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THE UNIVERSITY
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AUSTRALIA

Global cassava market update July 2019

Jonathan Newby and Cu Thi Le Thuy

*ACIAR Cassava Value Chain and Livelihood Program
Research Symposium, North Sumatra, July 2019*



Australian Government

Australian Centre for
International Agricultural Research

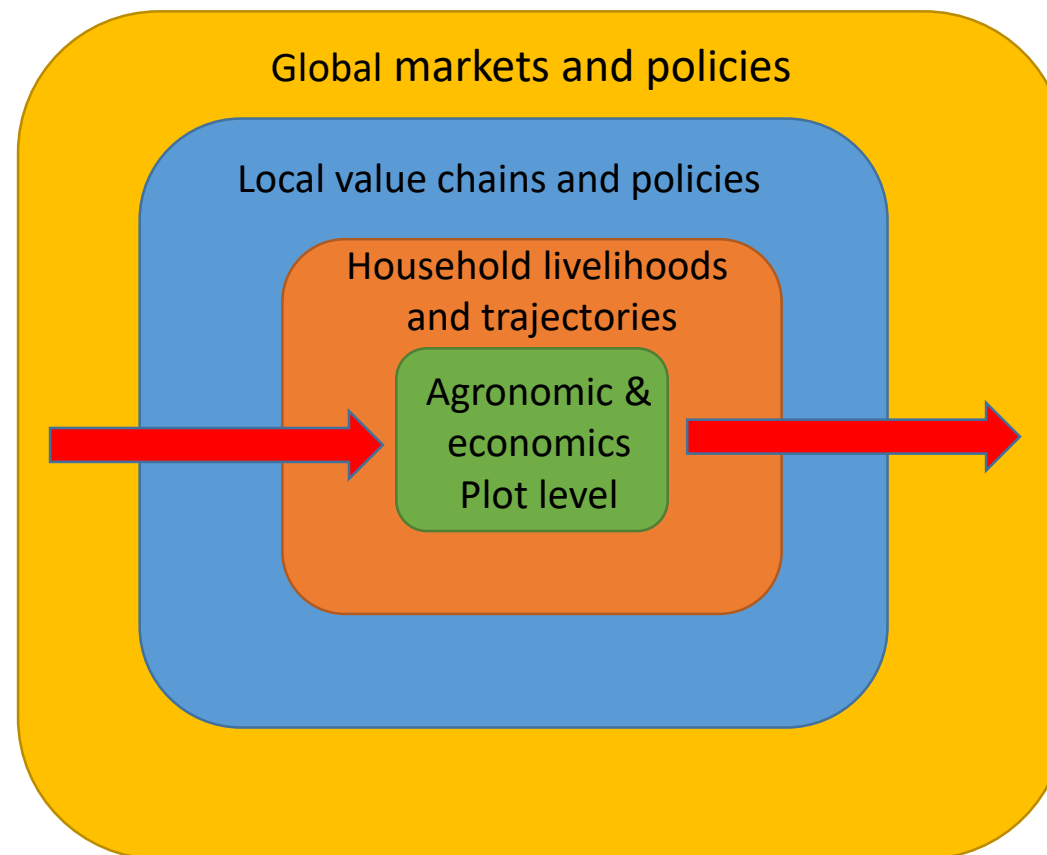
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CGIAR
CIAT is a CGIAR Research Center

Framework on the project

1. **Global markets and external polices**
2. Local value chains and domestic policies
3. Household livelihoods and trajectories
4. Field level agronomic and economic results
5. Implications for household livelihoods
6. Implications for local value chain actors



On the demand side – the market outlook for cassava in Asia needs to be considered in the context of substitutes in different applications

1. 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.**
2. Markets where cassava starch competes largely on price with substitutes such as **maize** and **potato** starch, **sugarcane.**
3. Markets where the functional properties of the starch are desired. Consumer preferences, clean label segment, gluten free etc.

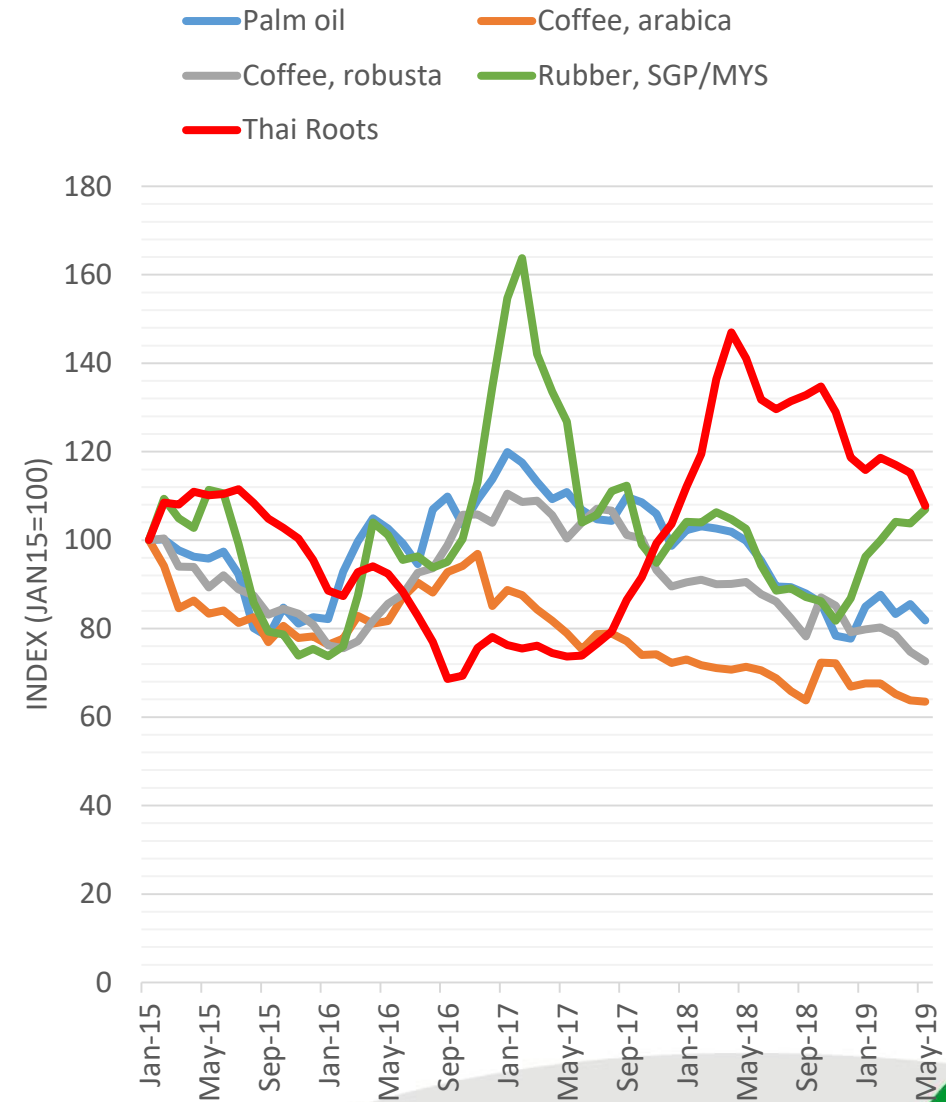
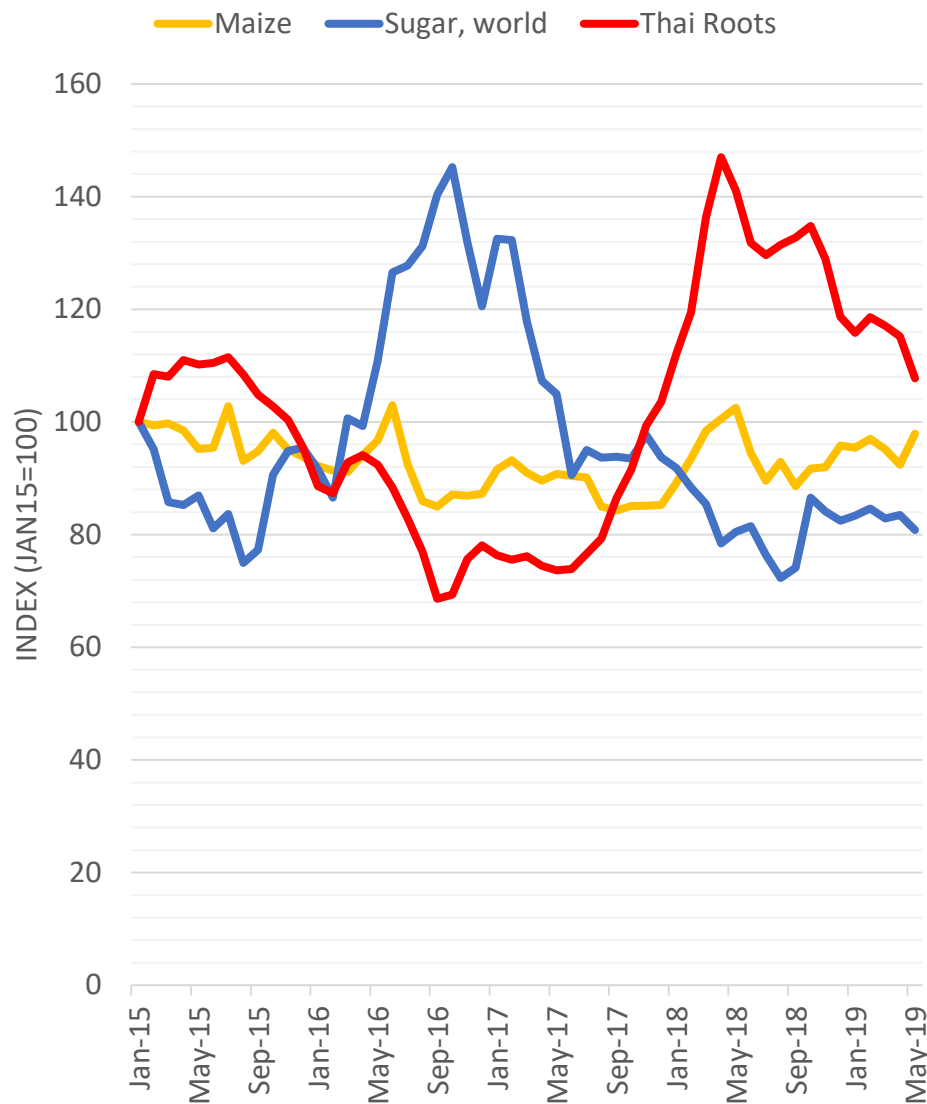


And on the supply side – the relative competitiveness against other land use in the context of different trends and shocks

- Own price and relative prices to other commodities that can be produced in agro-ecological zones
- Changes in costs of production
 - Changing labour costs and ease of mechanization
- Long term climate trends
- Floods and droughts
- Changes in land suitability and land degradation
- **IMPACT OF PEST AND DISEASE**



