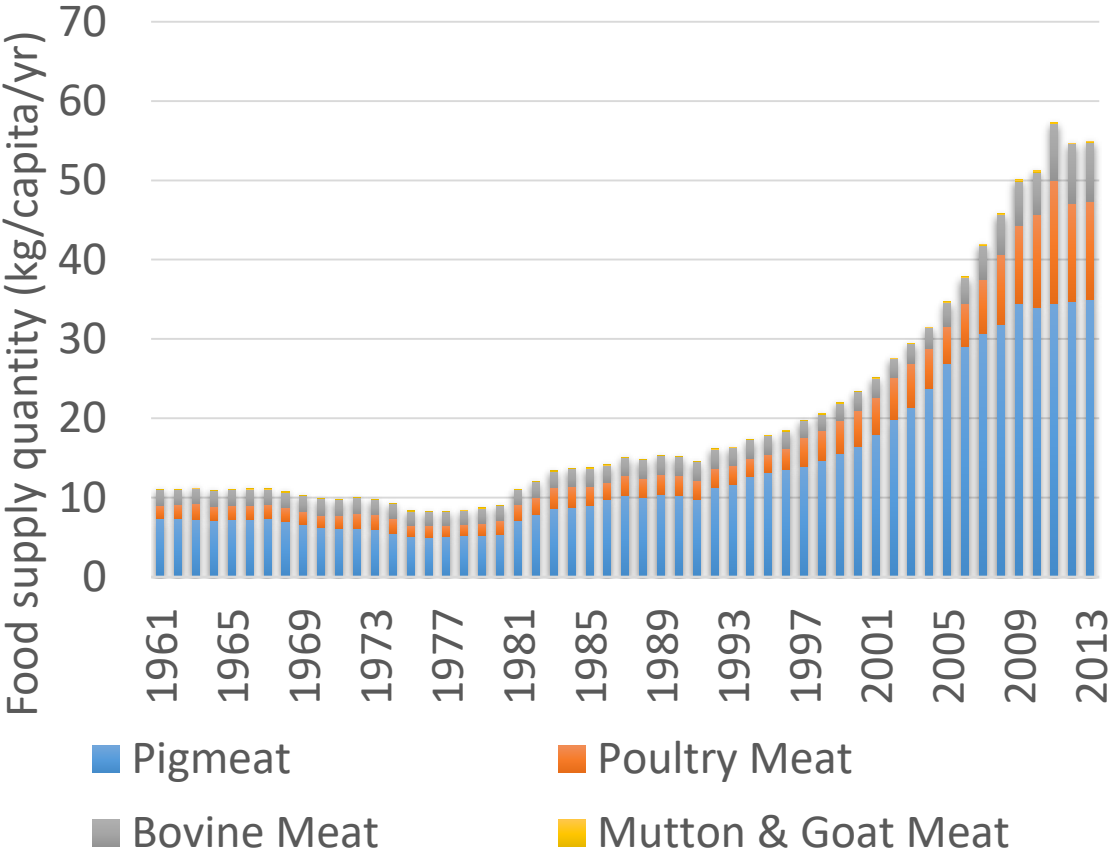
Source: Jin Shu-ren



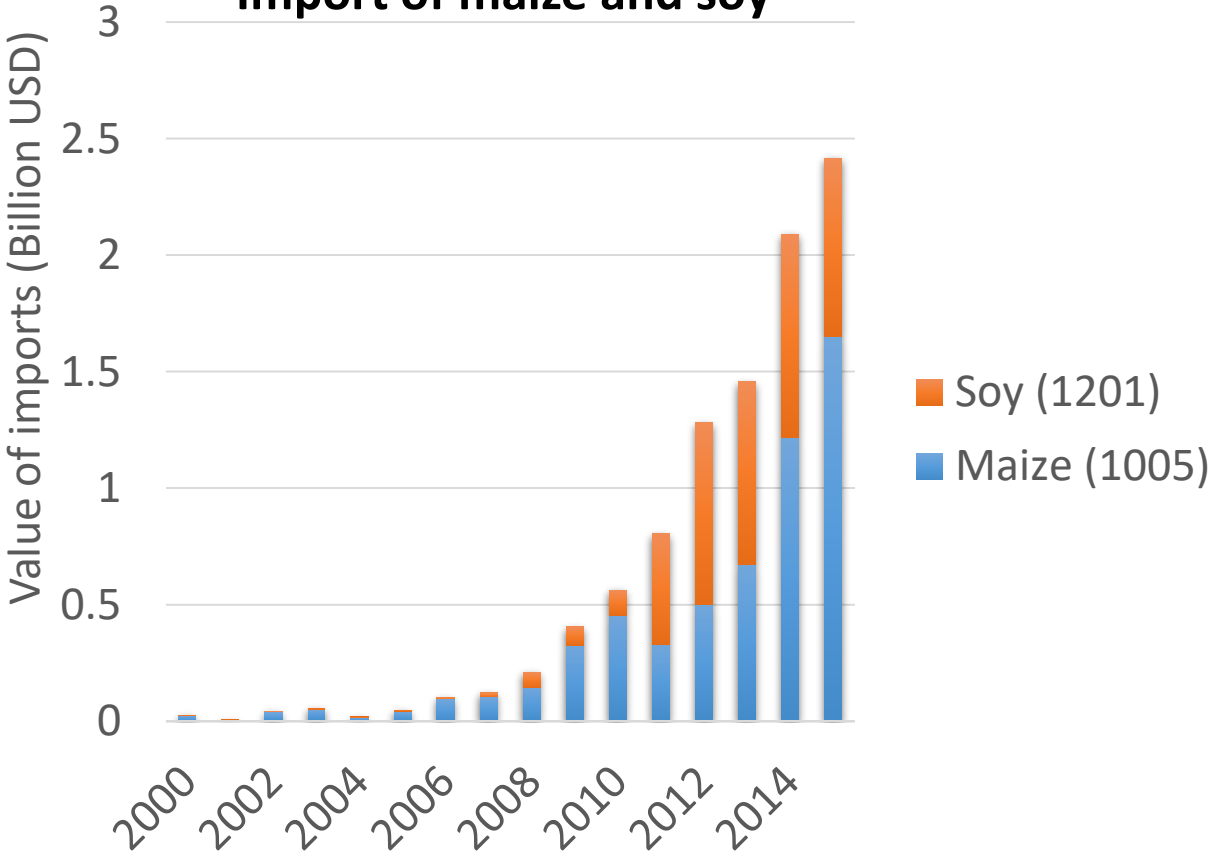
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Demand for animal feed in Vietnam

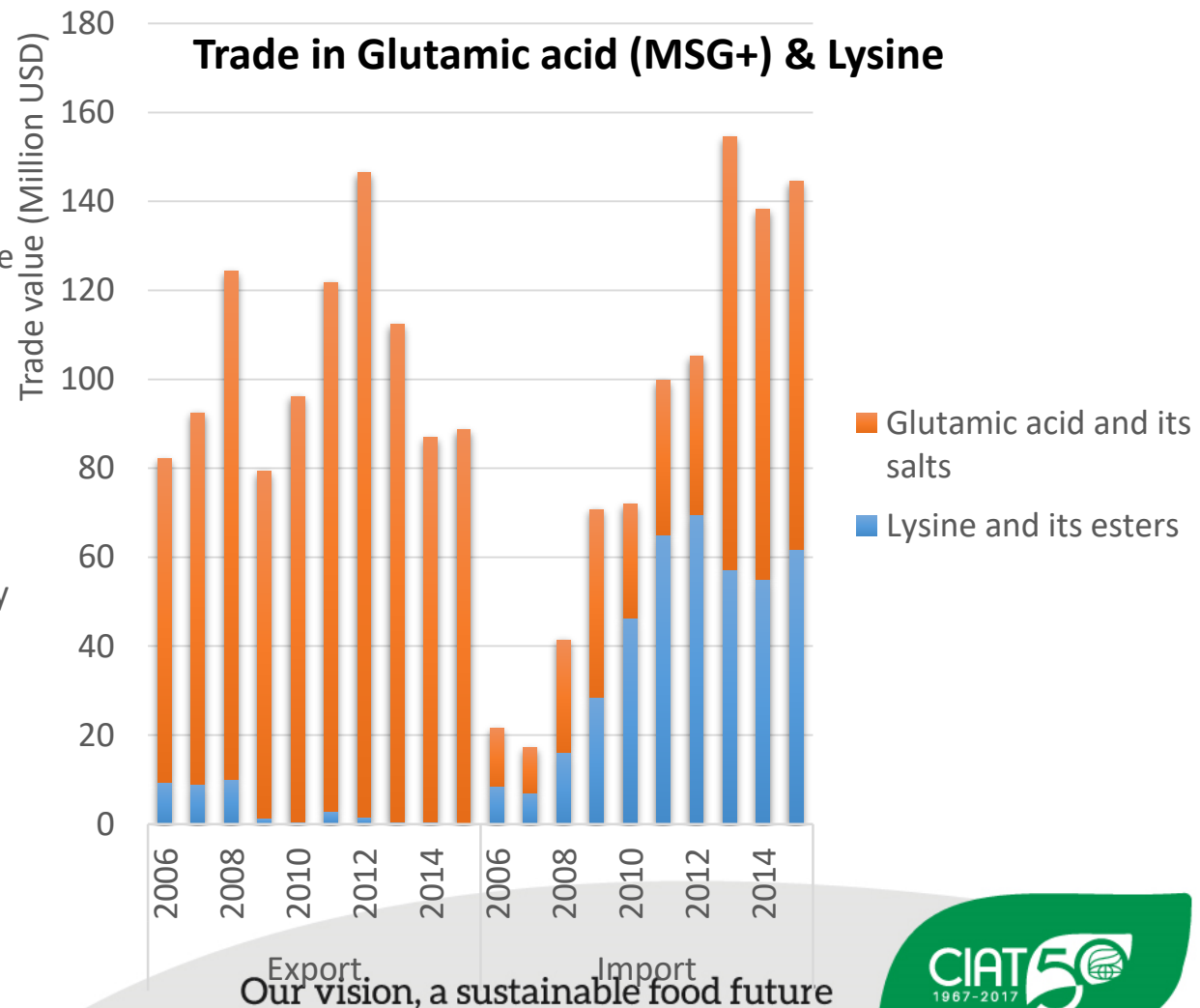
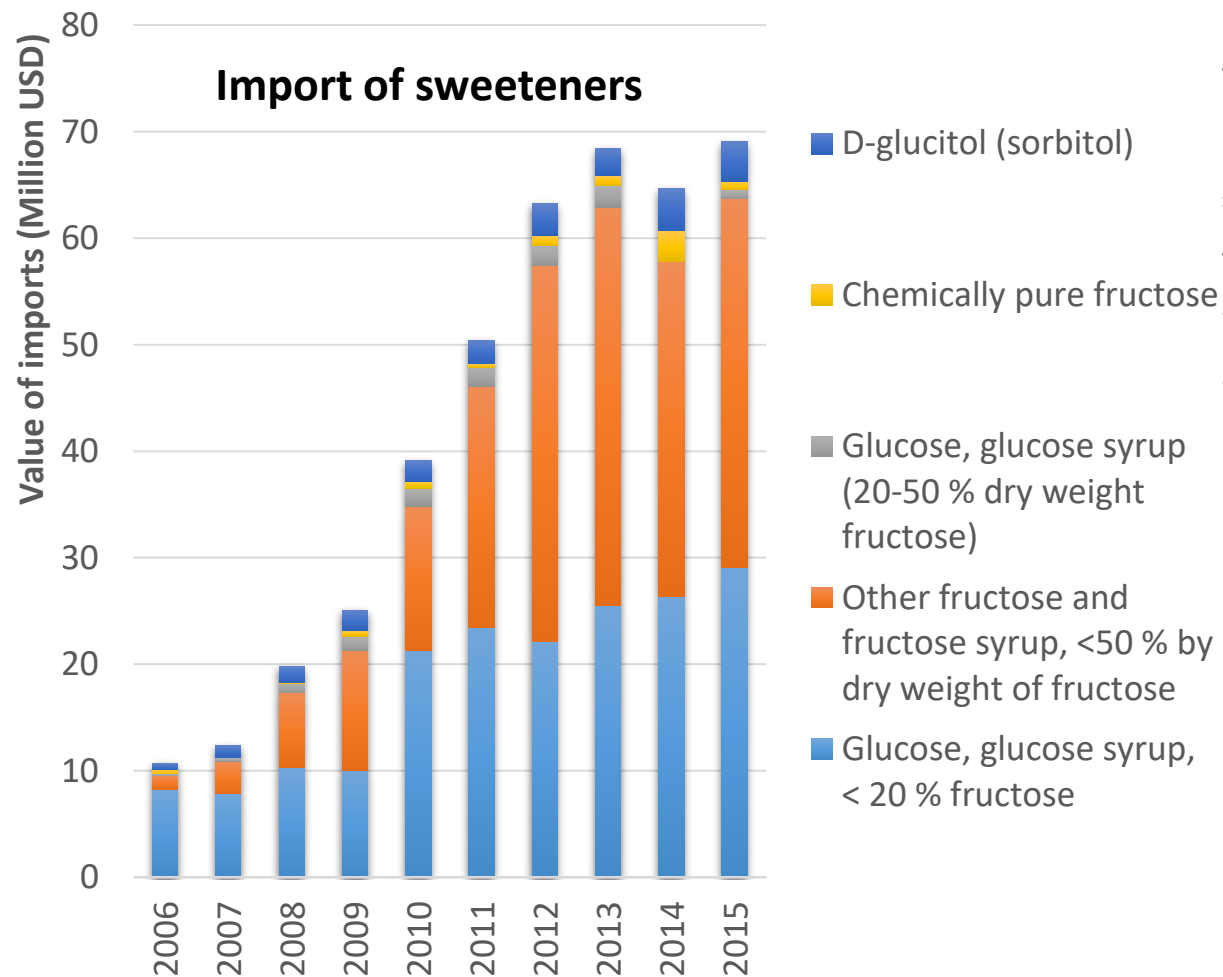
Consumption of meat per capita



