

Structural changes in Asian rice trade: lessons for Bangladesh



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exporting countries were Pakistan, USA, China and India.

Bangladesh has been able to stop depending on rice import until 2015 and instead it exported 50 000 tonnes of rice to Sri Lanka in 2014.

However, rice production in Bangladesh is not stable due to recurrence of natural disasters, intensity of which is on the rise.

It was clearly evident in 2017. Vietnam was predicted by many international organisations to emerge as the number one rice exporting country in the world by 2016.

Although it did not entirely happen, the country briefly occupied the top position mainly due to disastrous rice policy undertaken by political government of Thailand.

Thailand has been suffering from this policy setback, although it started recovering gradually. Indian rice export increased rapidly due to the pragmatic programmes in the eastern part of the country under the name of the second green revolution.

Only 8 percent of rice (approximately 35-37 million tonnes) produced globally is traded in international markets. Global annual production in terms of milled rice totals around 450 to 452 million tonnes.

The share of rice export from South Asian (SA) countries has been increasing compared with their South East Asian (SEA) counterparts.

Mainland countries of SEA (Thailand, Vietnam, Cambodia, Laos and Myanmar) are rice exporting countries and they export around 16-18 million tonnes of rice annually.

On the other hand, island nations of SEA (Indonesia, Philippines, Singapore, Brunei and Malaysia) import rice, amounting to 5-6 million tonnes annually.

Due to massive policy changes, China is emerging as a major rice importing country of the world. The

country imported 5 million tonnes of rice in 2016; the figure is likely to rise by 2020.

If this trend continues, China's rice import figure may reach around 16 to 20 million tonnes by 2030.

In near future, rice production may decrease in Thailand and Vietnam. Main reason behind it is that rice farmers are poorer than farmers growing other staple like wheat and maize.

In order to achieve the status of a wealthy nation, the first task is to pull out rice farmers from poverty. The main concern of these two countries is how to make rice farmers wealthier. Reduction of rice production is one of the ways toward achieving it.

Africa is consuming more rice than its production. Estimates show that Africa's rice consumption will increase 42 percent by 2030.

Nigeria is now the second largest importer of rice after China. Rice production in India increased from 89 million tonnes to 105 million tonnes during the period from 2009-2010 to 2014-15.

Out of 16 million tonnes of additional rice produced, more than 10 million tonnes came from seven eastern states of India which border on Bangladesh. Their contribution to national rice production increased from 51.24 percent to 53.24 percent during the same period.

Rice export has been increasing in Myanmar—another bordering country of Bangladesh—steadily.

It gives us hope that Bangladesh would be able to import rice from its two neighbouring countries when it needs most.

However, the most worrying aspect in global rice economy is the entry of China in the tiny rice market with its large demand of rice.

China will probably try to meet its production shortfall by importing from Vietnam, Cambodia and

Myanmar. However, China prefers importing low-quality rice only for production of alcohol, noodles, animal feed and for other industrial uses.

Currently, 47 percent of rice in China comes from Vietnam. It has political implication as Vietnam is one of the strong rivals of China with regard to territorial disputes in South China Sea and has established close friendly relations with India.

Five island nations of ASEAN also imports around 5-6 million tonnes of rice annually. Rice imports are rising in Indonesia and the Philippines as these two islands are most disaster-prone.

Some countries in the Near East



Rice production in Bangladesh suffers from instability and is highly sensitive to external shocks

STAR/FILE

like Iran, Iraq and Saudi Arabia are also rice importing countries. Any production disturbance in Iraq and Iran may affect rice trade.

Bangladesh's efforts to increase rice production and productivity are well known which are reflected in the record of its success.

However, rice production in Bangladesh suffers from instability and is highly sensitive to external shocks created by both natural and manmade factors.

In case any major crisis hits rice production, the country may face several problems for importing rice as China and other countries may get

priority over Bangladesh.

Indian rice is more likely to go to Iraq, Iran, Afghanistan and African countries rather than Bangladesh. Rice of Myanmar, Cambodia and Vietnam may go to China, if China faces any rice crisis internally.