The competition for land: change in relative prices of field and tree crops



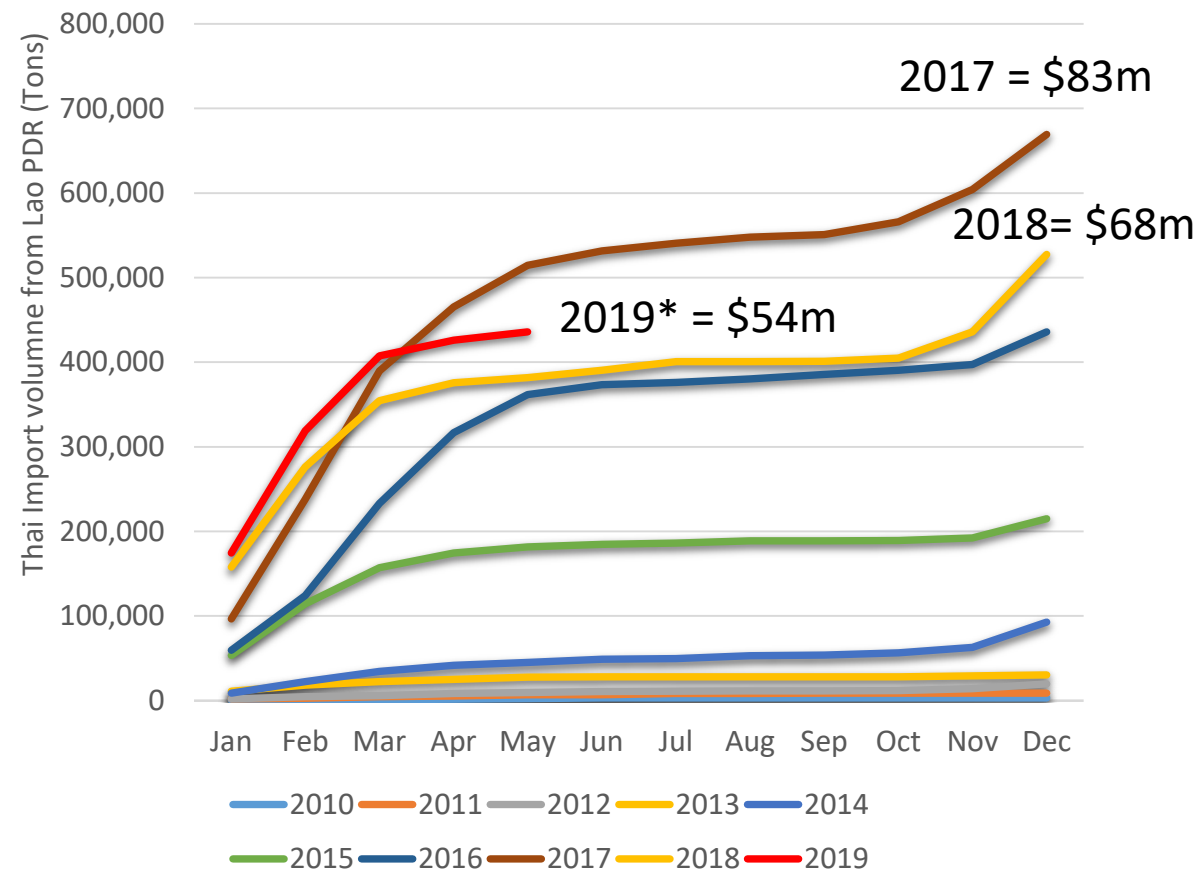
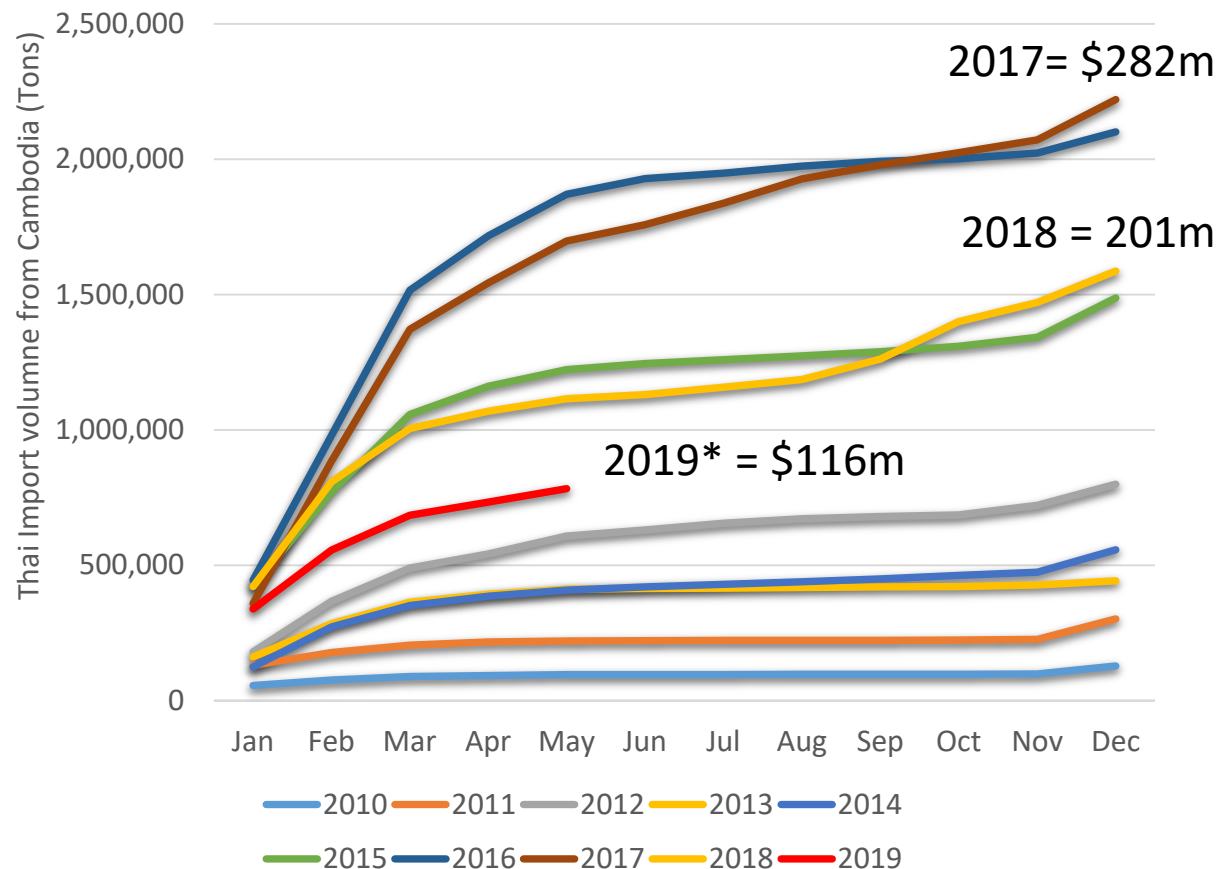
Change in production and productivity at National level

Country	Area (ha)			Production (t)			Yield (t/ha)		
	2016	2017	2018	2016	2017	2018	2016	2017	2018
Thailand	1,427,168	1,284,021	1,344,792	30,557,857	27,875,464	29,974,636*	21.4	21.7	22.3
Indonesia	822,744	772,975	792,952	20,260,675	19,053,748	19,341,233	24.6	24.6	24.4
Vietnam	569,233	532,501		10,909,800	10,267,568		19.2	19.3	
Cambodia	684,070	613,912	652,235	14,820,249	13,817,261	13,750,076	21.7	22.5	21.1
Laos	75,810	70,930		2,410,000	2,277,050		31.8	32.1	
Myanmar	36,625	34,718		433,378	405,404		11.83	11.68	
Philippines	229,769	234,540		2,755,146	2,806,668		12.0	12.0	
Total	3,845,419	3,543,597	2,789,979	82,147,105	76,503,163	63,065,945	21.4	21.6	

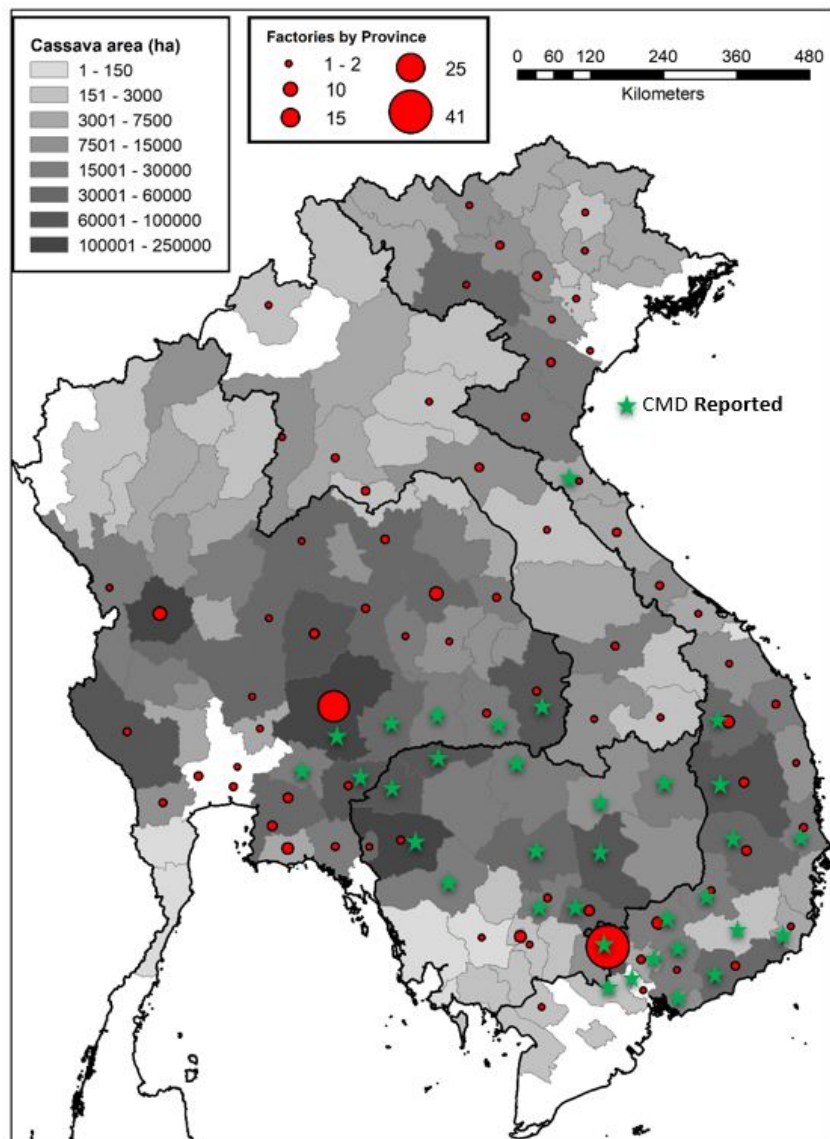
*Revised down 8%

Statistic too late for analysis in most countries

Thai imports of chips and fresh roots from Cambodia and Lao PDR



Current official reported status of CMD in mainland SE Asia



Vietnam: **15 Provinces infected**
Current area 40,775 ha infected

Cambodia: **10 Provinces declared**
additional provinces with reported symptoms

Thailand: **7 Provinces** have had symptoms reported

Laos: **No symptoms reported** – planting material coming from Vietnam and Thailand