Import of maize and soy

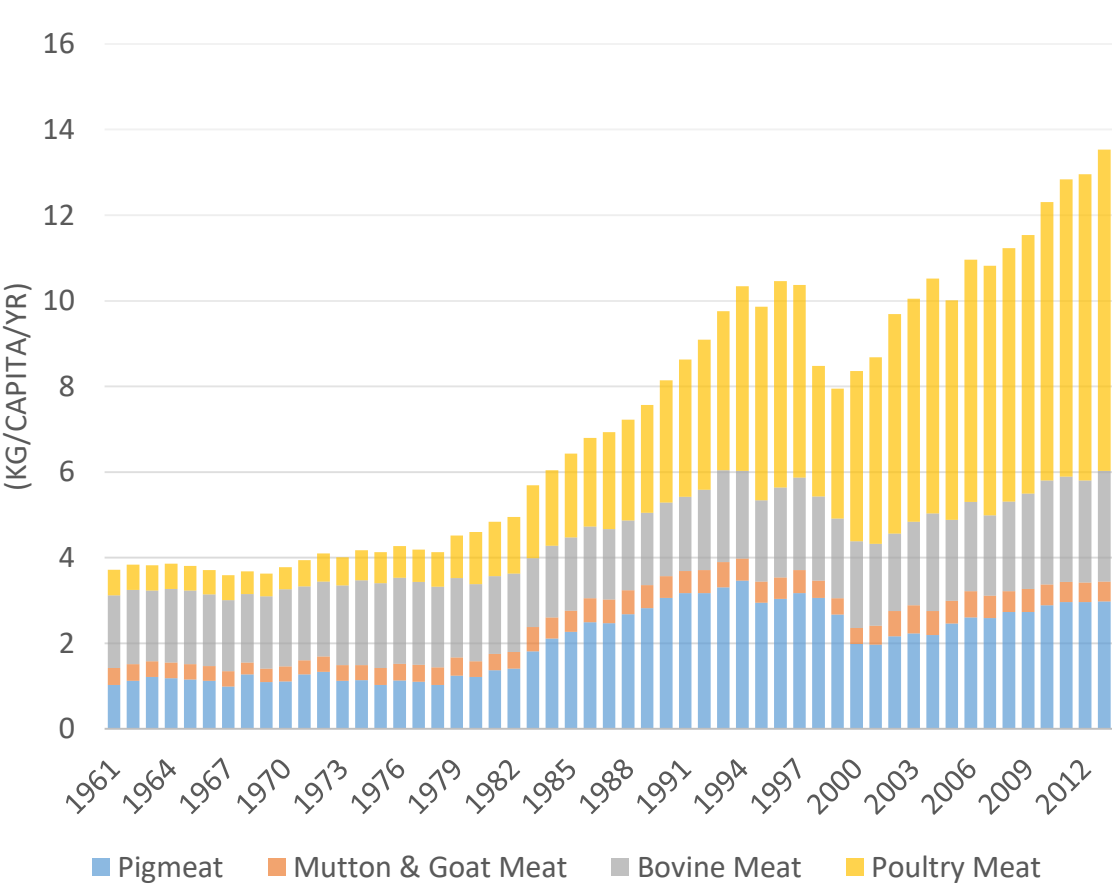


Trade in syrups and sweeteners and fermentation products

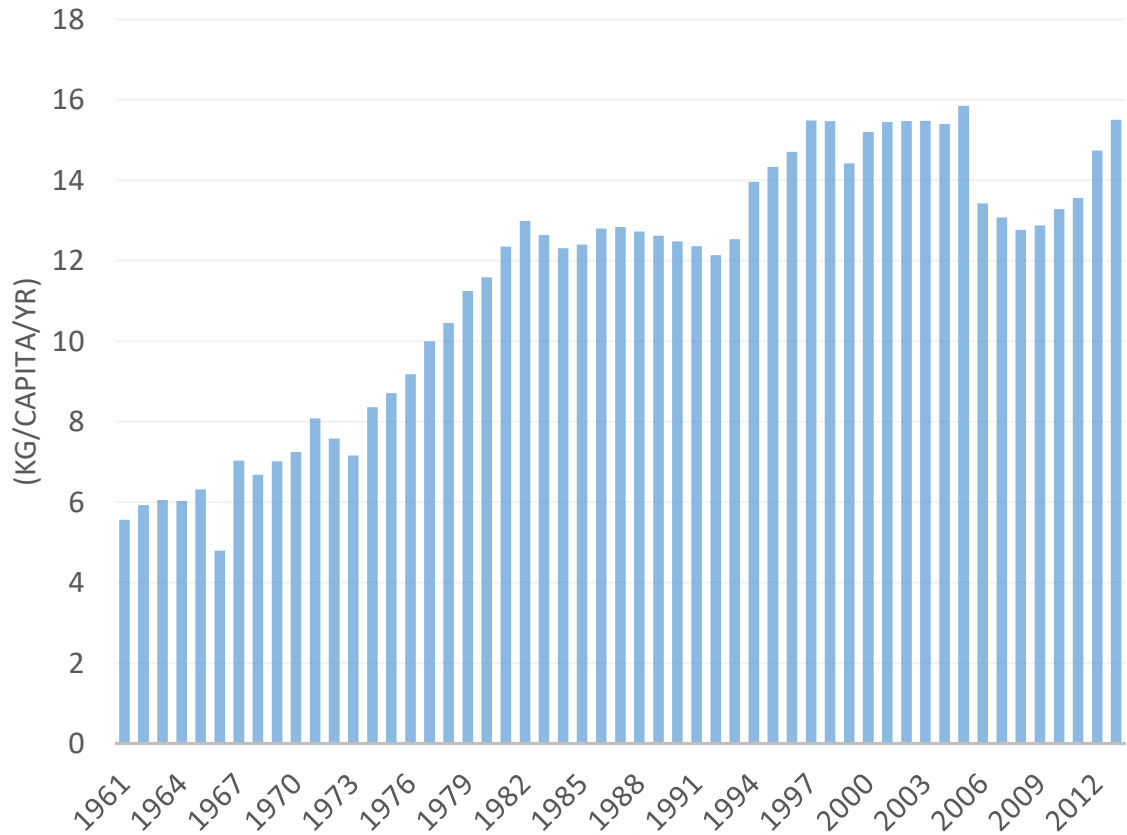


Demand for animal feed and sweeteners in Indonesia