In this context, Bangladesh has to relook at its rice policies and strategies in order to produce sufficient rice taking into account the likelihoods of shocks arising from climate change and also from import difficulties.

The writer is the former senior technical officer of the Food and Agriculture Organisation of the United Nations

Global cybercrime costs \$600b annually

AFP, Washington

The annual cost of cybercrime has hit \$600 billion worldwide, fueled by growing sophistication of hackers and proliferation of criminal marketplaces and cryptocurrencies, researchers said Wednesday.

A report produced by the security firm McAfee with the Center for Strategic and International Studies found that of intellectual property represents about one-fourth of the cost of cybercrime in 2017.

Russia, North Korea and Iran are the main sources of hackers targeting financial institutions, while China is the most active in cyber espionage, the report found.



The researchers said ransomware is the fastest-growing component of cybercrime, helped by the easy availability of marketplaces offering hacking services.

The global research report comes days after the White House released a report showing cyberattacks cost the United States between \$57 billion and \$109 billion in 2016, while warning of a "spillover" effect for the broader economy if certain sectors are hit.

Globally, criminals are using the same tools for data or identity theft, bank hacks, and other cyber mischief, with anonymity preserved by using bitcoin or other cryptocurrency.

"The digital world has transformed almost every aspect of our lives, including risk and crime, so that crime is more efficient, less risky, more profitable and has never been easier to execute," said Steve Grobman, chief technology officer for McAfee. CSIS vice president James Lewis said meanwhile the geopolitical risks of cybercrime are a key element in these attacks.

"Our research bore out the fact that Russia is the leader in cybercrime, reflecting the skill of its hacker community and its disdain for western law enforcement," Lewis said.

"North Korea is second in line, as the nation uses cryptocurrency theft to help fund its regime, and we're now seeing an expanding number of cybercrime centers, including not only North Korea but also Brazil, India and Vietnam."

The latest McAfee-CSIS report suggested cybercrime costs were rising from a 2014 estimate of \$445 billion.

"Cybercrime remains far too easy, since many technology users fail to take the most basic protective measures, and many technology products lack adequate defenses, while cybercriminals use both simple and advanced technology to identify targets, automate software creation and delivery, and easily monetize what they steal," the report said.

The study did not attempt to measure the cost of all malicious activity on the internet, but focused on the loss of proprietary business data, online fraud and financial crimes, manipulation directed toward publicly traded companies, cyber insurance and reputational damage.

In rural Germany, mobile banking means a bank on a truck

AFP, Tschirn

BANK manager Juergen Schaller never expected to end up getting a trucker's licence and driving 20,000 kilometres (12,400 miles) per year.

But as brick-and-mortar branches vanish from the rolling Franconia region of northern Bavaria, the neatly dressed savings bank executive jumps behind the wheel four days a week to bring mobile services — including cash machine and consultation room — to tiny countryside villages.

The switch from desk to dashboard has enabled Schaller "to do something else while staying in touch with the customers", he told AFP.

High-street banks are increasingly being forced to shutter branches, as more and more customers go online, rural populations shrink and low interest rates eat into profits.

As a result, banks such as the public-sector Sparkassen, where Schaller is a branch manager, are having to rethink their business models.

In Schaller's Kronach-Kulmbach district alone, six branches sporting the red "S" logo of the widely popular savings banks group closed their doors last year.

A similar trend is seen across the country as a whole: nationwide, the number of physical bank branches has plunged by a quarter over the past 15 years to 35 per 100,000 people, according to a study by public investment bank KfW.

The European average is 37 per 100,000, with Spaniards the most spoiled for choice with 67.

Steffen Haberzettl, the sales director for the Kronach-Kulmbach Sparkasse, said it was primarily local businesses and older people who had not embraced online banking who were taking advantage of the mobile branch, which first set off on its rounds in 2015.

Haberzettl estimated that around 20 people visited the bank at each stop, equivalent to 12,000 customer contacts a year — a tiny number compared with some 8,800 online banking logins per day.

But "we invested in this service for our

clients knowing that it wouldn't make enough money to pay for itself", he said.