Myanmar: **No symptoms report** – planting material coming from outside

Importance of Chinese market outlook

Việt Nam's agricultural products facing barriers to enter Chinese market

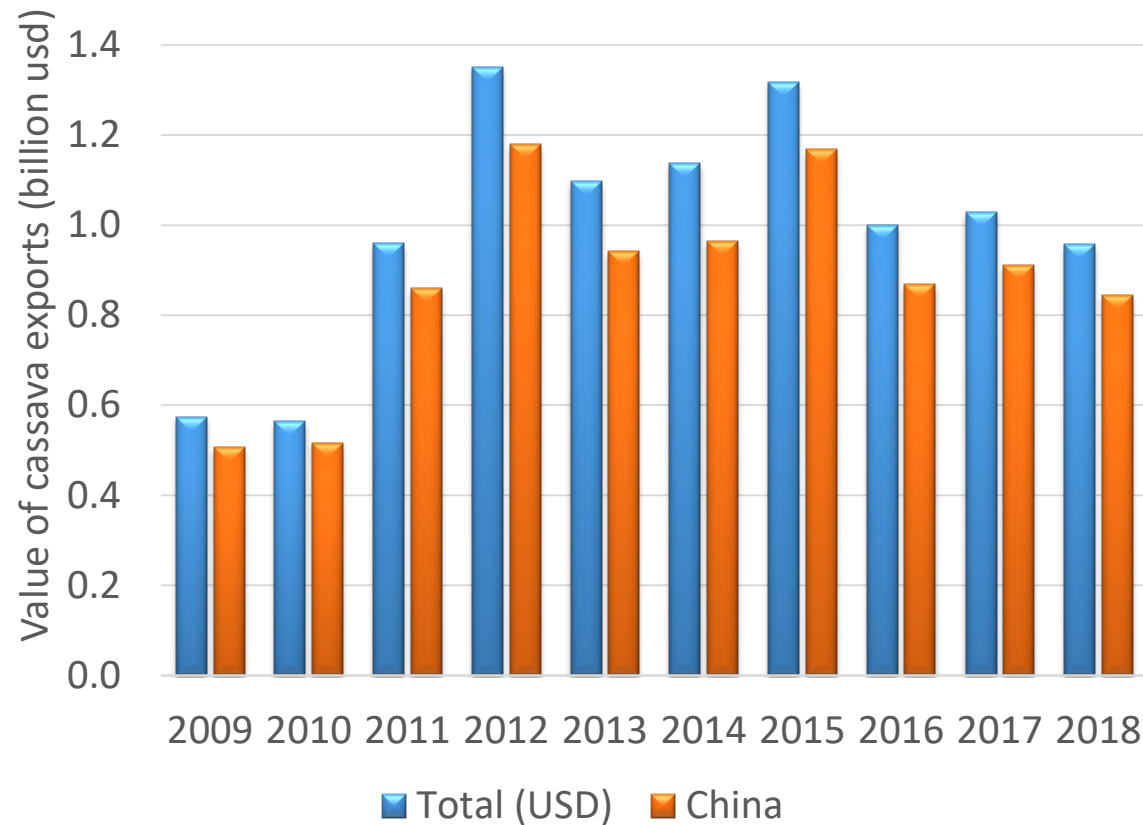
Update: June, 07/2019 - 10:42



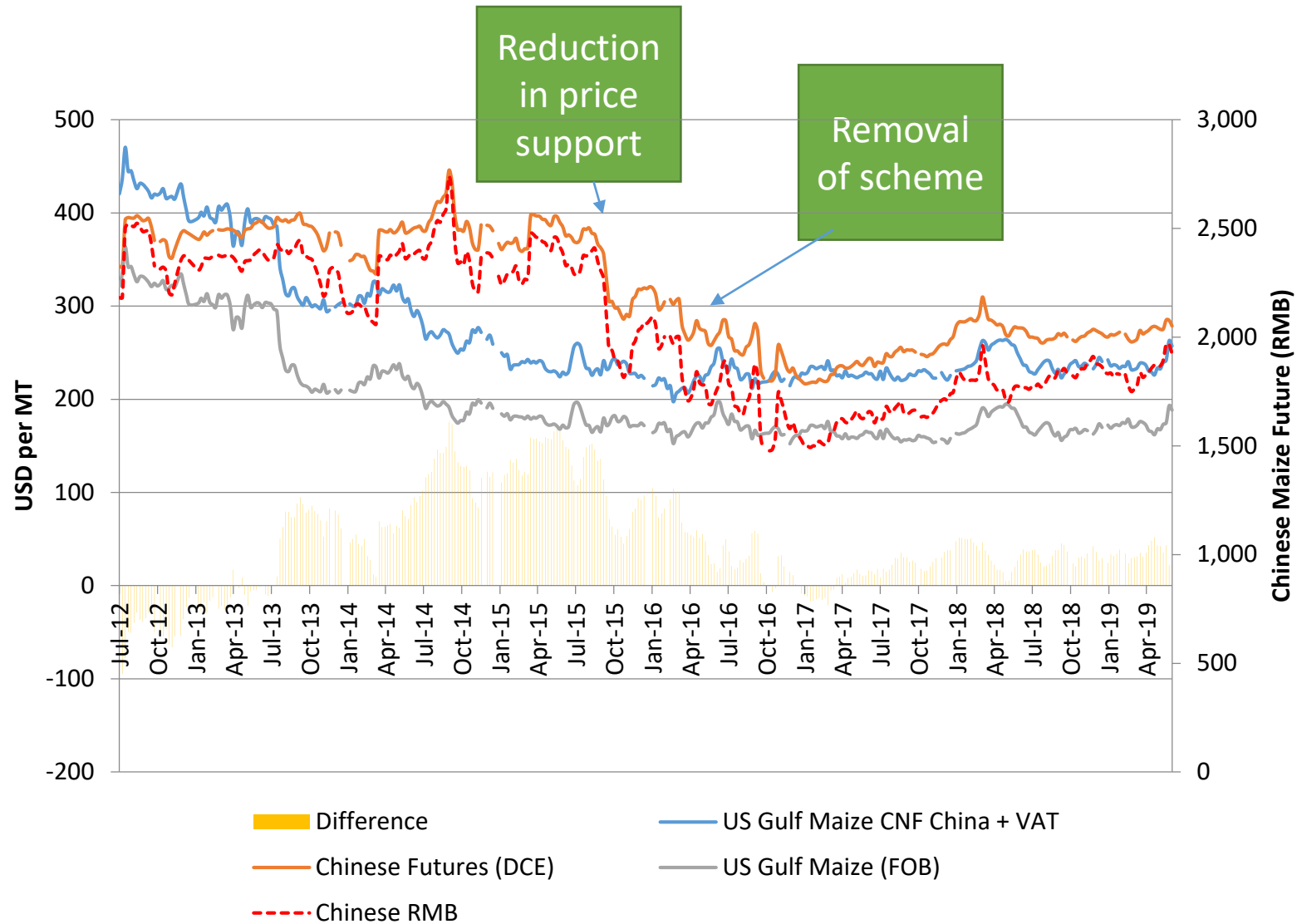
Two officials from the Ministry of Agriculture and Rural Development check the quality of cassava in the southern province of Tây Ninh. — VNA/VNS Photo Thanh Tân

HÀ NỘI — Many of Việt Nam's agricultural products — especially rice, vegetables and cassava — have faced barriers preventing their export to China, according to the Ministry of Agriculture and Rural Development.

Value of cassava exports (2009-2017)



Smallholders cassava farmers part of a larger global carbohydrate market



Large stockpile remains:
Allowed to be used for biofuel



Fall armyworm to impact maize supply in the region

WORLD NEWS JUNE 26, 2019 / 10:32 AM / 3 DAYS AGO

Chinese farmers gear up for armyworm as government says situation severe

2 MIN READ



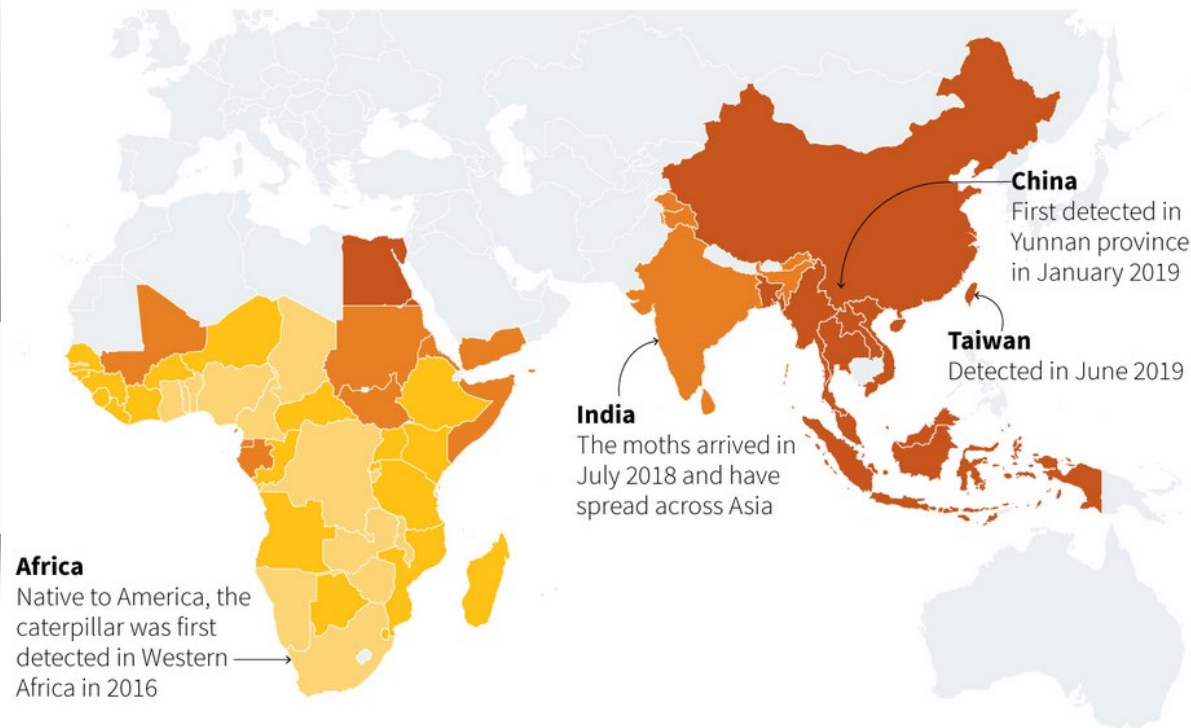
BEIJING (Reuters) - China's agriculture ministry said on Wednesday it had now found fall armyworm in 19 provinces, across 5 million mu or about 333,000 hectares of crops.

The situation around the prevention and control of the pest remained severe, the ministry added.

Beijing has previously said the pest, which can infest and damage hundreds of hectares of crops overnight, was a serious threat to China's food security.

AREAS OF INFESTATION BY YEAR OF DETECTION

2016 2017 2018 2019



Note: Data as of June 2019

Source: FAO

P. K. Dutta, 19/06/2019

REUTERS

African Swine Fever to moderate demand in the short-term: substitution to other animal protein - poultry

Animal feed sector

Phạm Đức Bình, vice chairman of the Việt Nam Animal Feed Association (VAFA), said the production of animal feed has decreased by at least 30 per cent.

In addition to farmers selling off all their pigs, it is also uncertain how the disease is spread. This is causing concern in other areas of the market.

Việt Nam News
THE NATIONAL ENGLISH LANGUAGE DAILY

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Việt Nam News > Economy

African swine fever could bankrupt livestock sector

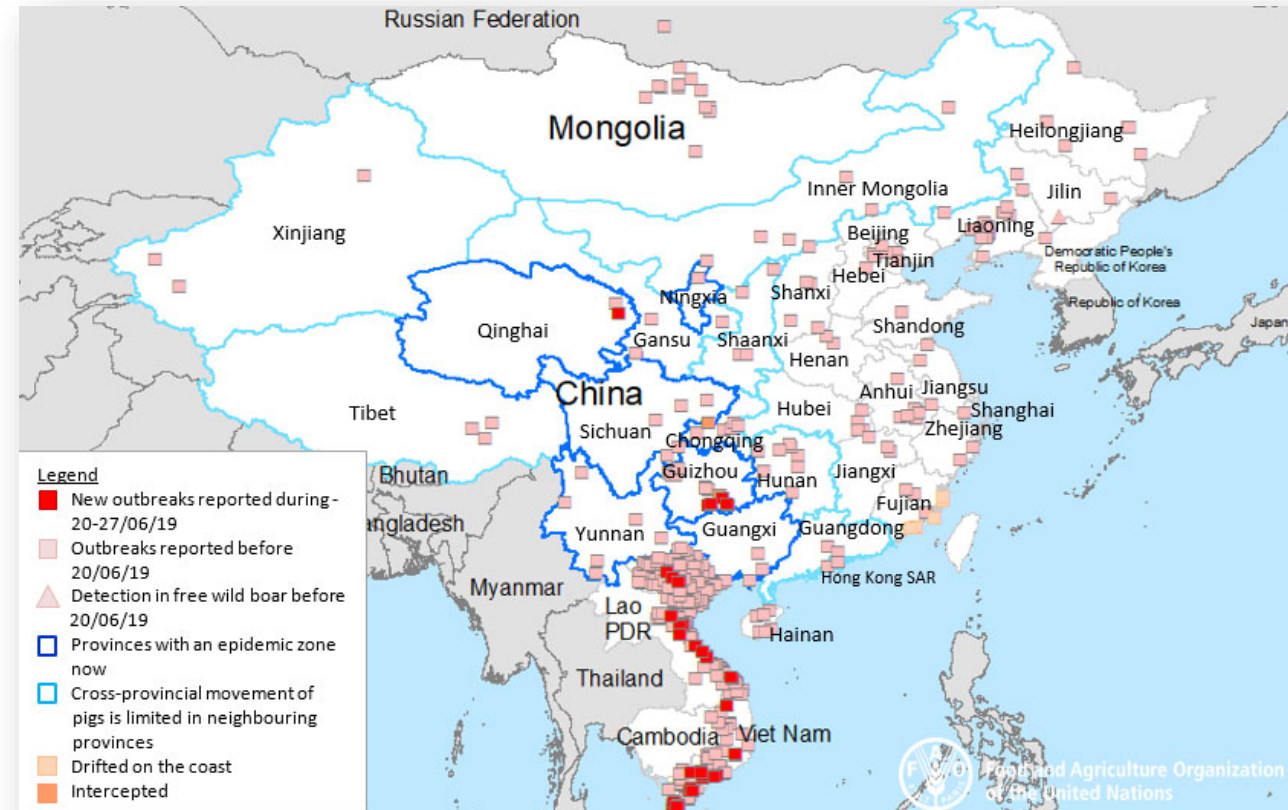
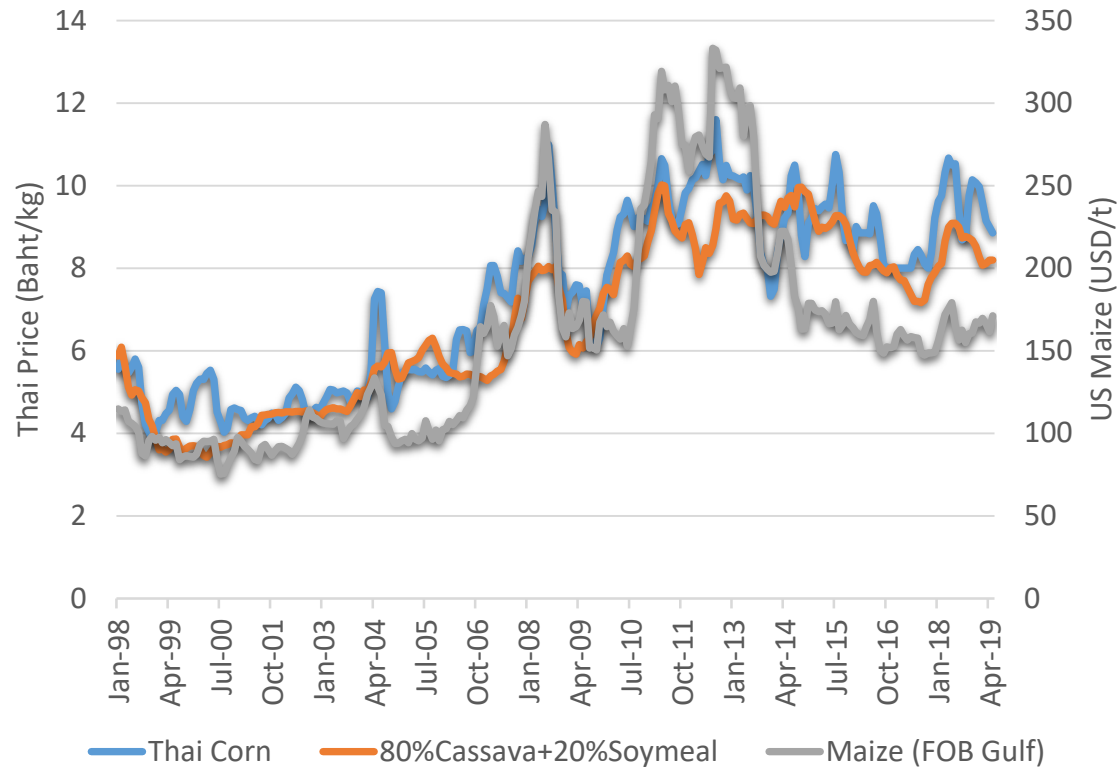
Update: June, 18/2019 - 08:57

