

The Need for a Rice Reserve Mechanism in Southeast Asia

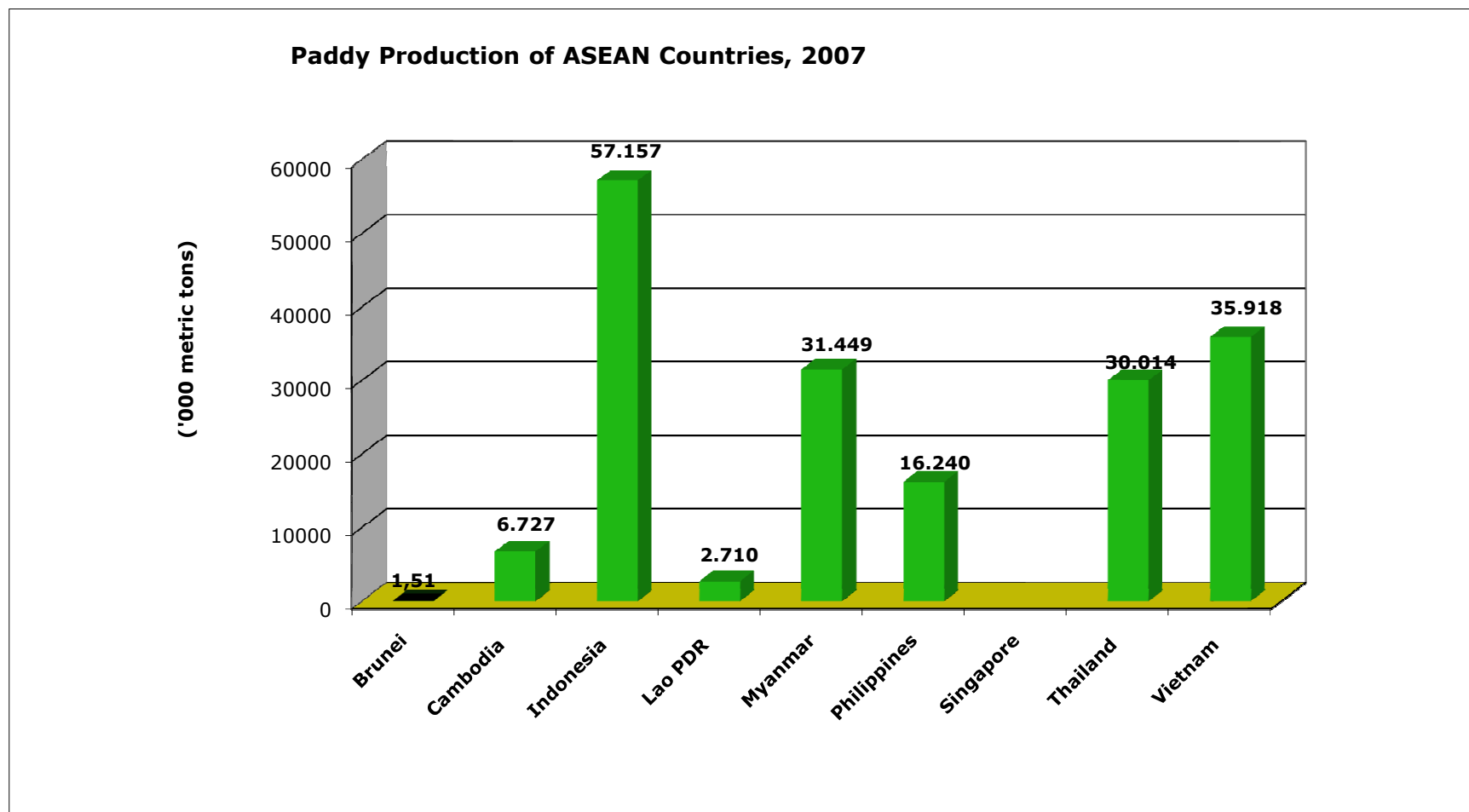
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For the Asian Farmers' Association

