

# SOUTH EAST ASIA REGION REPORT

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**T**HE past several seasons have not been easy for South East Asia on the whole. While the climates and topographies of the nations are obviously varied, much of the area was hit hard by natural disasters and droughts, doing substantial damage to many fields, particularly in the region's staple crop of rice. Mother Nature was gentler in some areas, but for a large swath of South East Asian agriculture, farmers could only hope that an end to the troubles was in sight.

Thankfully, that time appears to have come. Following the years of difficulty, several countries are expecting the 2006/07 season to bring a return to normal weather, leading to bumper rice crops and more productive harvests.

## The Five Kings

The countries included in this region report — Malaysia, Indonesia, the Philippines, Thailand, and Vietnam — are all looking forward to better seasons for the key crops of rice, maize, and oil palms. In addition, higher production is expected for numerous other crops important to the region, including vegetables, tropical fruit, coconuts, coffee, sugar cane, and other small markets.

With such a diverse group spread out over a large area spanning several thousand islands, it is difficult to approach the region as a whole. For the savvy marketer, this diversity can be rewarding — the ag-chem markets of South East Asia are not huge, but they are growing, and the geography and climate ensure that many different product types will be in demand as the region's ag sector recovers from the past few years of underperformance.

Photo by Devin Kho

## Crop Protection Leaders

South East Asia's leading ag-chem markets by value in 2005 in US\$ millions.

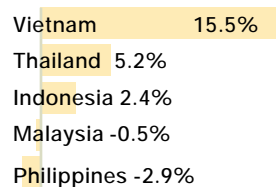


Source: Phillips McDougall AgriService

## Varied Growth

SE Asia's top markets grew unevenly over the past five years.

Compound annual growth rate (CAGR) 2000-2005



Source: Phillips McDougall AgriService

## Key Crops 2005/06

Major crop areas in South East Asia in hectare millions.

Crop	Country	Area (Hectare millions)
RICE	Indonesia	11.8
	Thailand	10.2
	Vietnam	7.3
	Philippines	4.1
MAIZE	Indonesia	3.5
	Philippines	2.5
	Thailand	1.2
OIL PALM	Indonesia	3.6
	Malaysia	3.6

Source: FAO, USDA-FAS



## MALAYSIA

### Palm Oil To Resurge

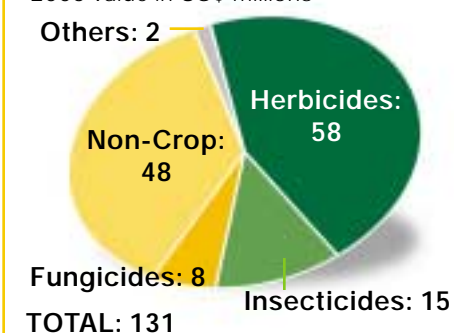
Over the past decade, Malaysia's production of palm oil has steadily grown. In 1996/97, the country's production hovered around 9 million tons; by 2004/05, it reached a record level of 15.2 million tons.

The outlook for 2005/06 is not quite as bright. A small drop in production to 14.8 million tons is expected, according to market sources. The downturn is due mostly to belated response to the drought conditions of 2004 and stress to the trees from the strong production of 2005. These are not lasting problems; already, Malaysia is expecting a rebound in production to begin in the second half of this year as the trees recover and the weather returns to normal. In fact, expansion is planned in the available lands of eastern Malaysia.

The future of the crop appears even better considering the growing importance in industrial uses for the crop, which in 2005/06 were up 8% over 2004/05 to 1.9 million tons, and that may be just the beginning. The country's government and the Malaysian Palm Oil Board (MPOB) are pushing hard for increased palm oil-derived biofuels, much of which will be exported to the EU. The first plant is slated to come on line in October, with five more planned to open in the next two years.

### Ag-Chem Market, Malaysia

2005 value in US\$ millions



Source: Phillips McDougall AgriService

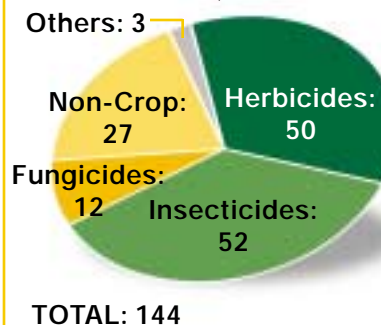
## INDONESIA

### Many Options

One of the most promising South East Asian markets, Indonesia, also is one of the most complex. The nation of islands grows many different crops in large numbers: in 2005, the country's farmers grew nearly 2.7 million hectares (Ha) of coconuts, 265,000 Ha of fruit, 350,000 Ha of sugar cane, 3.5 million Ha of maize, 3.6 million Ha of oil palms, and 11.8 million Ha of rice, according to the Food

### Ag-Chem Market, Indonesia

2005 value in US\$ millions



Source: Phillips McDougall AgriService