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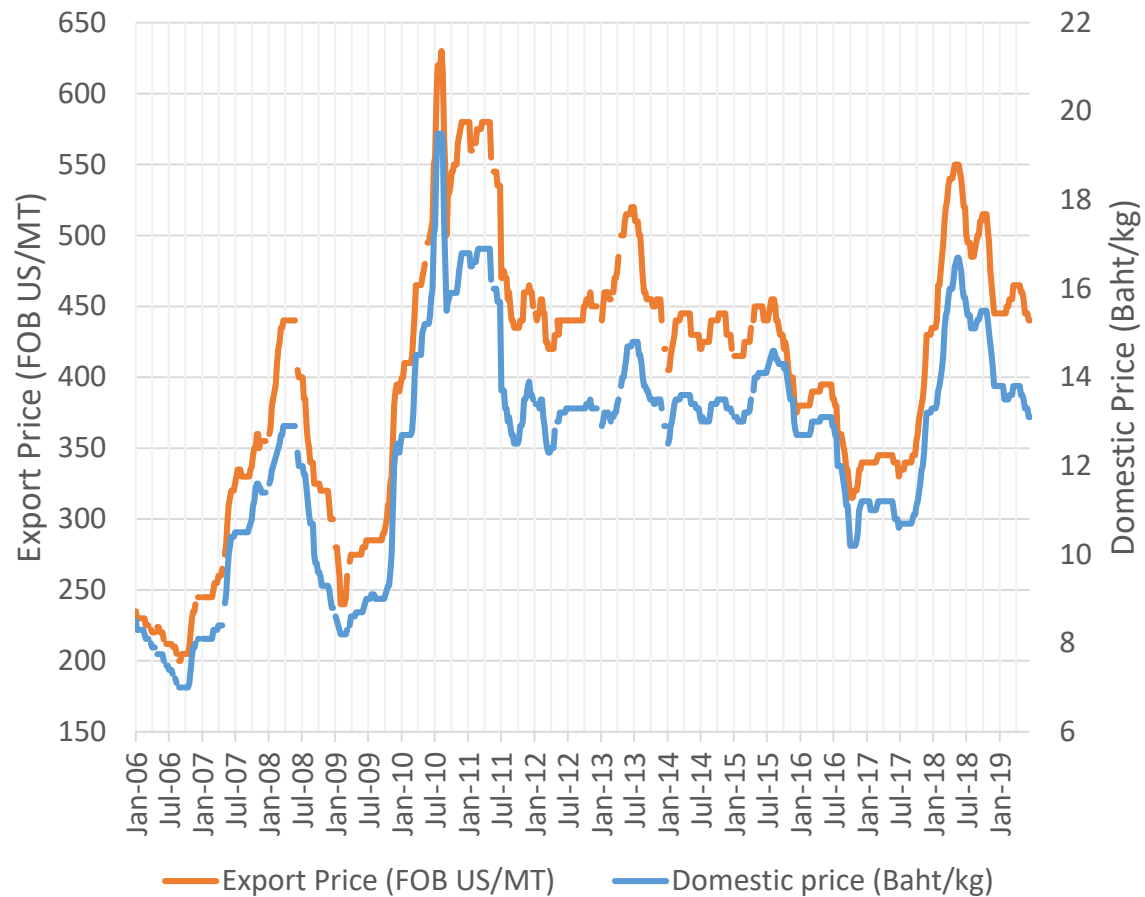
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Animal feed prices in Thailand and distribution of ASF

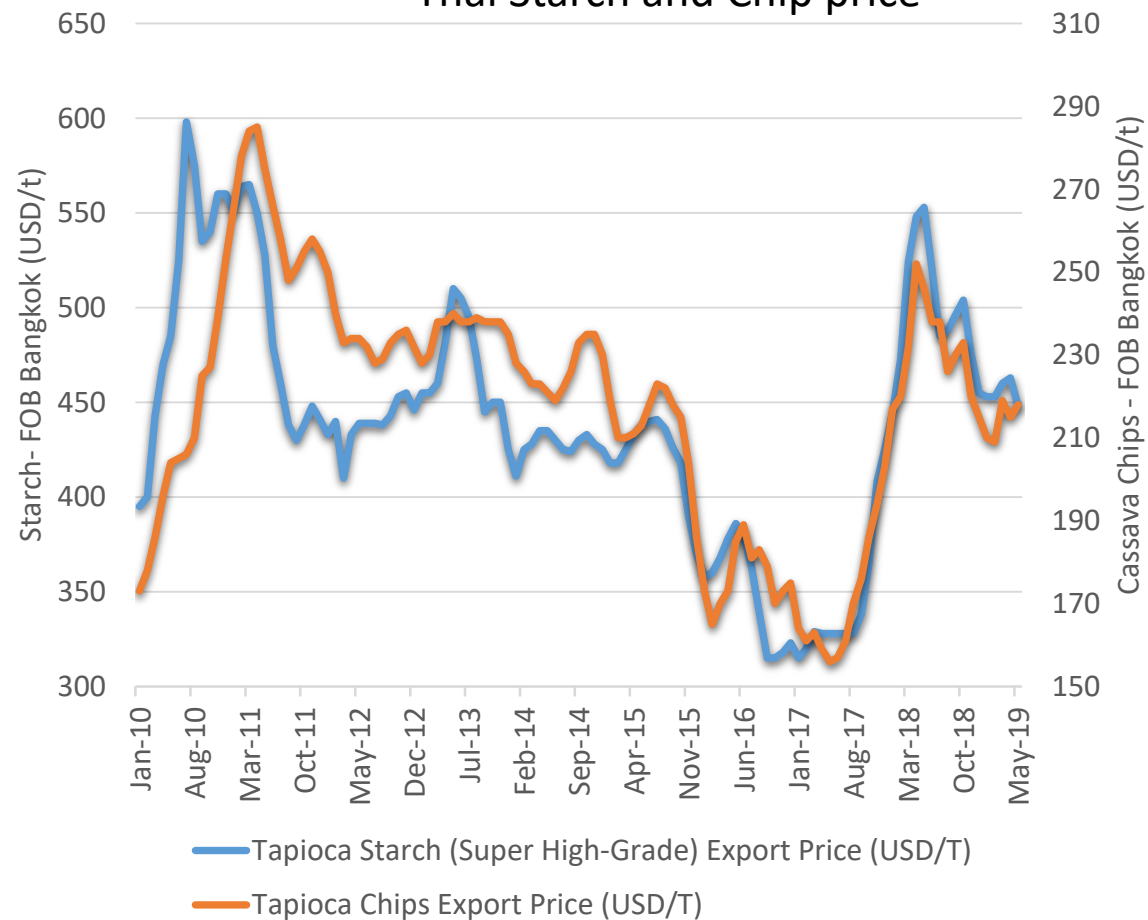


Thai reference price declines in past 6 months as local supply recovers and demand for chips declines

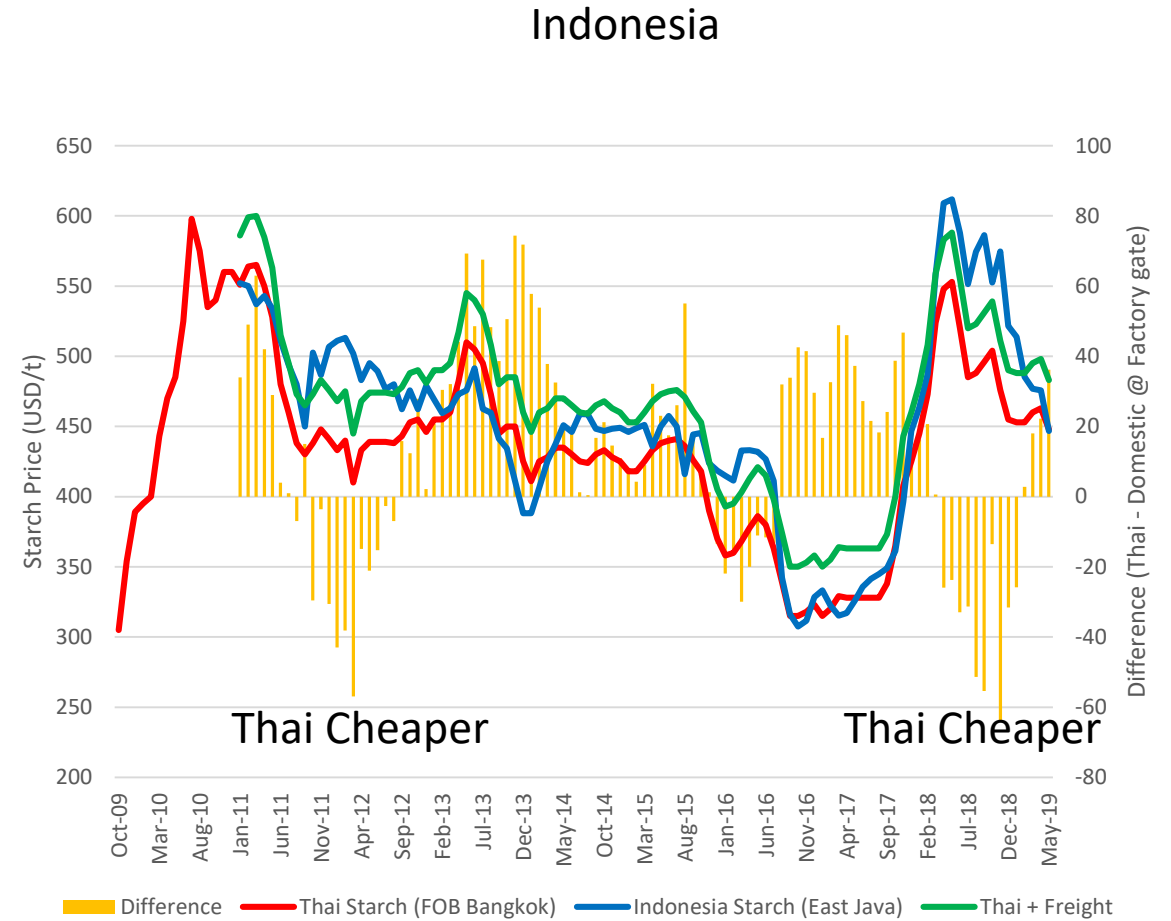
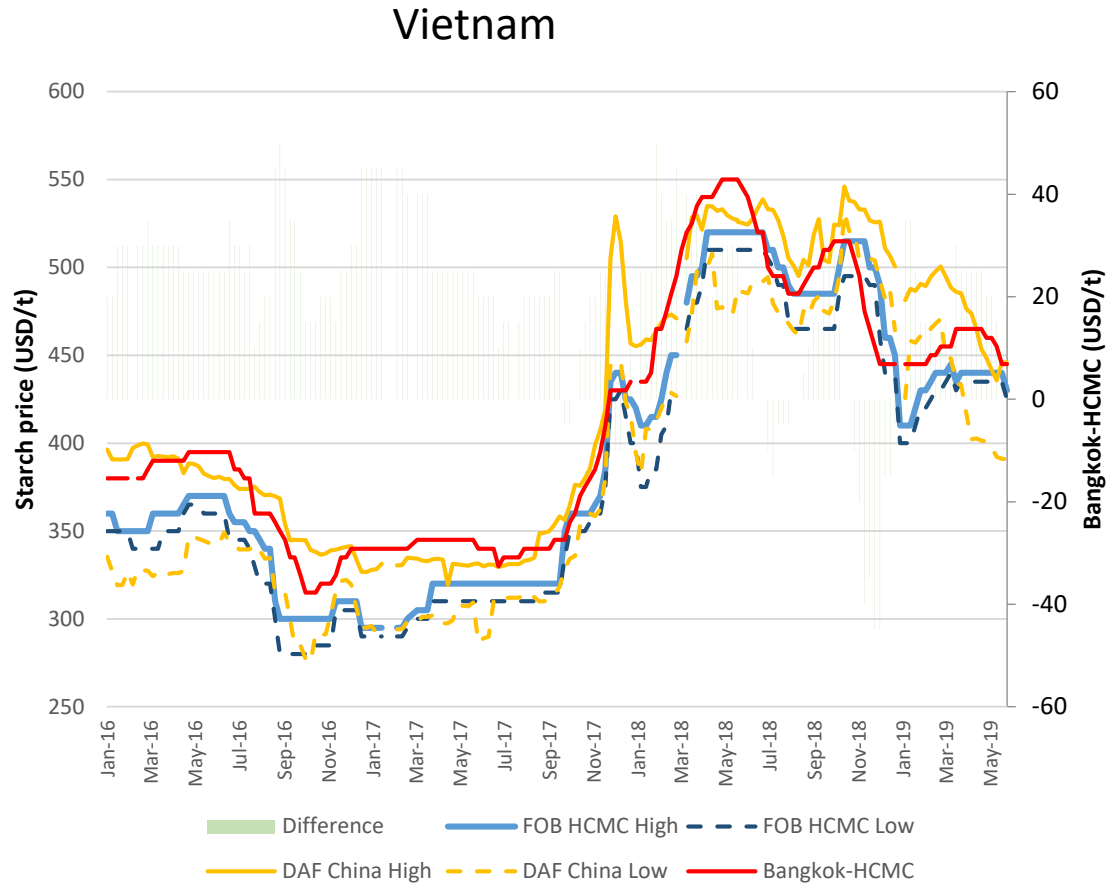
Thai Starch price