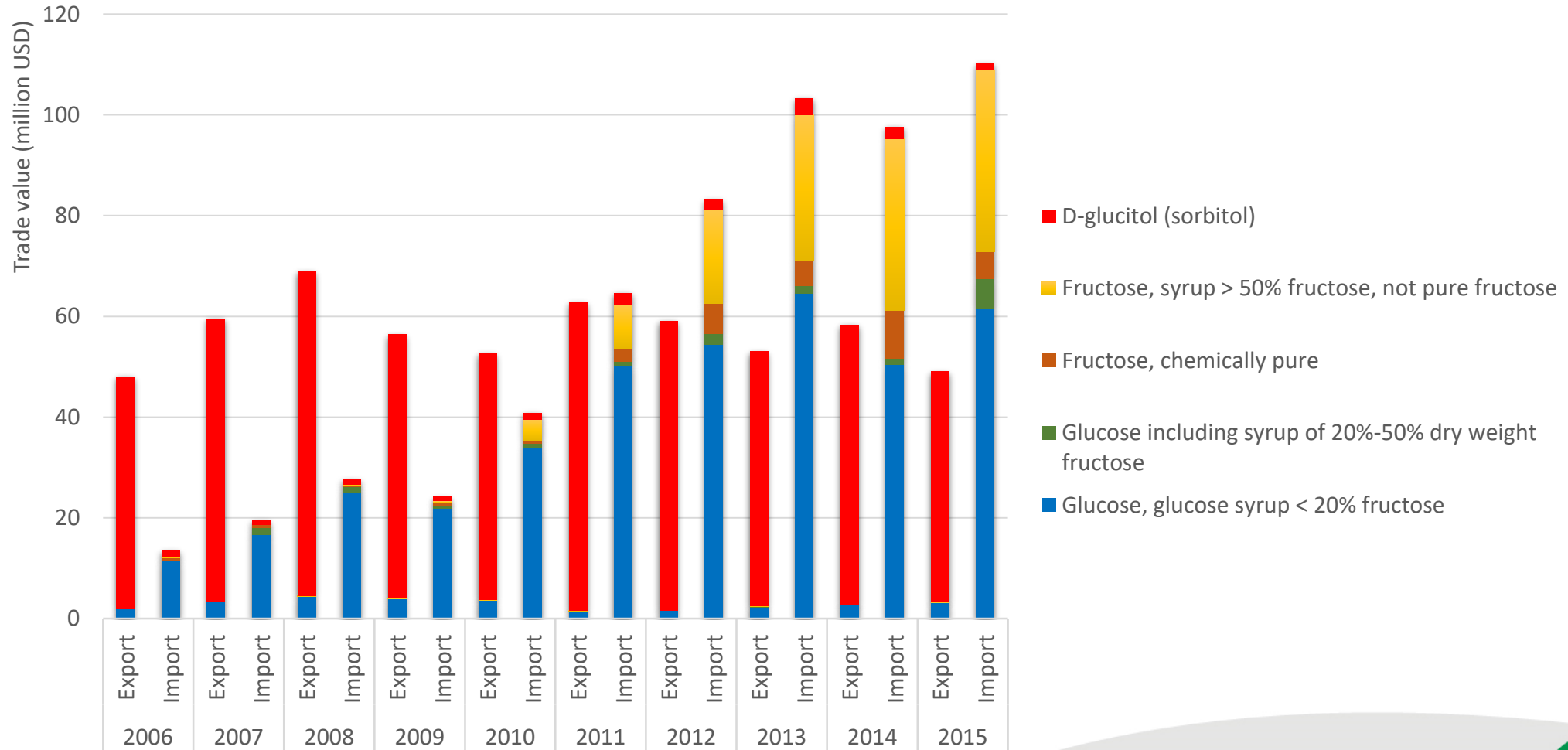
Consumption of meat per capita



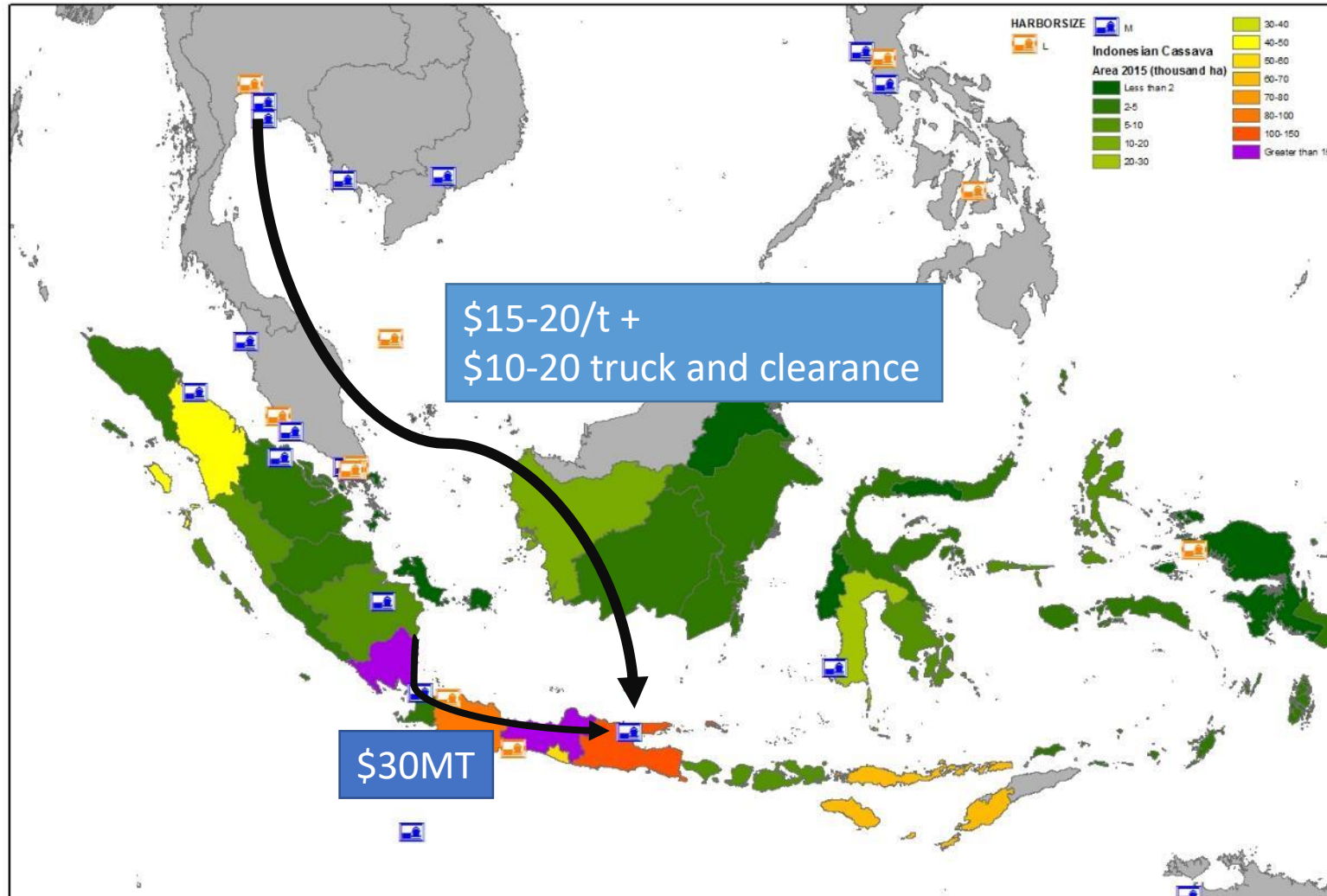
Consumption of sugar per capita (Raw Equivalent)



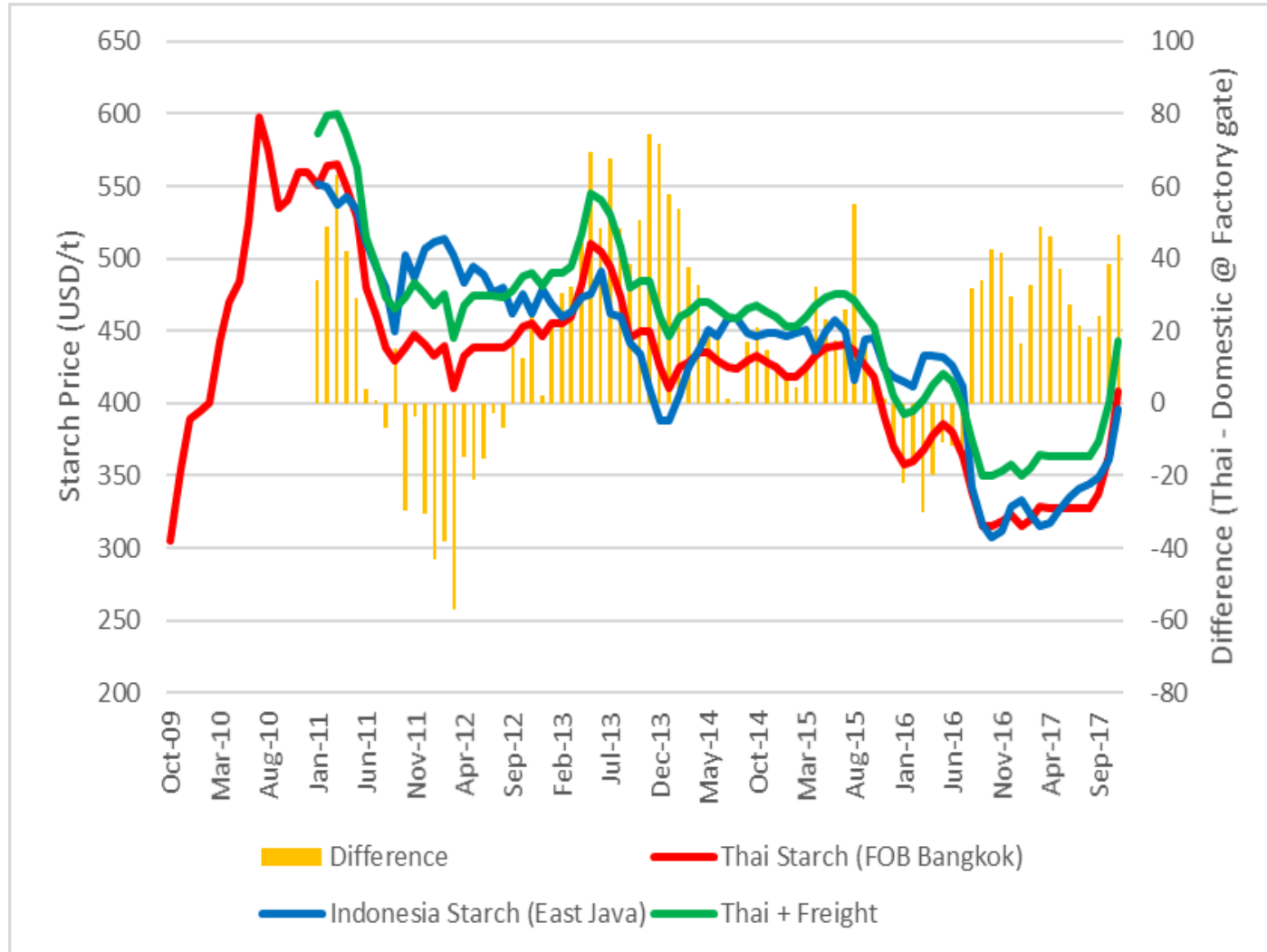
Trade in syrups and sweeteners (Indonesia)