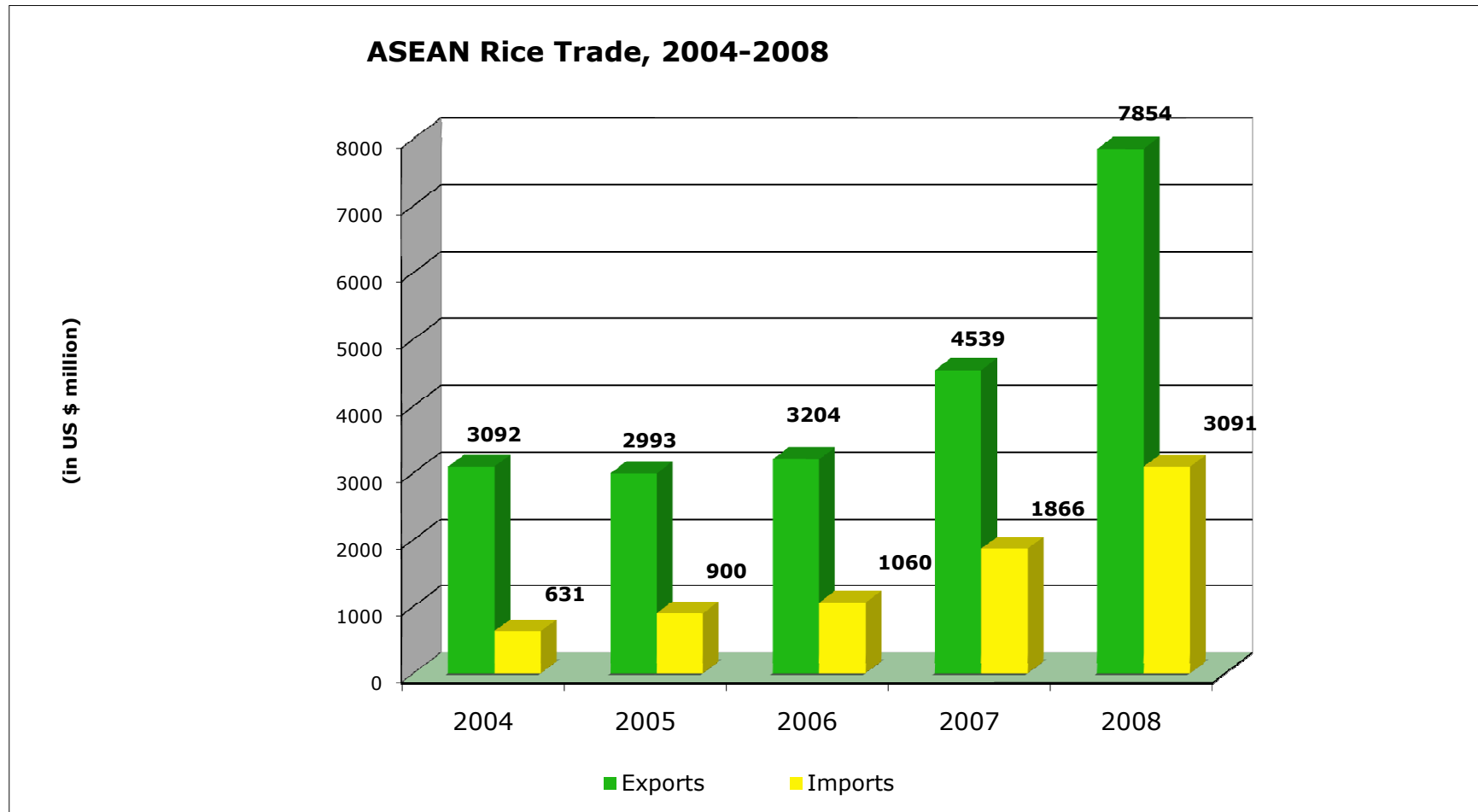
Main Assertions

1. Southeast Asia is home to some of the world's biggest producers, consumers, exporters and importers of rice
2. Climate change and shifting production priorities in the region warrant the need for an effective rice reserve mechanism
3. Current rice reserve mechanisms in the region are ineffective in addressing rice price and supply crises