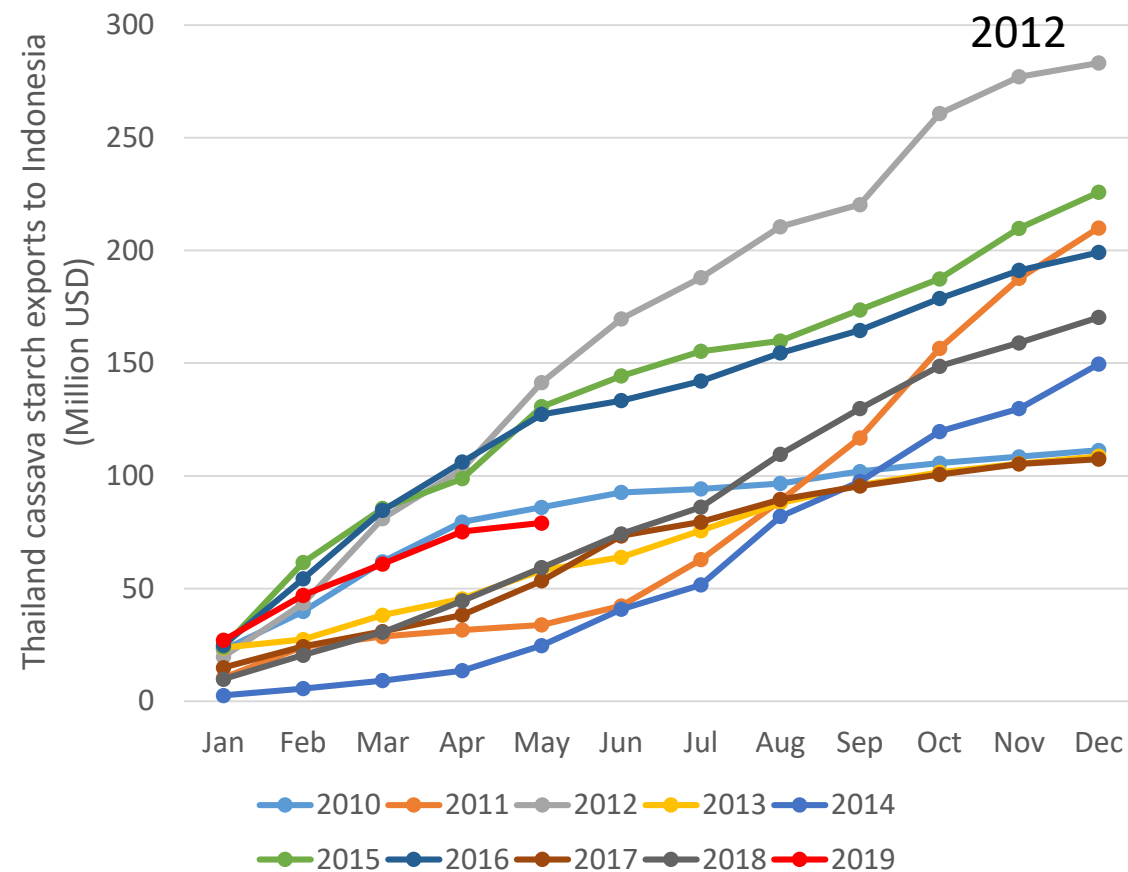
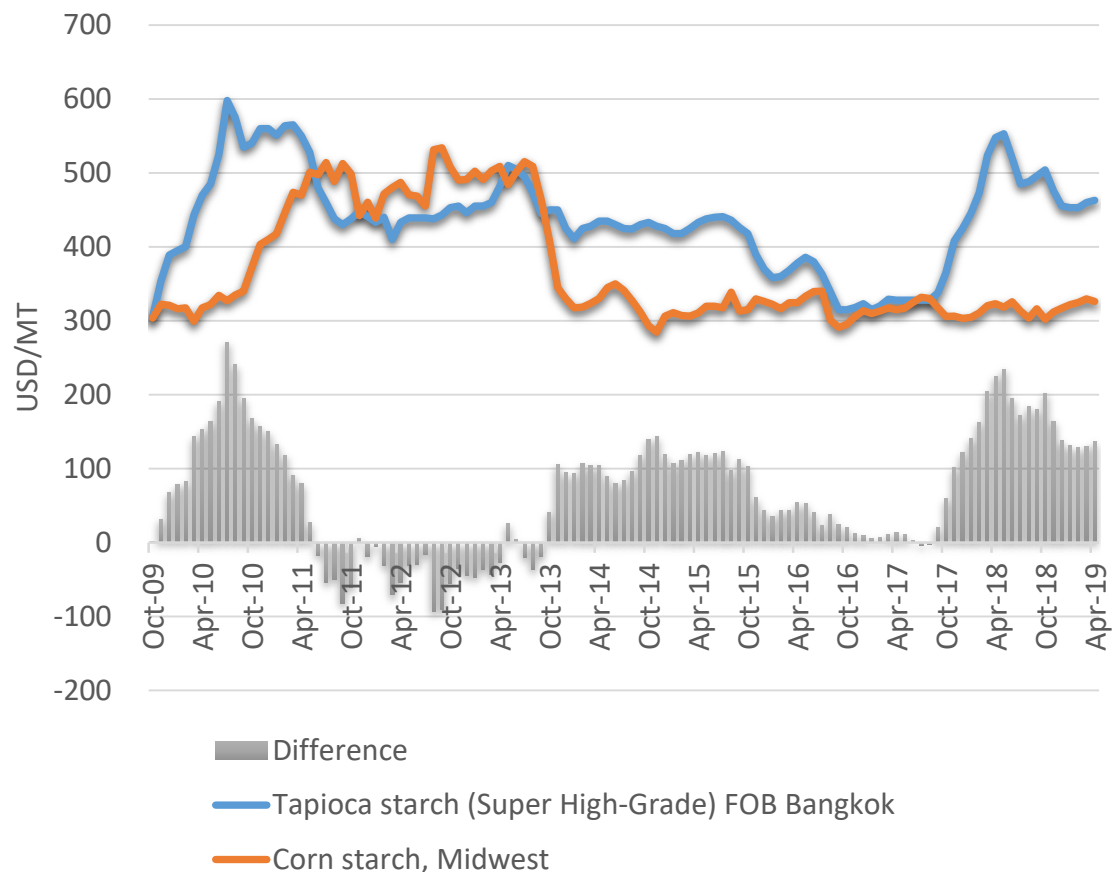
Thai Starch and Chip price



Relative starch price in Vietnam and Indonesia against Thai Benchmark



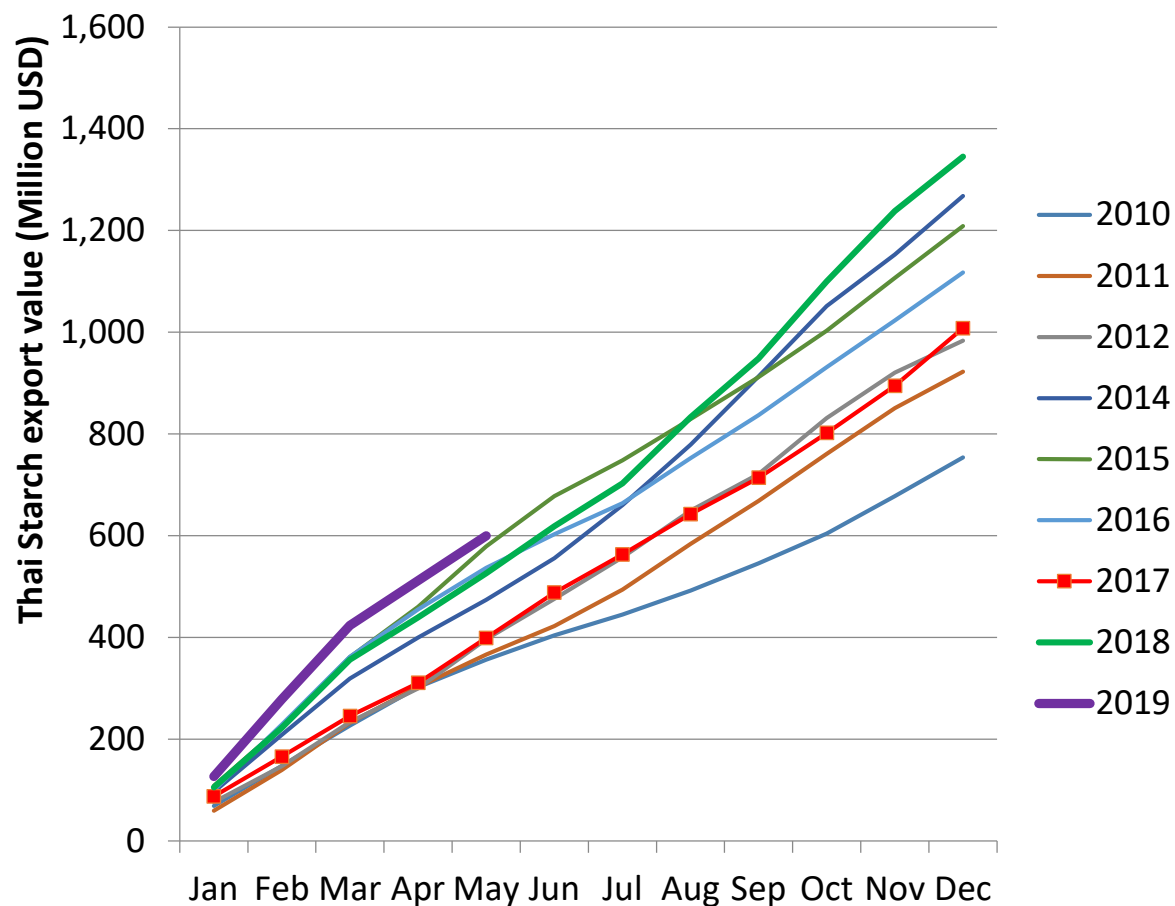
Thai Cassava Starch versus US maize starch and Indonesian Imports



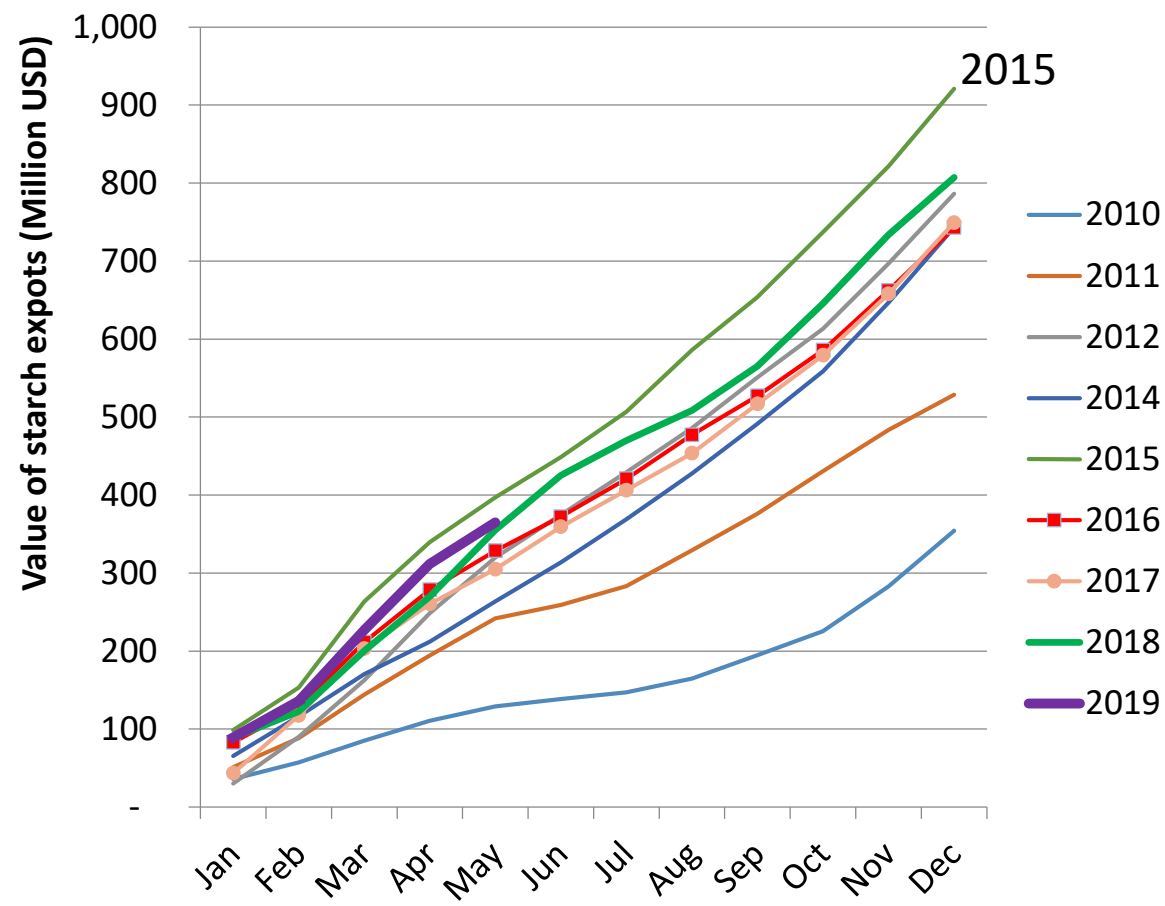
Indonesia increase import of corn starch and syrups