Logistics and freight cost are important

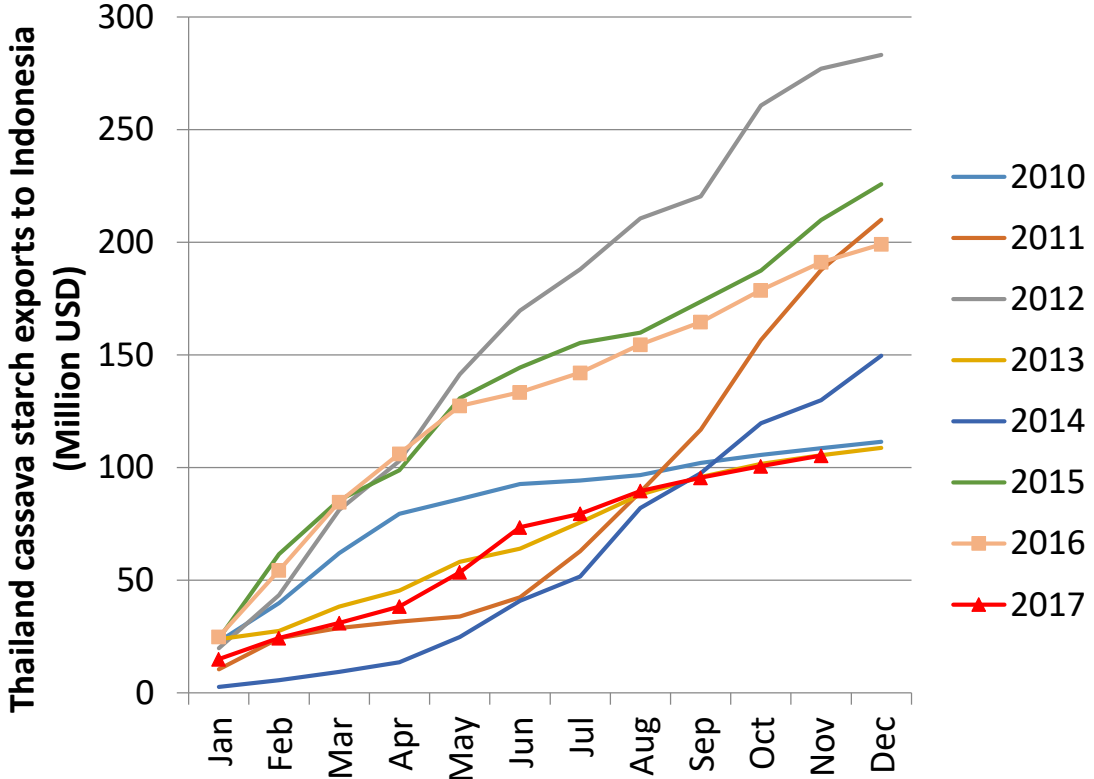
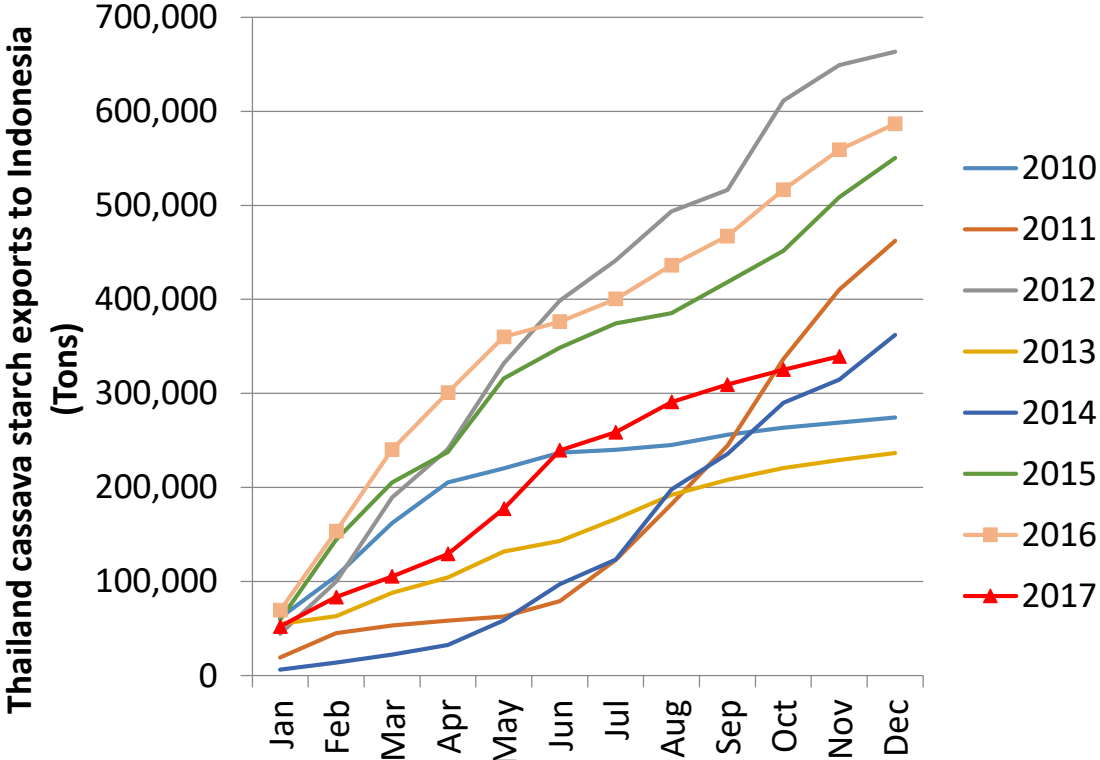


Indonesian domestic market connected to regional market

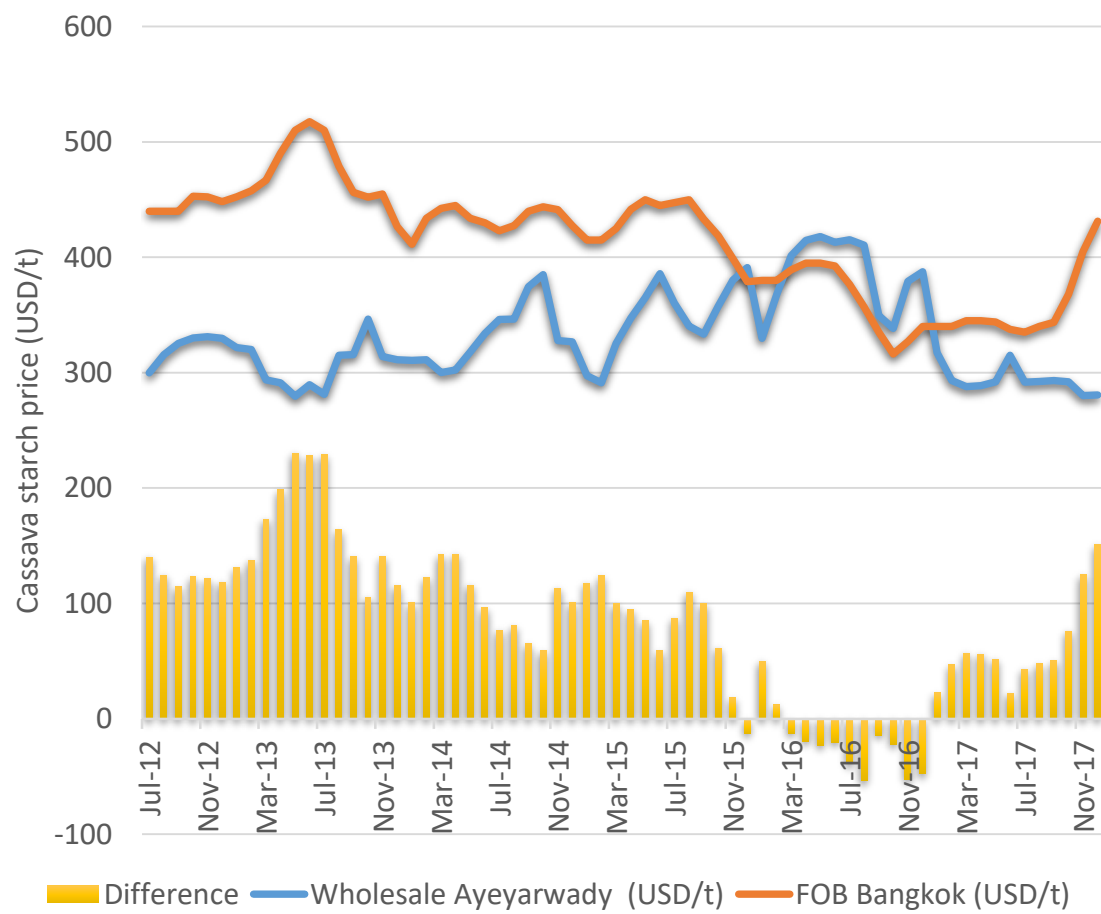


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Indonesian imports of cassava starch from Thailand