Southeast Asia is home to some of the world's biggest producers of rice

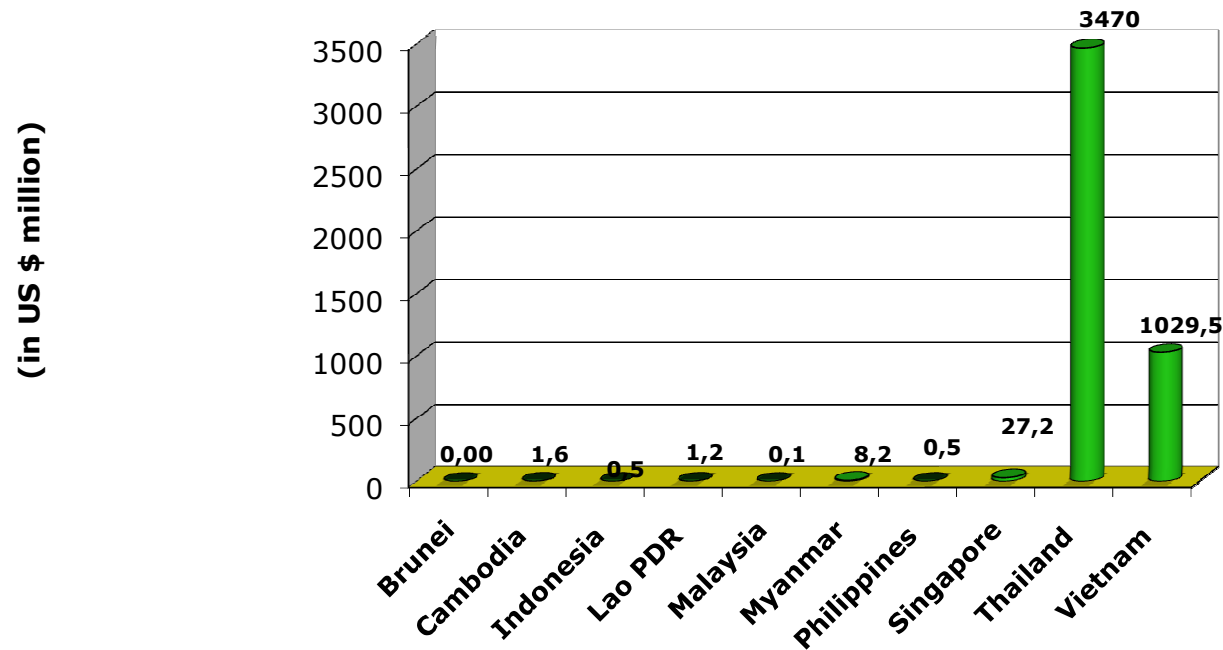


ASEAN is a net rice exporter.