Cassava starch exports continue to expand in value in short-term

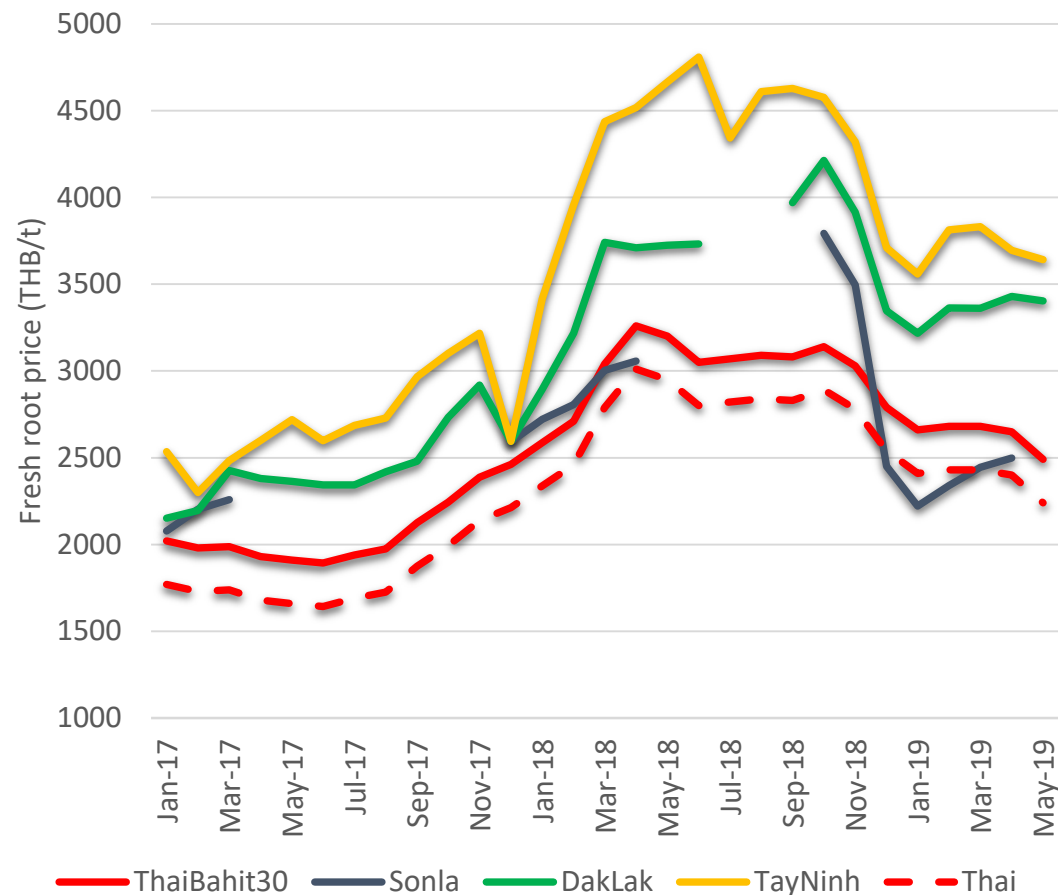
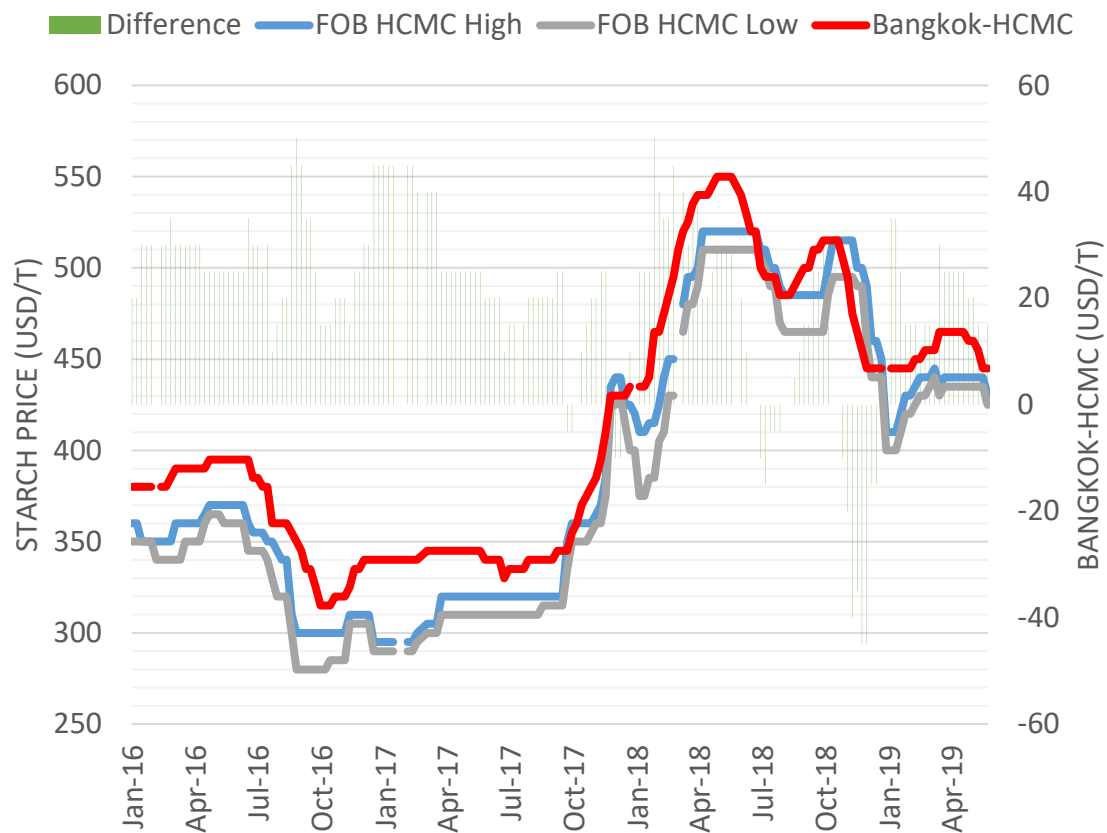
2019 - Thai starch exports to date at highest value in history



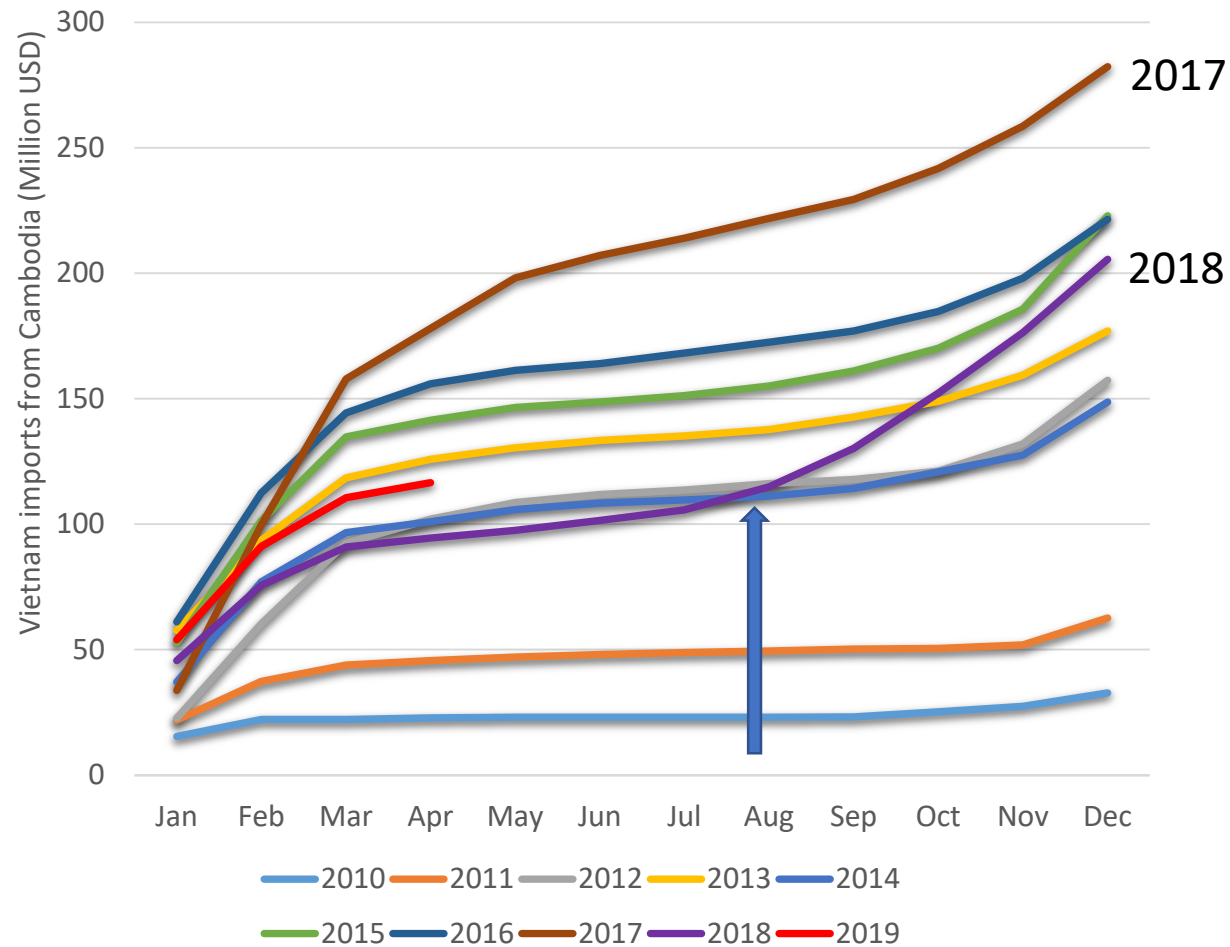
Vietnam starch exports remain strong



The Vietnam challenge – competition for fresh roots

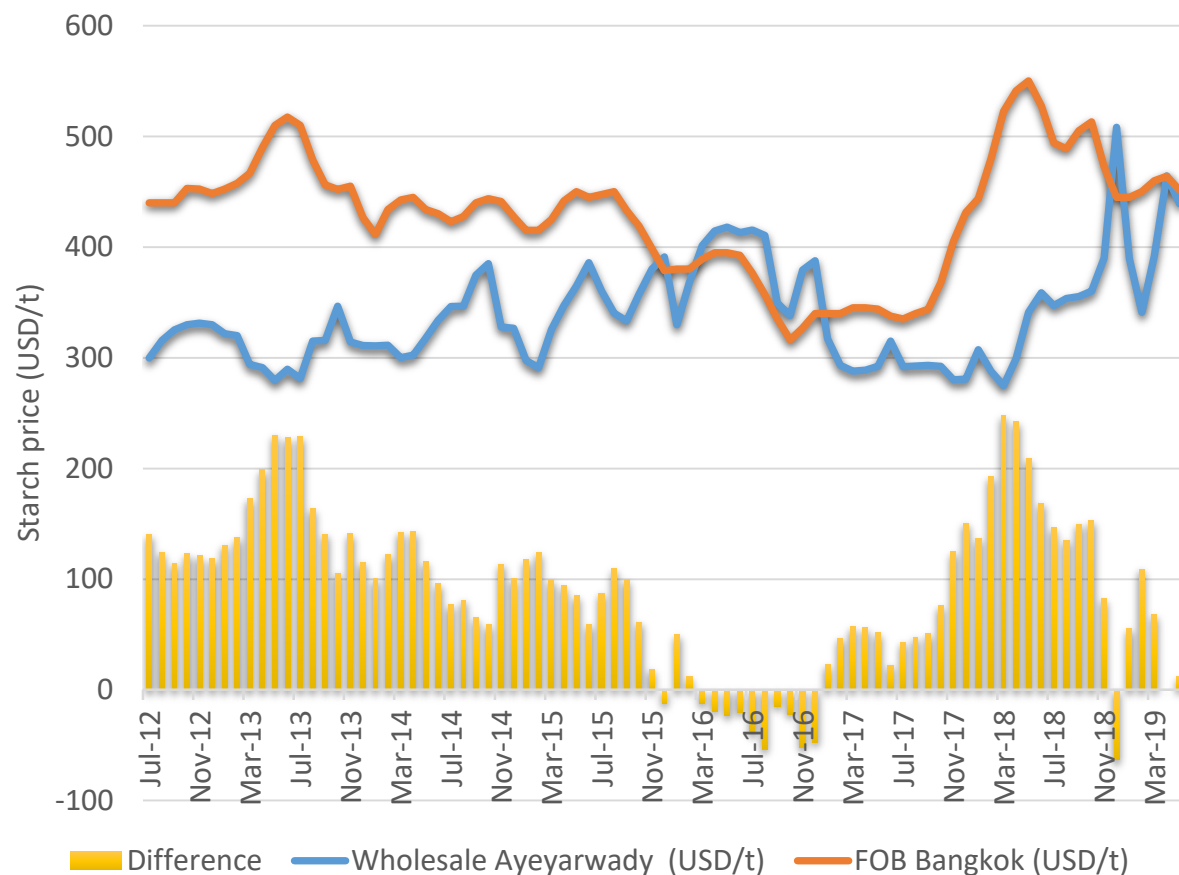


Early harvest in 2018 of Cambodian roots for Vietnam market



- Extensive margin for roots extend into Cambodian hinterland.
- Cut into chip supply
- Impact viability of new factories in Cambodia