Maintaining connection with private sector partners in Myanmar



YAN PAE
CORN STARCH & SUNFLOWER OIL

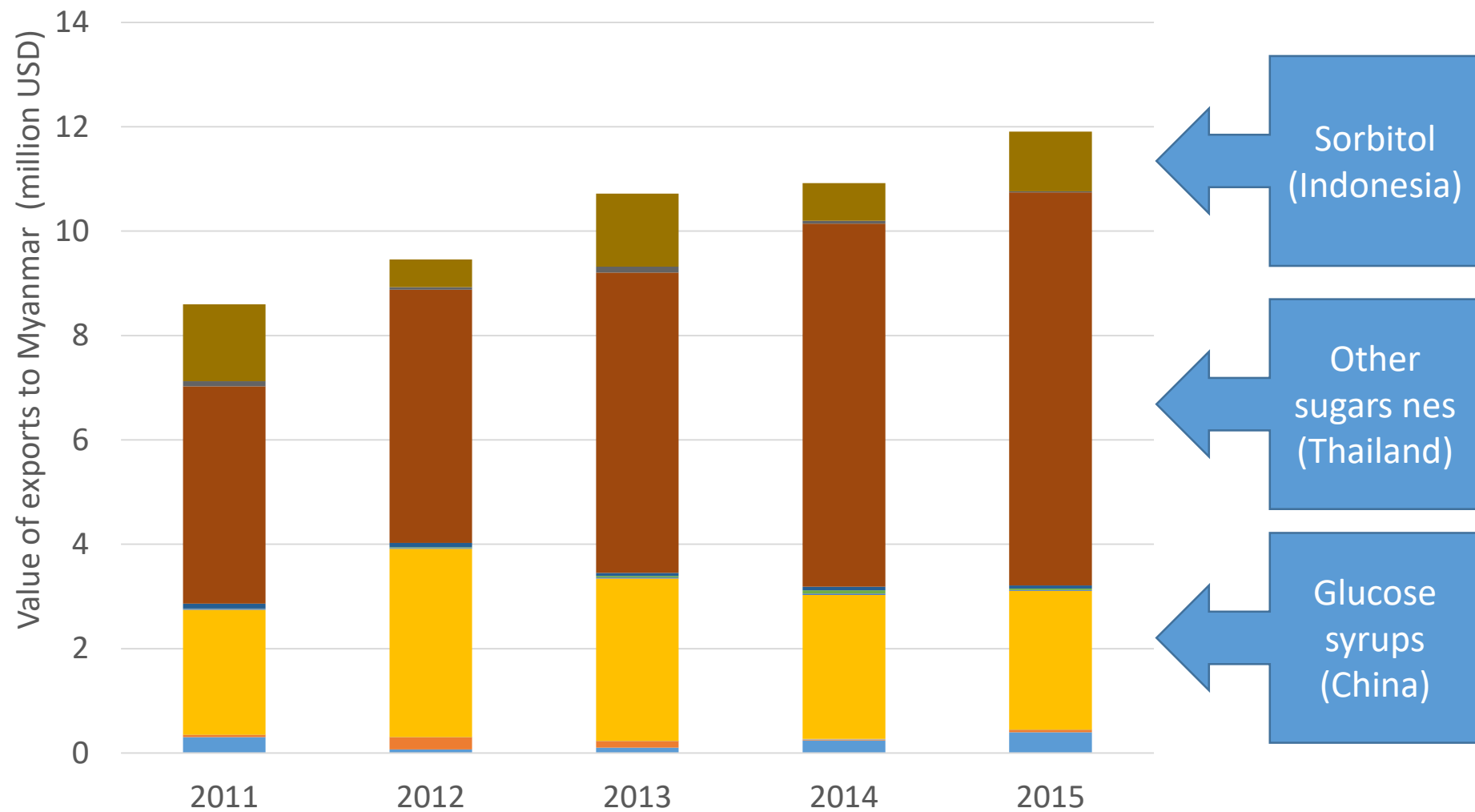


Yan Pae
Corn Starch Factory
Taung Twin Gyi

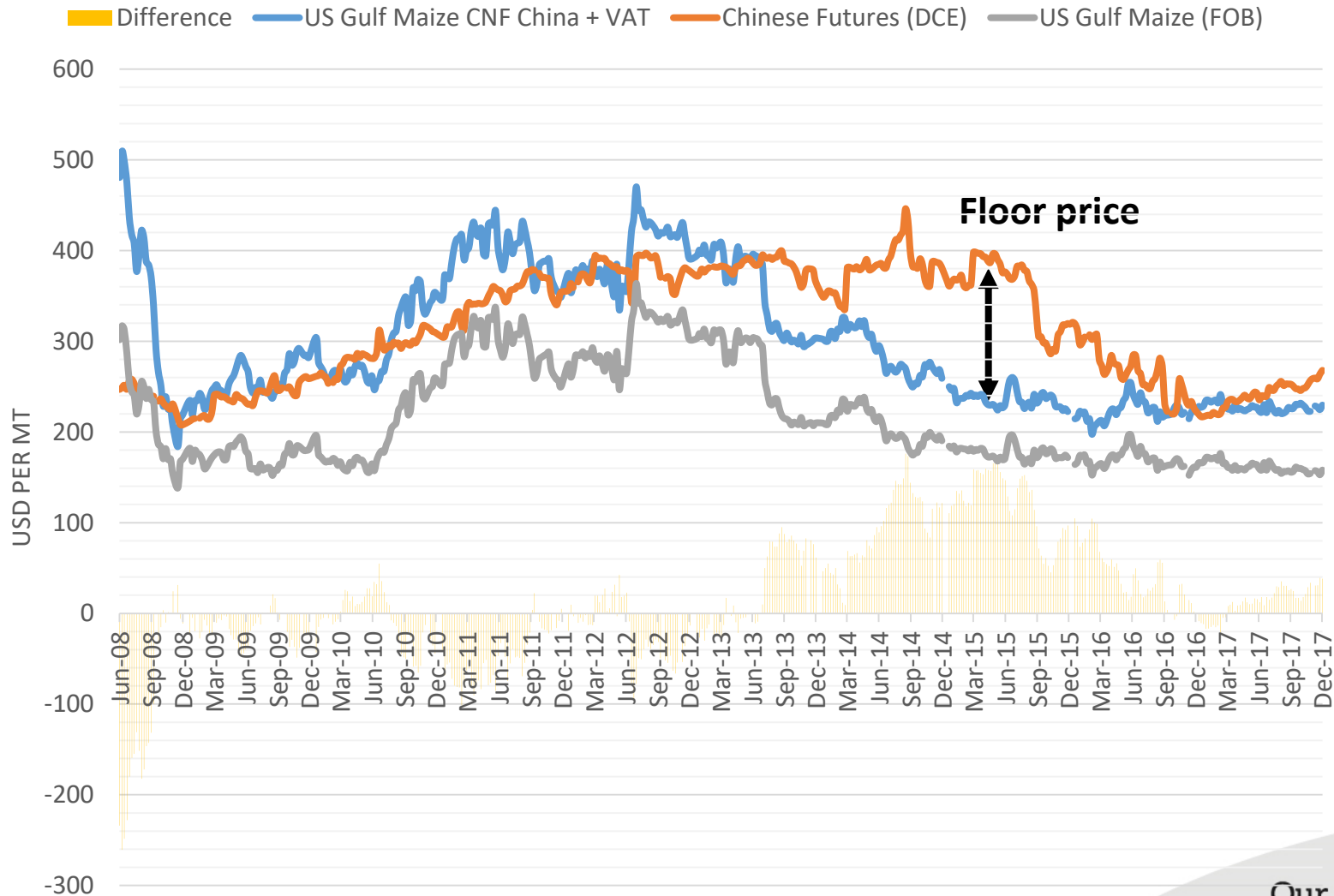


Yan Pae
Corn Starch Product

Myanmar sweetener trade



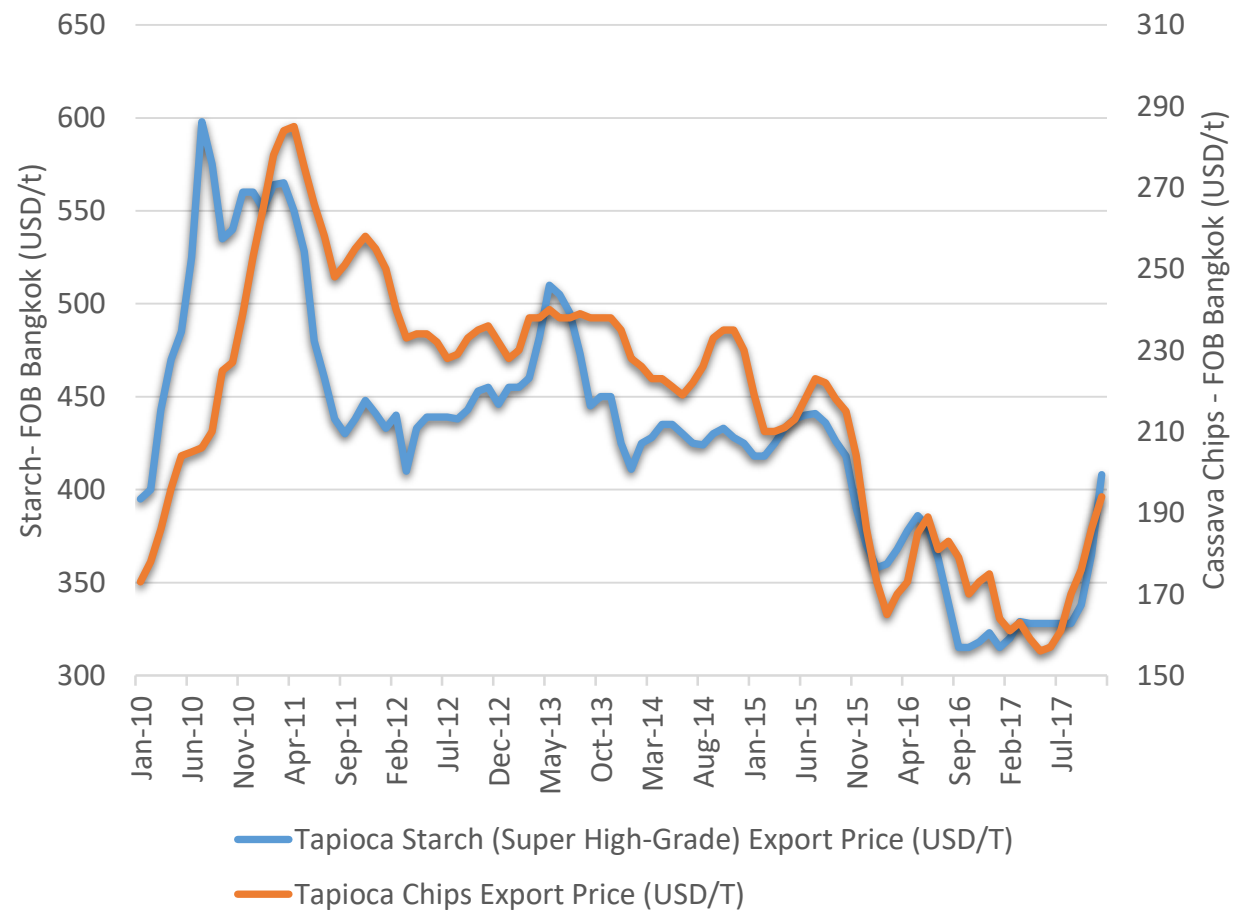
Market distortions, global commodities, local prices



Rabobank estimated that there was **232 million tons** of Chinese maize stock in 2015/16



Cassava prices in Thailand respond to changing maize policy in China



Thailand supports cassava farmers

VNA WEDNESDAY, NOVEMBER 15, 2017 - 19:31:00 PRINT



Illustrative image (Source: internet)

Bangkok (VNA) – The Commerce Ministry of Thailand plans to take measures to prevent cassava prices from falling sharply during the harvest season this year when millions of tonnes of cassava are expected to flood the market.