Rice exporters are mainly Thailand and Vietnam

Value of Rice Export of ASEAN Member States, 2007

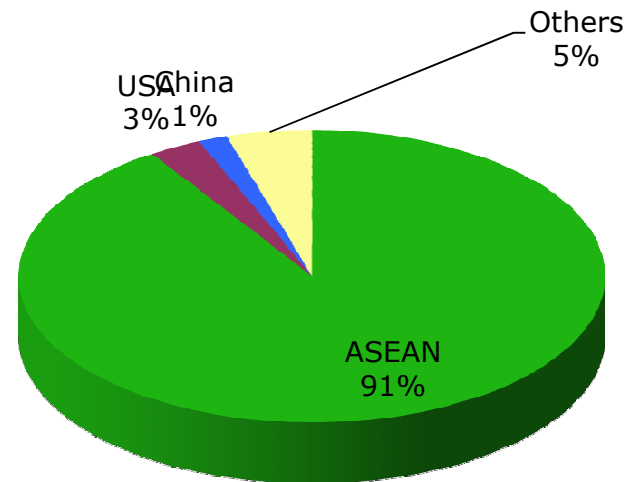


ASEAN Rice Trade

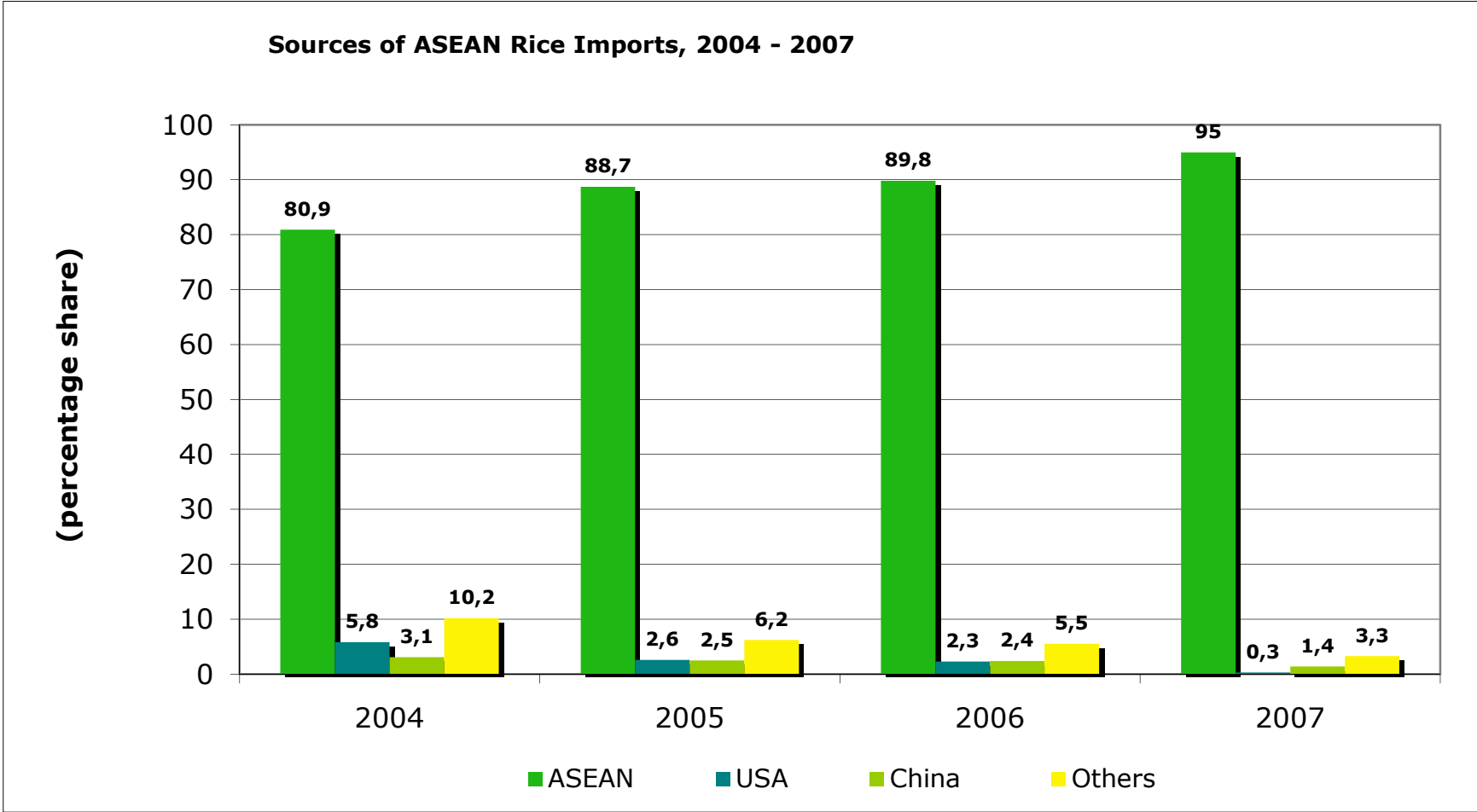
- ASEAN absorbs about 1/3 of total regional rice exports, selling the excess rice surplus to the rest of the world
- On the other hand, ASEAN rice imports are sourced mainly from within the region