Local politicians who sit on the Sparkasse board were reluctant to plunge their constituents into a bankless wilderness as the number of closures mount. So, they opted to hit the road instead in one of Germany's 66 itinerant branches.

In the bank's trailer, 70-something Maria Neubauer is happy to wait for an appointment with Schaller in his tiny office during his 90-minute stop opposite the church in the slate-tiled village of Tschirn.



A mobile office bus of the savings bank Sparkasse is parked in Tschirn, southern Germany.

"The Sparkasse bus is great for making transfers, or doing anything you need," she said. "We're happy, especially those of us who don't have a car" to visit a branch further away, another villager Maria Greiner said as she printed an account statement from a nearby machine.

Other customers were busy withdrawing cash on the chilly town square from the ATM embedded in the flank of the trailer. Schaller makes his rounds to small villages such as this from Monday to Thursday, keeping Fridays free to do maintenance work on the red and white truck and trailer.

He has no access to the cash on board, and so far he's had no run-ins with would-be bank robbers. Banking sector experts predict that the Europe-wide trend towards fewer bank branches will continue apace.

"The speed at which it will happen is hard to predict, and will depend above all on how the banks manage to keep branches relevant as a channel for their customers," said Thomas Schnarr of consultancy Oliver Wyman.

Nevertheless, "human relationships remain fundamental. Especially complicated questions require personalised advice for retail clients and businesses", his colleague Alexander Peitsch said.

For his part, Juergen Schaller said he is not qualified to provide such specialist counselling to his clients, many of whom know him by name. Instead, he passes on individual requests for loans or investments to a colleague sitting in one of the Sparkasse's brick-and-mortar branches.

South Africa braces for tough budget

AFP, Cape Town

SOUTH Africa braces for a tough budget speech Wednesday amid renewed optimism spurred by the country's new reformist president who has promised to drive the economy out of the doldrums.

Cyril Ramaphosa took over last week from the scandal-plagued Jacob Zuma, raising hope for a turnaround in the economy that slid into recession in 2016 and has grown only tepidly since.

Ramaphosa's appointment was greeted in currency, stock and bond markets, but his administration is having to work from a low base.

South Africa, the most advanced economy on the continent, over the past nine years under Zuma experienced subdued growth, ballooning national debt, decreased investor

confidence, record unemployment levels averaging 27 percent and bond downgrades to junk status.

"It's going to be the most difficult budget in our post-democratic time," said Piet Naude, a professor at the University of Stellenbosch Business School.

Growth ticked to 0.9 percent last year from a paltry 0.3 percent the previous year. Analysts forecast this year's growth will jump to 1.8 percent.

The government will have to raise at least 30 billion rand (\$2.6 billion) from taxes to finance, among other things, free university education for students from low income families - a policy abruptly announced by Zuma on the eve of his departure from the ANC presidency last year.

"This is going to be a very tough budget," warned University of Cape Town professor Pierre Georg.

Under intense pressure to remove a number of ministers closely allied with Zuma and blamed for aiding state corruption, Ramaphosa told lawmakers on Tuesday that he will announce a new cabinet at an "appropriate" time.

Ramaphosa also pledged to trim the bloated government.

The first target is likely going to be the Finance Minister Malusi Gigaba, whose removal MPs have been clamouring for in the run-up to the budget speech.

Minister Gigaba "has this tainted history and the problem with him delivering the budget is that people know that he has been involved so intimately with the state capture project" and "cannot signal to international markets a credible turnaround," said Georg.

Since Ramaphosa was sworn in as president the rand has strengthened, the bond market is

at its best level in almost two years and the equity market rose nearly four percent on Friday when Ramaphosa delivered his maiden state of the nation address.

"The markets believe Ramaphosa is good for our economy," said Ken Swettenham, a financial analyst with Liberty Life. "There is positive sentiment."

But the opposition is skeptical.

Ramaphosa "has made some bland, very nice sounding statements about what he is going to do, but the proof is in the eating of the pudding," said opposition Democratic Alliance's shadow finance minister Alf Lees.

Forecasters expect inflation to remain below four percent this year.