Cassava root spot prices (Jan 2017)

Sok Sophearith
November 19, 2017

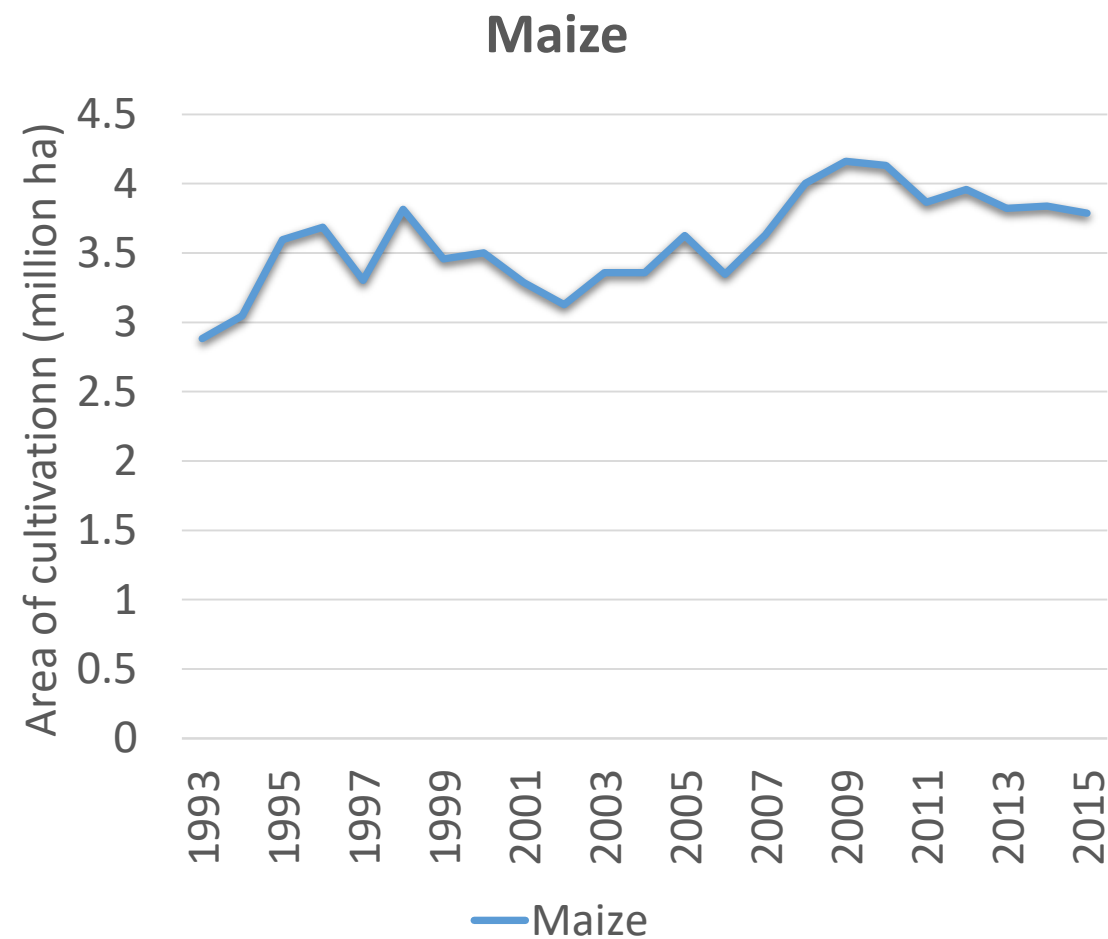
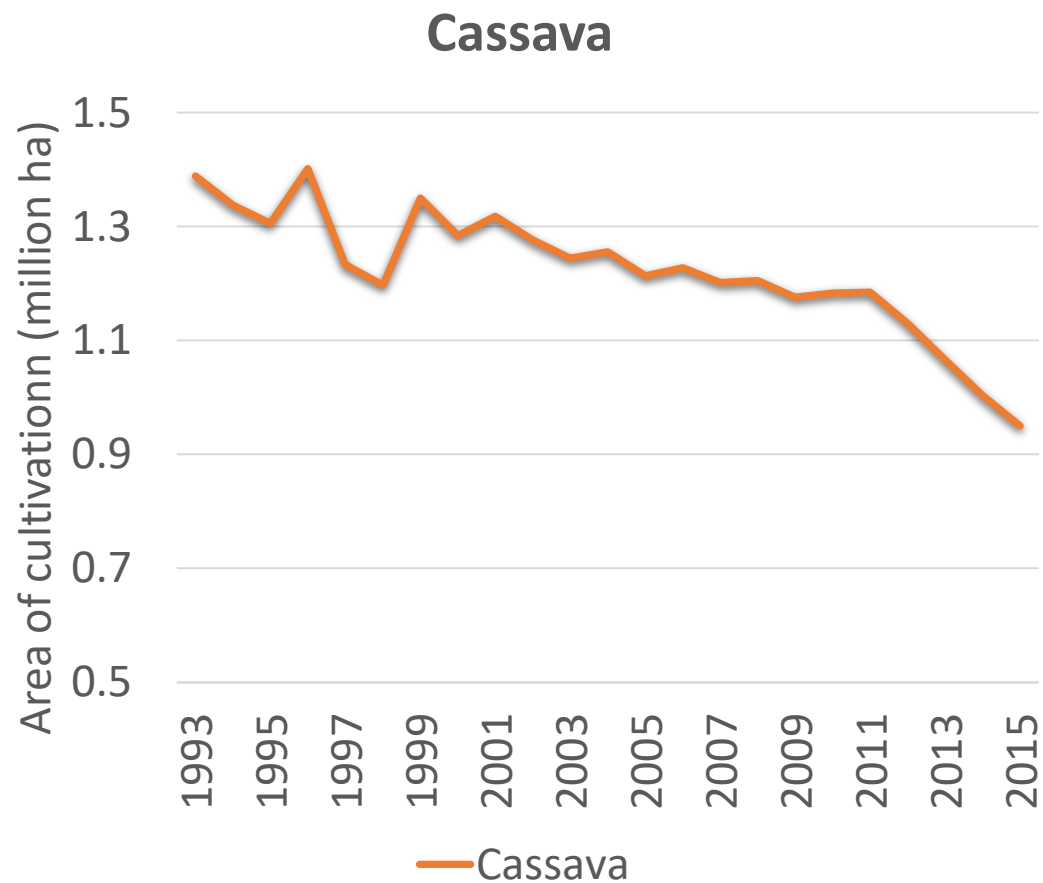
The price of fresh root is still increasing at weekend at 370-375 riel/kg (@ 93.7USD) at collecting point in Tboung Khmum district, Tboung Khmum provinc, while it is at about 280 riel/kg (@ 70USD) at collecting points near the village in Chet Borei district , Kratie province.

Like Comment

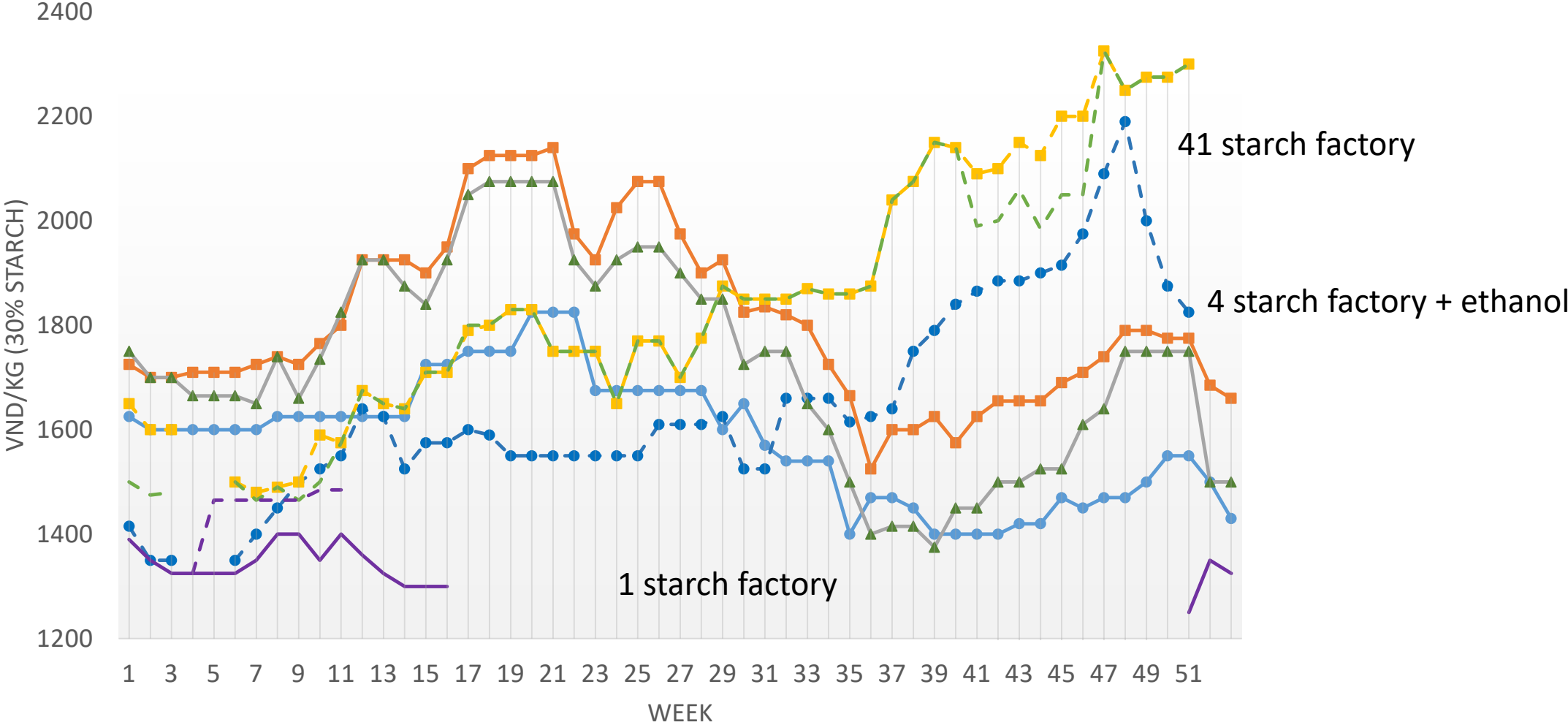
Farm gate = \$28

Location	Price USD/t (factory/collect point)	Starch content
Thailand	\$49 USD/T	25%
Tay Ninh (Vietnam)	\$74 – 77 USD/T	30%
Central Highlands (Vietnam)	\$64-65 USD/T	30%
Sonla (Vietnam)	\$58 – 60 USD/T	30%
North Sumatra (Indonesia)	\$47 USD/T	10 month min.
Bolikhamxai (Laos)	\$37 USD/T	
Champasak (Laos)	\$37 USD/T	
Xayabouli (Laos)	\$36 – 49 USD/T	
Tboung Khmun (Cambodia)	49-52 USD/T	
Battambang (Cambodia)	\$42 – 45 USD/T	Below and above 25%