ASEAN rice imports are sourced mainly in the region

Sources of ASEAN Rice Imports, 2008



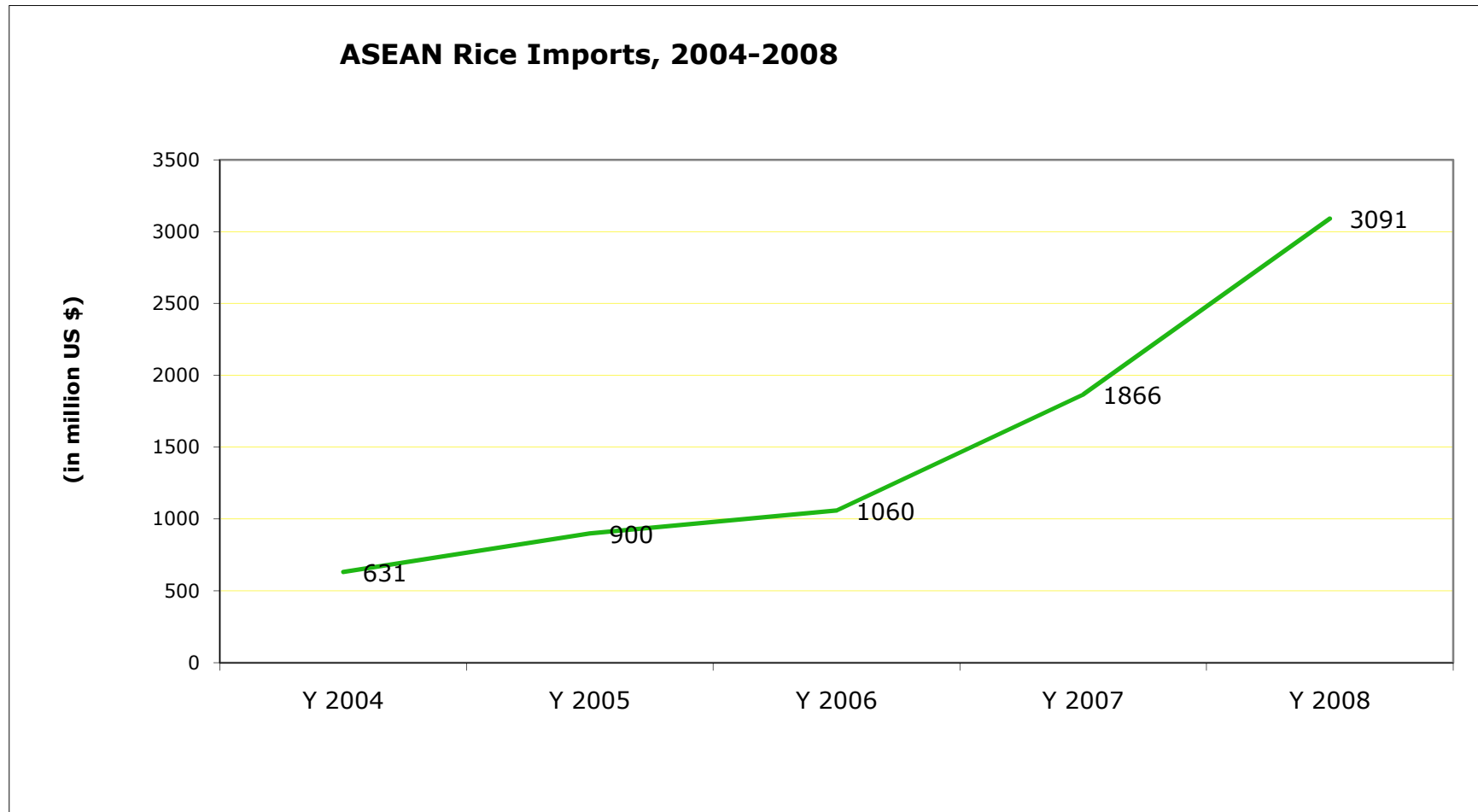
ASEAN rice imports are sourced mainly in the region



Bulk of ASEAN rice producers are net rice importers

| Country | Value of Rice Exports (in US \$ million) | Value of Rice Imports (in US \$ million) | Balance (in US \$ million) |
|--------------------|---|---|---------------------------------------|
| Brunei | 0.00 | 27.5 | (27.5) |
| Cambodia | 1.6 | 6.7 | (5.1) |
| Indonesia | 0.5 | 735.9 | (735.4) |
| Lao PDR | 1.2 | 6.5 | (5.3) |
| Malaysia | 0.1 | 312.9 | (312.8) |
| Myanmar | 8.2 | 0 | 8.2 |
| Philippines | 0.5 | 594.2 | (593.7) |
| Singapore | 27.2 | 154.8 | (127.6) |
| Thailand | 3470 | 2 | 3468 |
| Vietnam | 1029.5 | 25.5 | 1004 |