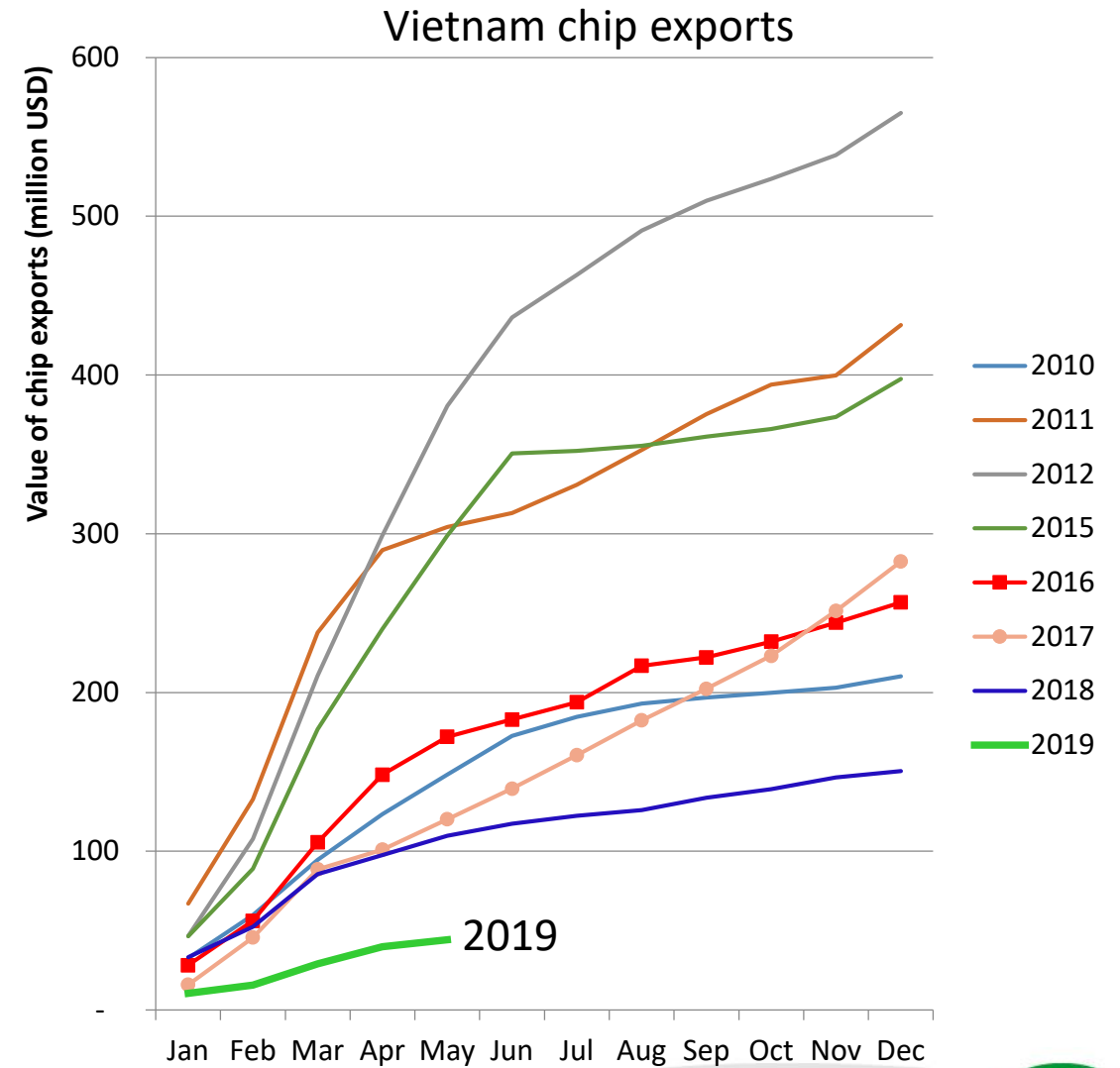
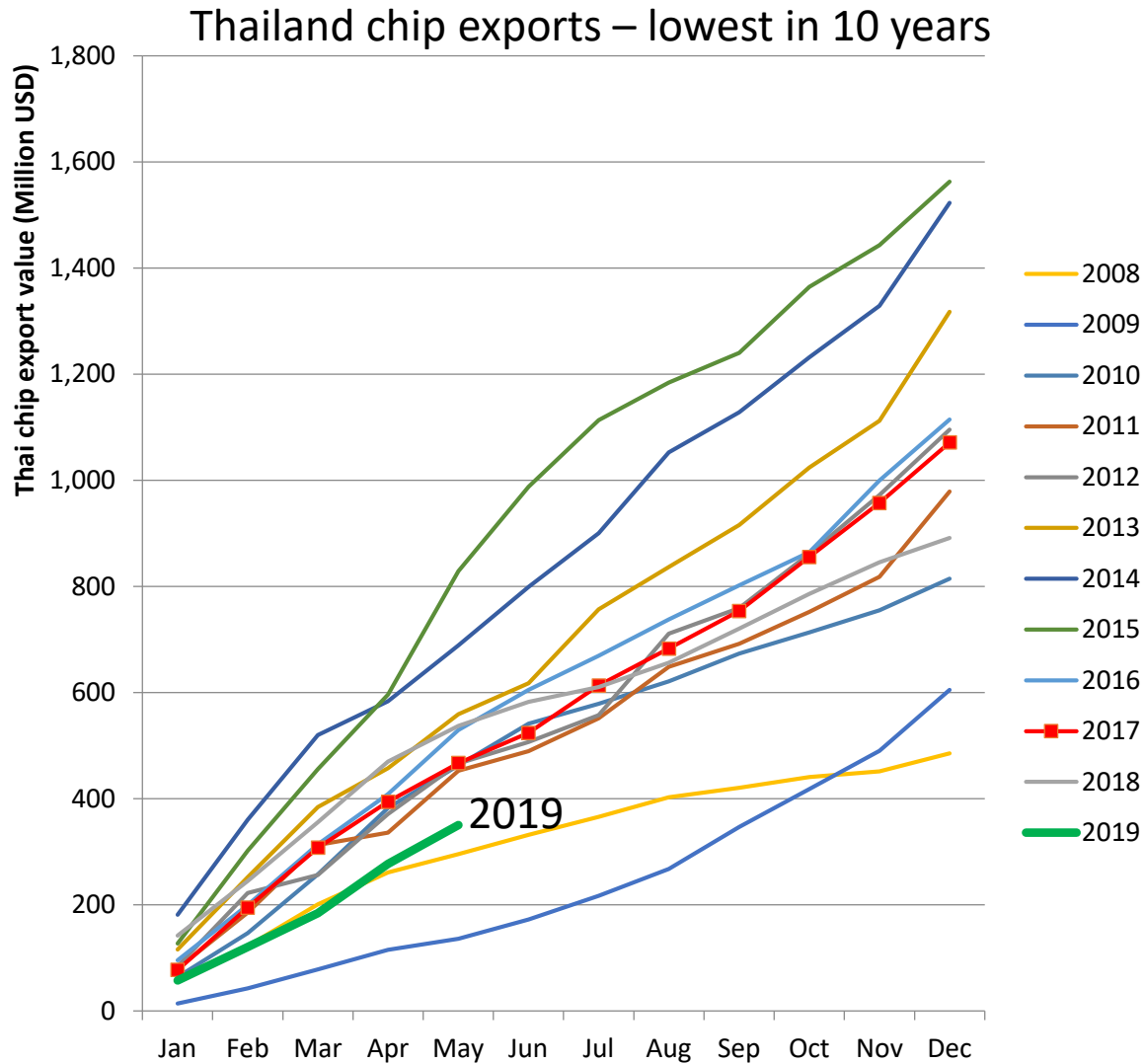
Myanmar starch price relative to Bangkok FOB



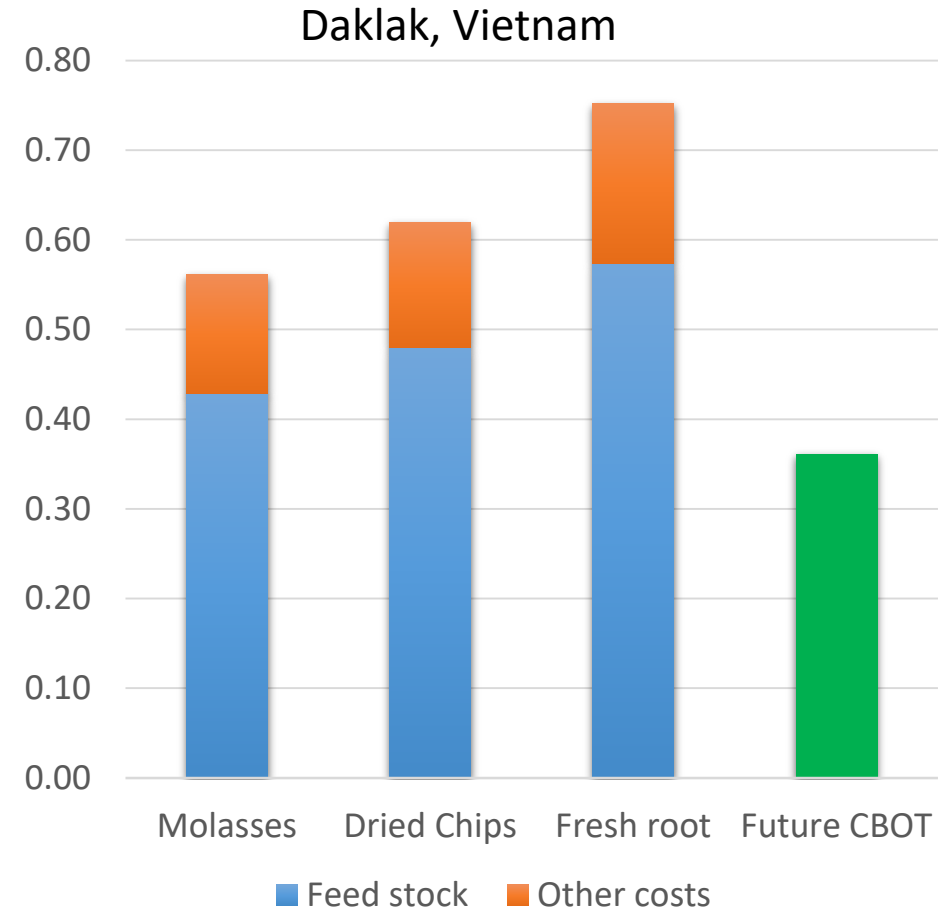
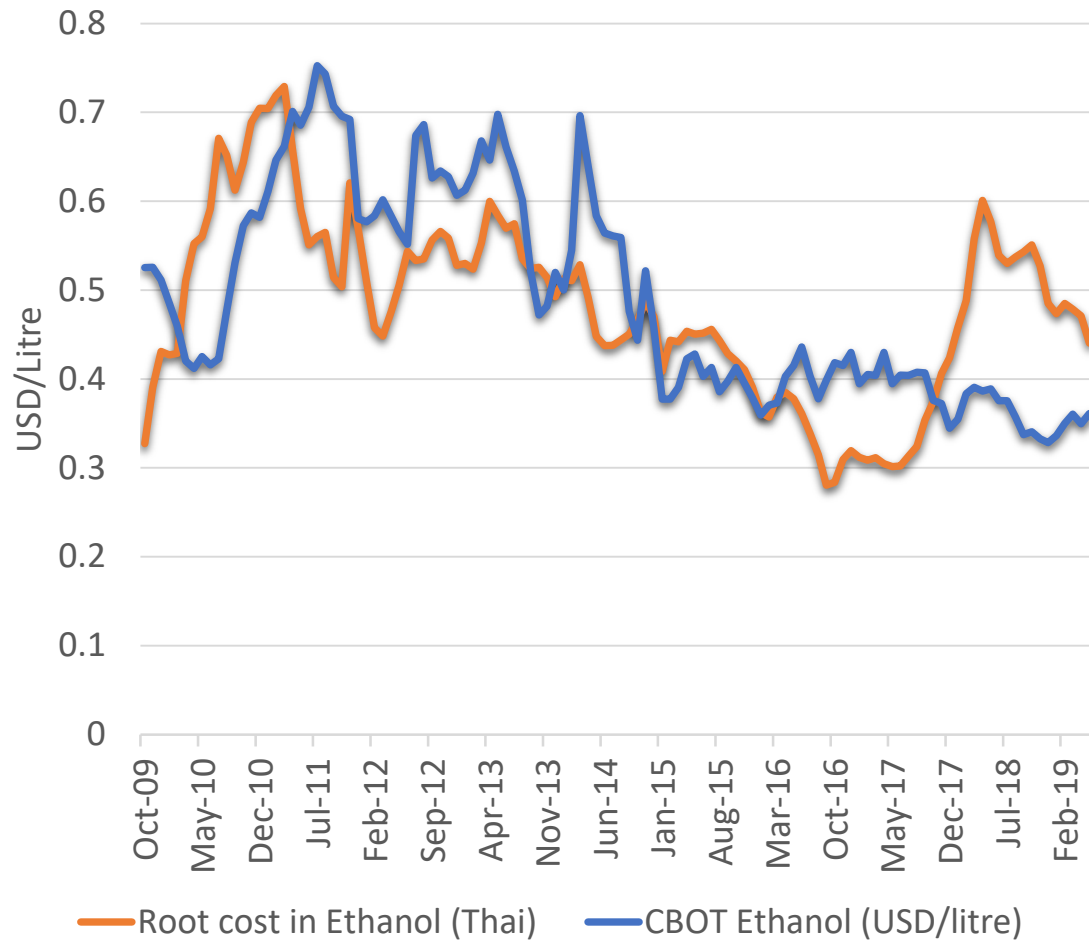
Fresh root price (kyat/vis)