National area of cassava and maize in Indonesia



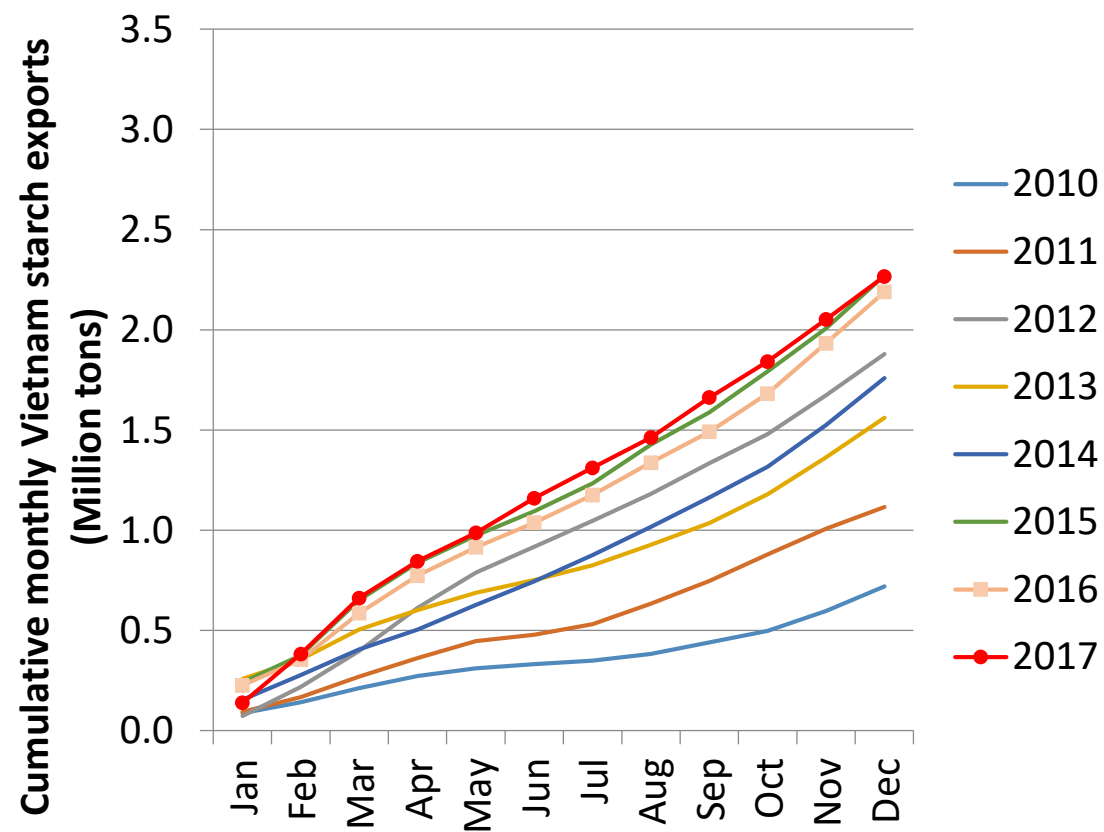
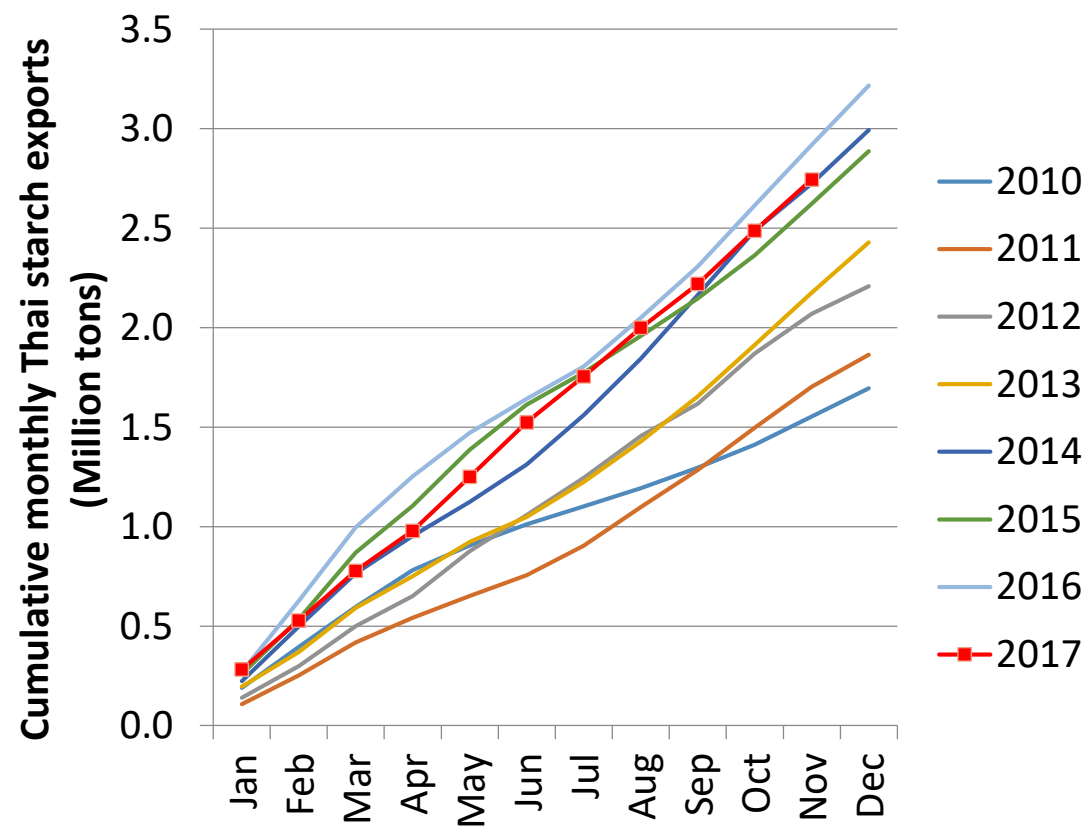
Fresh root price in Vietnam



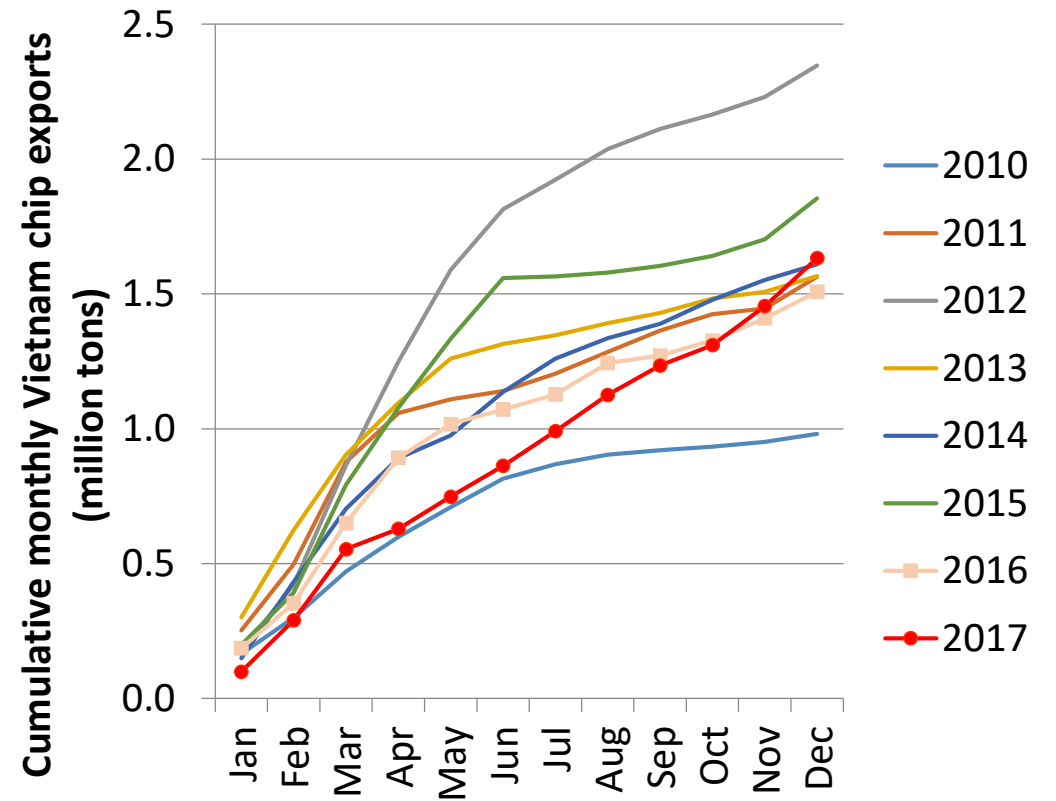
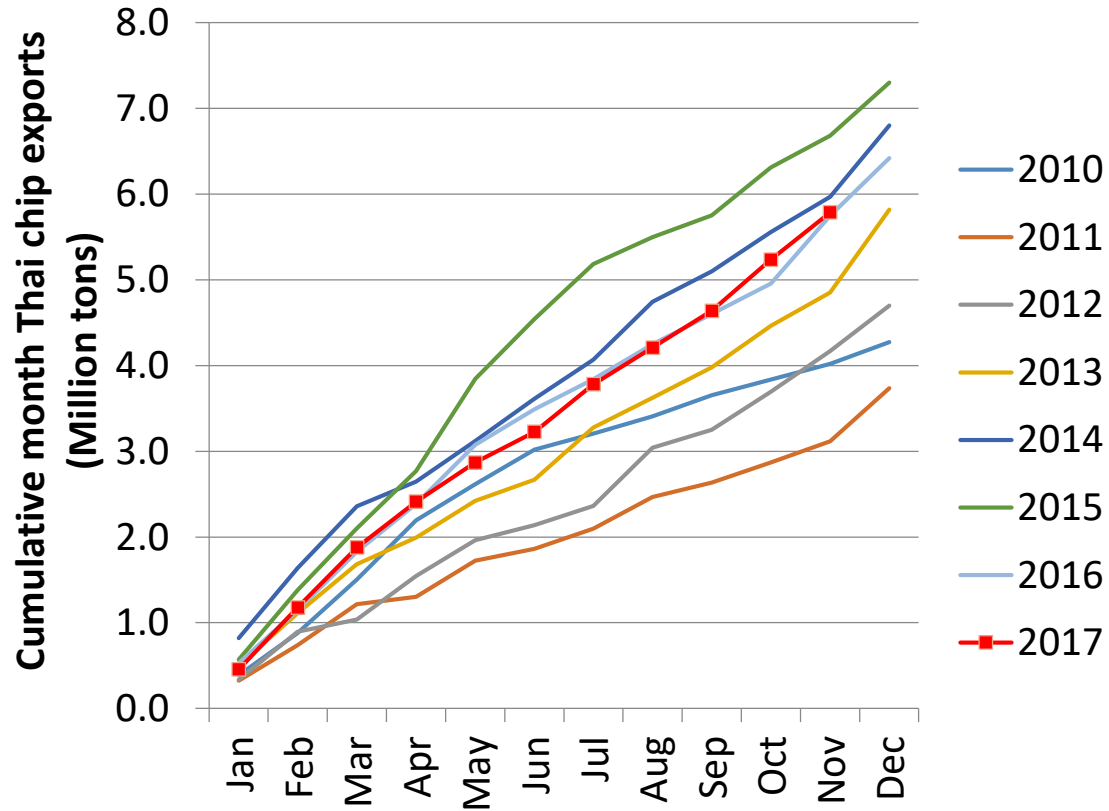
- Daklak (2016)
- Tay Ninh (2017)
- Sonla (2017)
- Daklak (2017)
- ▲ Cambodia to Tay Ninh (2016)
- Cambodia to Tay Ninh (2017)
- Tay Ninh (2016)