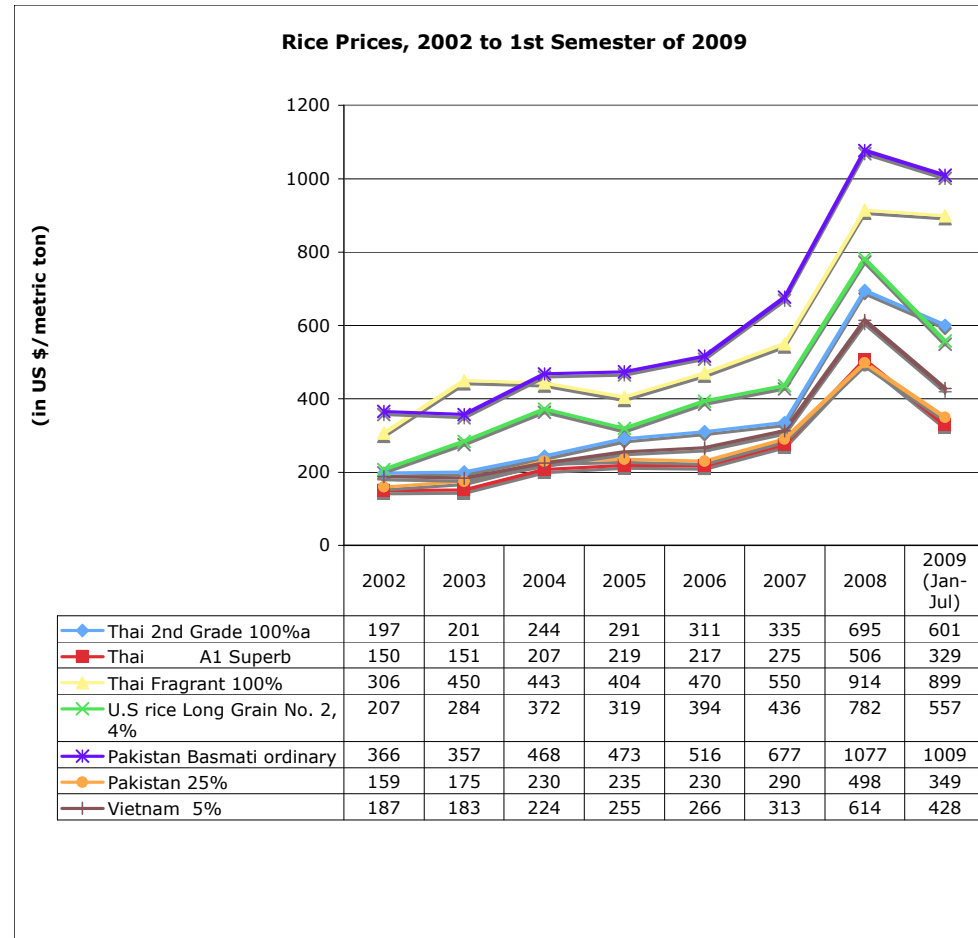
ASEAN rice imports have been growing



Factors contributing to failure of ASEAN countries to attain food self-sufficiency

1. Increasing demand for rice by rising population
2. Limits in area and yield frontiers in rice production
3. Shifting production priorities (land use conversion and crop conversion)
4. Impacts of climate change
5. Effect of AFTA CEPT on rice producers

The 2008 rice price crisis



Realizations from the crisis

- Affirmation of farmers and CSO's long standing advocacy for food self-sufficiency as basis for national and regional food self-sufficiency
- Importance of effective food security mechanisms: national and regional reserves, reliable methods and means of forecasting food production and demand
- ASEAN regional cooperation in matters as important as food security not yet mature

ASEAN Rice reserve mechanisms have failed to respond to the rice price crisis

1. ASEAN Emergency Rice Reserve (AERR)

- Agreement to establish rice reserve was signed by ASEAN in 1979, and was later amended in 1997
- Pledged amount adds up to only 85,000 metric tons, a drop in the bucket of ASEAN rice trade
- Grossly outmoded

ASEAN Rice reserve mechanisms have failed to respond to the rice price crisis

2. East Asia Emergency Rice Reserve (EAERR)

- Operated as a pilot project of ASEAN + 3 (China, South Korea and Japan)
- Was launched after study commissioned by the Japan International Cooperation Agency
- Operated with three tiers:

Tier 1- to address the lingering effect of disasters and calamities and to strengthen food security

Tier 2 – to address emergencies as a result of calamities

Tier 3 – to support poverty alleviation and malnourishment eradication programs

Review of trends : Building the case for regional rice reserves

- Bulk of ASEAN rice consuming countries are net importers, dependent on only two countries in the region for rice import
- Climate change has impacts on rice production in the region (i.e.Vietnam forecasts); SE region most vulnerable to climate change
- Only 5 to 6 per cent of rice supply traded in the market

Quo Vadis for rice reserves in SE Asia?

- ASEAN in the process of finalizing mechanisms for the ASEAN Plus Three Emergency Rice Reserve (APTERR)
- Process of drawing mechanics for the reserves limited to ASEAN secretariat and Member States

What are the elements of a good rice reserves mechanism?

1. Must be easily accessible to address emergencies and related needs
2. Must have safeguards so that it is not used to dump surplus rice
3. Must not undermine incentives for local rice production
4. Must have clear modalities (modes and triggers for access (price and/or volume shortages, mechanics of distribution of rice stocks from the reserves)
5. Must be subject to regular participative review and assessment

Work to be done

1. Strengthening national reserves systems vis-a-vis push for privatization; market imperfections such as rice cartels is a reality in the region
2. Engaging governments and ASEAN towards developing modalities for operational, effective and efficient regional rice reserves
3. Defining the link between national, regional and national reserves