Month	2015	2016	2017	2018	2019
Dec		140	170	140	230
Jan	100	130	160	140/120	220/200
Feb	90	150	150	120	200
March	95	170	140	110	200
April					200

Significant decline in chip exports – changing structure of the market



Cassava based ethanol production remains challenged by relatively expensive feedstock



Local Trade and quarantine policy changes



Cassava is one of Laos' main agricultural exports to Thailand.

Cassava exports to be checked for mosaic virus

Times Reporters

All Lao cassava exports to Thailand will be strictly checked at borders to prevent the spread of the Cassava Mosaic Virus which impacts various plant species.

The Department of Foreign Trade of Thailand's Ministry of Commerce of Thailand has designated 10 border checkpoints for the purpose.

Checks will take place at Pakxan port in Borikhamxay province linking to Buengkan district in Buengkan province; the Fourth Friendship Bridge in Bokeo province linking to Chiang Rai province; Nam Heuang Friendship Bridge in Xayaboury province linking to Loei province; the Second Friendship Bridge linking Savanakheth province and Mukdahan province; the Second Friendship Bridge in Khammuan province and the Third Friendship Bridge in Nakhon Phanom province.

Checks will also be made at the Nam Ngeun border crossing in Xayaboury province to Ban Huai Kon in Nan province; First Friendship Bridge linking

Vientiane and Nong Khai province; Pangmone border checkpoint in Xayaboury province to Ban Huag in Phayao province; Vangtao in Champassak province to Chongmek in Ubon Ratchathani province; and Phakeo in Xayaboury province to Phu Doo in Uttaradit province.

Cassava must be imported through the border checkpoints as mentioned in the list above in order to ensure the safety of humans, animals, plants and the environment.

The Cabinet in its order of February 26, 2019, detailed the steps to be taken for exporting cassava and preventing the spread of the Cassava Mosaic Virus into the Kingdom of Thailand.

With these measures in place, the border checkpoints for cassava imports into Thailand enable authorities including Customs and Plant Quarantine Stations to inspect cassava prior to arrival in the country.

"On behalf of the Department of Foreign Trade, I would like to notify Your Excellency regarding

the list of border checkpoints for cassava imports into the Kingdom of Thailand as attached," the statement reads.

"Estimated to be effected within March 2019, cassava imports into the country must be imported through the border checkpoints as presented in the list. We would like to underline that this measure, a preventive measure for the spread of the Cassava Mosaic Virus, is not a trade barrier, but rather to protect plant life and health, which is in accordance with the practice of international trade agreements."

"In this connection, we would greatly appreciate it if Your Excellency would convey the grounds and the necessities of the aforesaid measure to all related parties, such as cassava farmers and cross-border entrepreneurs."

"We are confident that your cooperation and assistance will further strengthen the relations between the Kingdom of Thailand and the Lao People's Democratic Republic," the statement concluded.

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Mr Ph

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Times Rep

Vientiane Company launched Offering (I domestic investors approval

International trade negotiations

EU agrees to let Thailand negotiate export quotas

PUBLISHED : 3 JUN 2019 AT 07:36

NEWSPAPER SECTION: NEWS
WRITER: POST REPORTERS



| The European Union has agreed to allow Thailand to negotiate its export quota for 31 products. (Bangkok Post file photo)

The European Union (EU) has agreed to allow Thailand to negotiate its export quota for 31 products, said Auramon Supthaweethum, director-general of the Department of Trade Negotiations.



PANEL DISCUSSION

1. Mr Ngo Quang Tuan, FOCOCEV, Sonla Vietnam
2. Bumi Sari Prima Starch Factory, North Sumatra, Indonesia
3. Mr Dang Cong Nguyen, Dai Viet Ethanol Factory, Daklak Vietnam
4. Mr Somsay Didouangdeth – Chip processor, Bolikhamxai Lao PDR

Việt Nam's agricultural products facing barriers to enter Chinese market

Update: June, 07/2019 - 10:42



Two officials from the Ministry of Agriculture and Rural Development check the quality of cassava in the southern province of Tây Ninh. — VNA/VNS Photo Thanh Tân

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Mr Ngo Quang Tuan, FOCOCEV, Sonla Vietnam

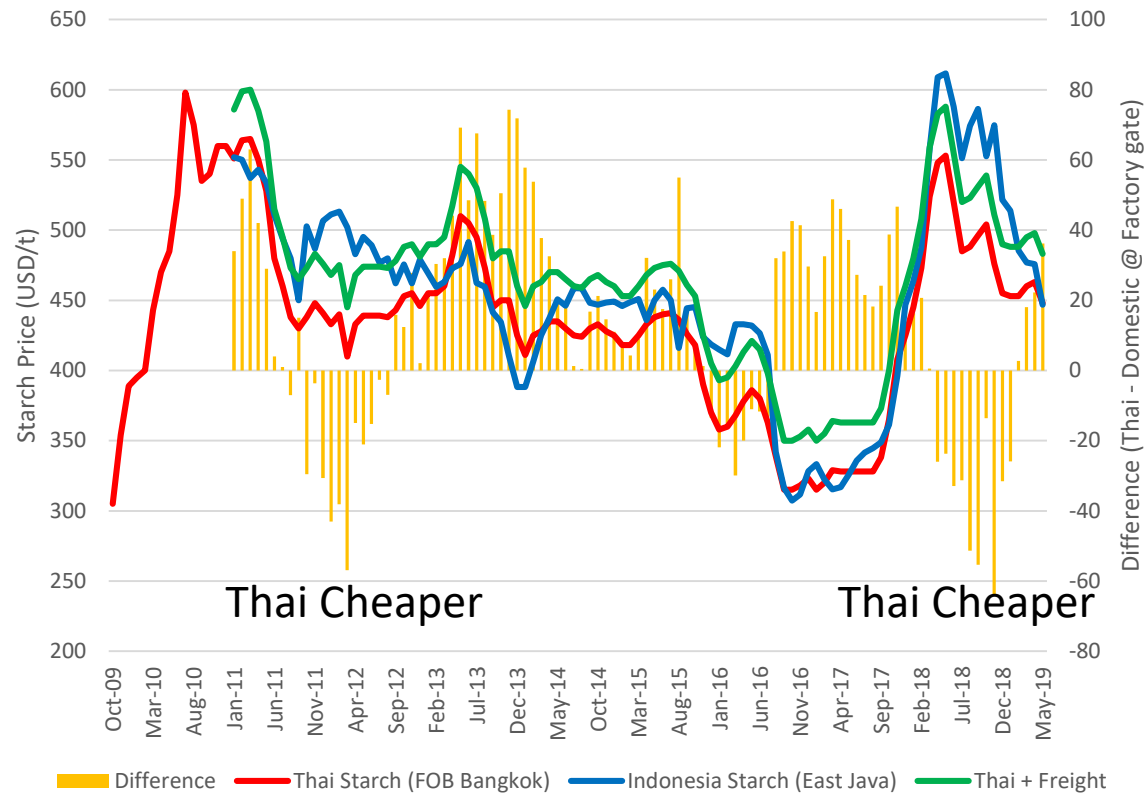
Your company has recently increased processing capacity. There are also new starch factories in Sonla. How do you see the supply and demand for roots changing in the next few season?

How are the new trade regulations with China impacting the way you manage the business?

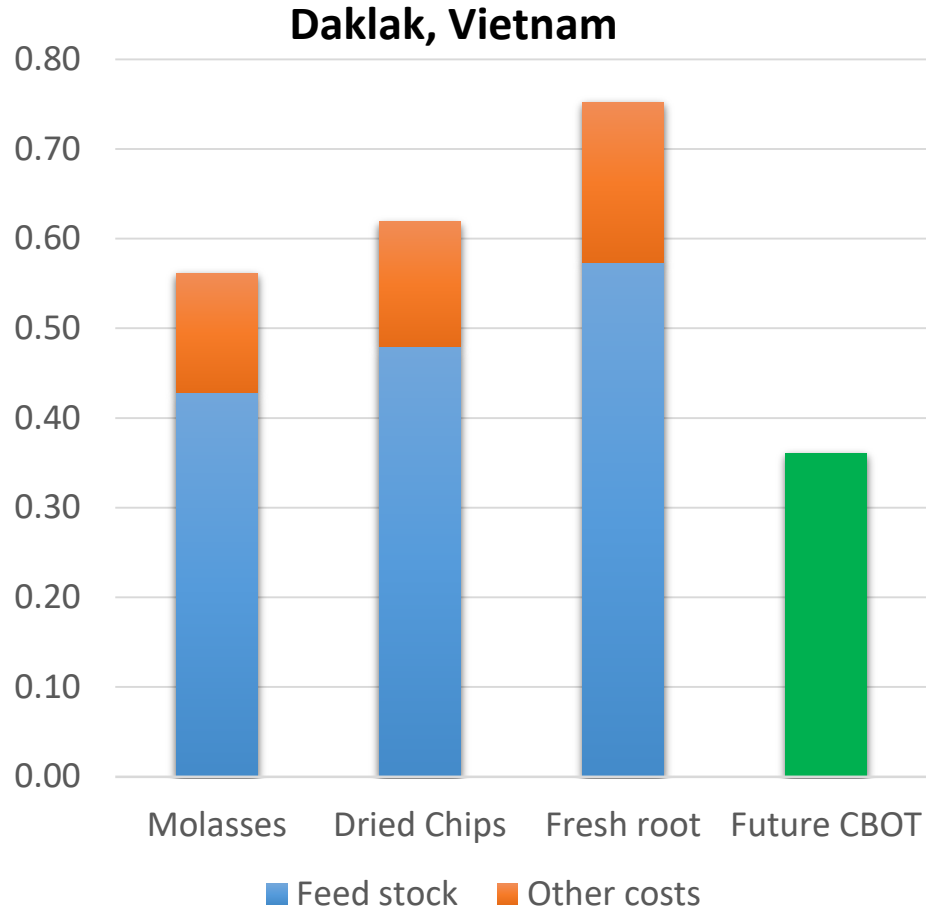
Bumi Sari Prima Starch Factory, North Sumatra, Indonesia

How has the supply of fresh roots to the factory recovered after the low prices and area decline of 2015-16?

How has the prospects of starch production in North Sumatra changed in the last 2 years?



Mr Dang Cong Nguyen, Dai Viet Ethanol Factory, Daklak Vietnam



How do you see the outlook for cassava as a feedstock into ethanol production?

With sugar prices falling – do you think molasses prices are likely to increase?

How important is having your own supply of roots to the viability of the business?

Trade and quarantine policy changes



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Mr Somsay Didouangdeth – Chip processor, Bolikhamxai Lao PDR

How do you see the outlook for dried chip production in Bolikhamxai?

How are the new quarantine measures impacting the cost of exporting chips to Thailand? How does this impact the price of fresh roots?

Thank you!



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