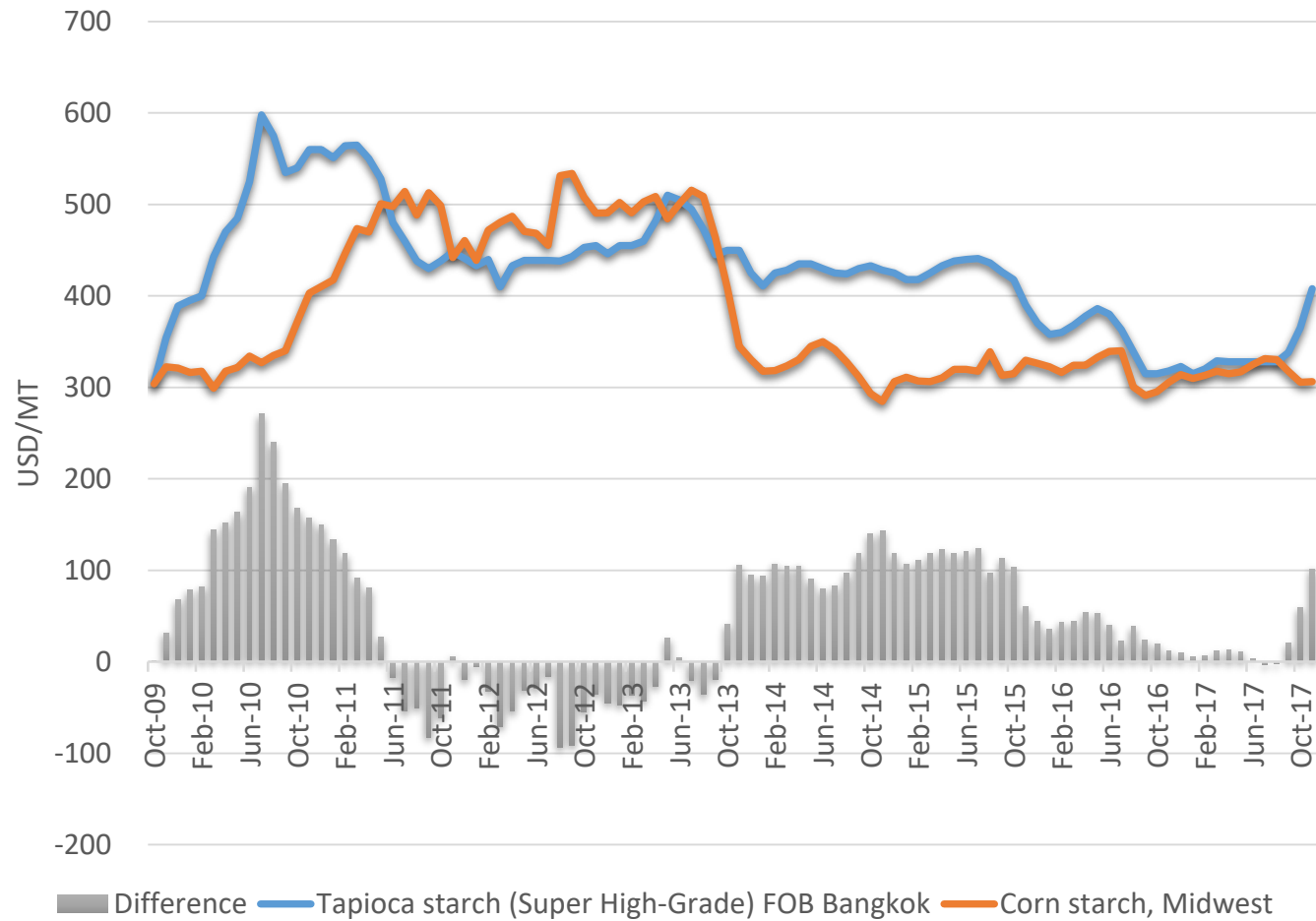
Thailand and Vietnam export of cassava starch (cumulative monthly)



Thai export of cassava chips by volume and value (cumulative monthly)

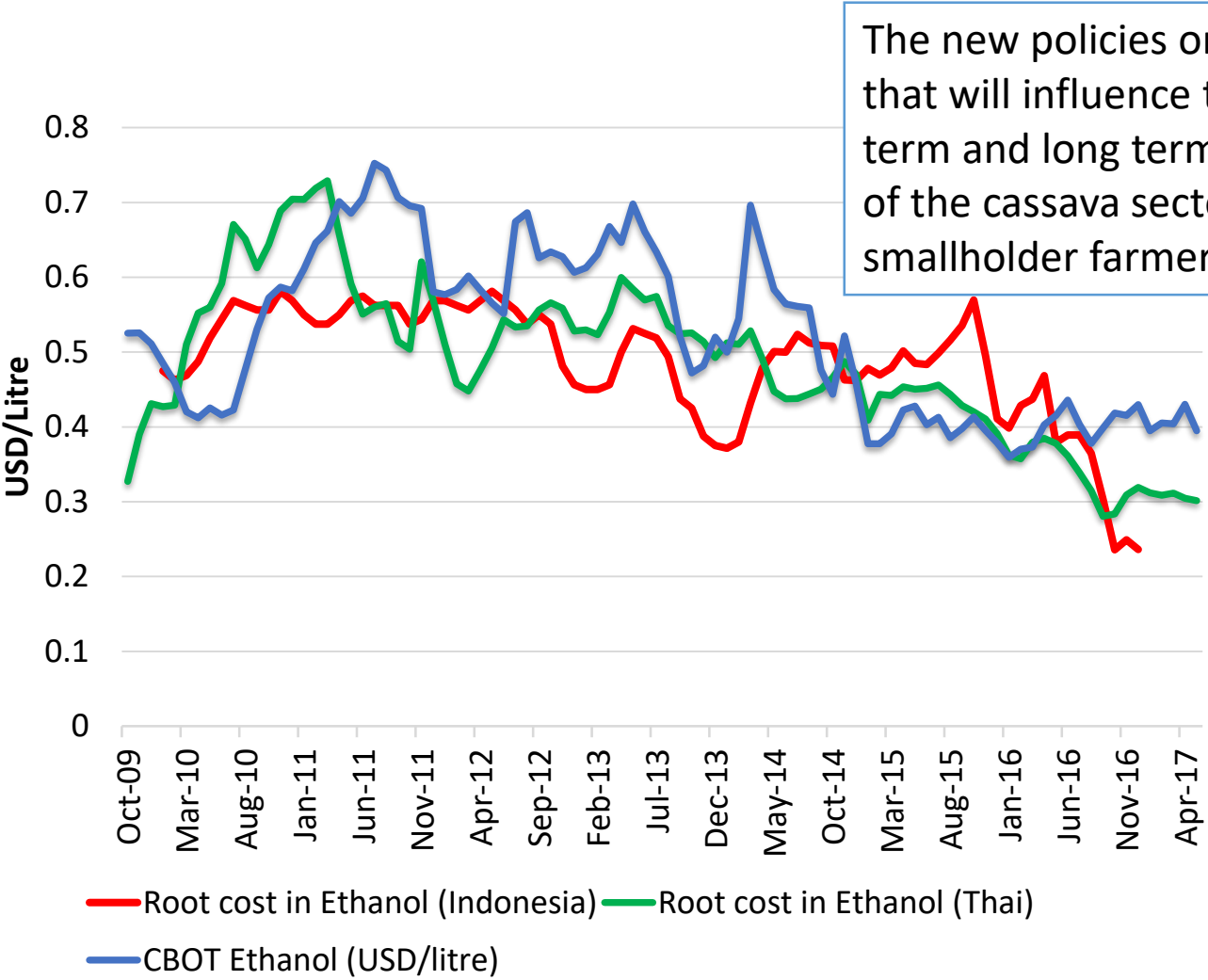


Tapioca and maize starch prices



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Biofuel prices and root equivalent price



Conclusion

- When deciding which crop to grow, farmers do not consider factors such as: the global price of oil, sugar, wheat, maize; changes in the demand for pork, or paper and cardboard; or whether a biofuel mandate is developed.
- Yet as a global commodity trade, understanding the connection between cassava and these markets is essential to understanding the outlook for the crop.
- An understanding of the global market context in which localised value chains (farmer-trader-processor) operate helps recognize the market risk that farmers and processors are exposed to.
- This can help develop informed scenarios regarding the potential for intensification and diversification strategies improve farmer livelihoods.

ACIAR Cassava Value Chain and Livelihood Program

Join the conversation at : <https://www.facebook.com/groups/1462662477369426/>



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