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COMMENT

L.C.Y. Wong's Comment on "The Future of Rice in Asia: Public and Private Roles"

■ David Dawe and C. Peter Timmer

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The authors have managed to distill some key elements and dimensions and shared their collective insights in a lucid and frank manner—including in some key areas where their thinking has morphed with the changing times and ecosystems—in the course of their involvement in the highest-level rice policy analyses and advisory work in many parts of Asia.

In their unique and strategic manner, I sense that their underlying intention is to provide some broad strokes on the canvas for others (especially those associated with AJAD and SEARCA¹) to add to and build on, and consider other elements or aspects and grow into something more substantive and holistic to guide the “future of rice in Asia,” while tracking and underscoring the potential transformative roles of the public and private sectors, moving forward.

Consequently, being one of the few who straddle the public, private, think tank, and international development agency aspects of rice supply and value chains and international trading networks, my comments and suggestions will be from a practitioner's perspective—drawn from realities in the field and initiatives that have been considered and tried by the private sector (largely,

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**The Future of Rice in Asia:
Public and Private Roles**
D. Dawe and C.P. Timmer

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1 SEARCA (Southeast Asian Regional Center for Graduate Study and Research in Agriculture) publishes AJAD (Asian Journal of Agriculture and Development).

but not solely, from my experiences in Malaysia, Myanmar, and further afield).

As “the times they are a-changin’,” what would the future of rice in Asia be like? And how would it be shaped with the recent trends of the merging of technology (some of which are already happening in agriculture, though not necessarily in rice); digital agricultural technology; big data analytics; artificial intelligence (AI); and the reshaping of trading arrangements and alliances; as well as reshaping of economic geography via cross-border corridors to something that has always been there—border trade—both official or unofficial (smuggling), innovative countertrade arrangements to by-pass somewhat the dominance of US Dollar (USD) in transactions as well as cushion the impact of USD exchange rate fluctuations. In short, in keeping up with the vastly changing context of technology, trade, policy, and geopolitics.

At the outset, it is worth recalling Tom Slayton’s mantra of “Rice is not rice, is not rice.” There are wide variations in the FOB or CIF² prices of different types of rice (for example, normal white rice, japonica, basmati, fragrant, and glutinous rice) and the grades within (5%, 10%, 15%). Also to consider is their country of origin (and at different times of the year), and the wholesale and retail prices in different states or provinces of a country. These would tend to render data generation and formulation of (and subsequent on-course corrections to) domestic rice price stabilization schemes and attendant monitoring and evaluation very hard.

It is also prudent to consider the “rice industry and rice trade and marketing unplugged,” especially from the perspective of the private sector, as well as highlighting the need to move away from the hitherto supply-driven and production-centric stance toward a more balanced and more holistic

one incorporating demand-driven considerations. This brings into play dimensions of demographic, nutrition, diet, and health considerations within the framework of value chains and trading networks, emphasizing value adding and multiple end-uses. Illustrative of this shift are Malaysia, a consistent rice importing country that have effectively elected to be a net importer of rice, leveraging on its small open economy and large trading nation status; as well as Myanmar, Asia’s forgotten “rice bowl” with the potential to “feed the future.”

Looking to the future, big data analytics, AI, 6G and satellite connection capabilities with smartphones, increasingly better targeted social safety nets, and innovative approaches involving the private sector (under some kind of P-P-P arrangements) may serve rice importing and exporting countries better and better.

It should also be noted that a key silver lining and lesson from the COVID-19 pandemic is that those nations that have recovered well and built back better (including Malaysia) are those that responded as a nation (whole of society), often involving some form of public-private-people (community) partnership (P-P-P-P) arrangements. This has proven that it can be done. There is also the lesson that “bubbles” can be formed to facilitate travel and trade. This idea can also be extended to and built upon for other dimensions in the future.

Despite increasing emphasis of private sector-led initiatives and various forms of public-private partnership (PPP) modalities (facilitated by governments), received literature overtly focus on “why do governments do what they do,” but very little on “why do the private sector do what they do,” or what motivates them. I have encountered many benign business entities and have found that the natural instinct of many Asian businessmen is cooperation over head-on competition (where winner takes all). They are generally open to strategic alliances, joint ventures (JVs) (including a precursor arrangement like “JV-at-the-door”³),

2 International trade terms used in shipping and pricing; international commercial terms that affect how rice prices are compared across markets: FOB - free on board; CIF - cost, insurance, and freight.

3 A junior partner trying to enter a market

especially if it is demonstrated to benefit not only the parties involved but also their respective countries. This leads us to consider some potential role of the private sector drawing from anecdotal evidence and ideas that practitioners have mulled over.

Counter trade. BERNAS⁴ counter traded milling equipment and machinery to upgrade MAPT mills⁵ against Myanmar rice. This led to BERNAS being the largest rice exporter of over 200,000 metric tons (t) from Myanmar in 2001. Yet, only 35,000 t ended up being exported to Malaysia, while the balance was exported to Indonesia, Bangladesh, and Sri Lanka, leveraging on the trading networks of its subsidiaries and JVs in rice exporting companies in Thailand and Pakistan.⁶

Incidentally, the exporter's margins from the Thailand and Pakistan JVs that basically enabled BERNAS to absorb the price pass-through of strategic types and grades of rice for over six months during the Asian Financial Crisis. When there was a sharp realignment of USD and Asian currencies, Malaysia averted the political backlash of sky rocketing prices experienced by other ASEAN countries like Indonesia and the Philippines.⁷

4 *Padiberas Nasional Berhad* (BERNAS) is Malaysia's state trading enterprise responsible for stabilizing the domestic rice market and ensuring national food security by importing rice under government policy.

5 MAPT - Myanmar Agricultural Produce Trading; state enterprise under Myanmar's Ministry of Commerce. MAPT mills are government-operated rice mills.

6 These JVs provided BERNAS a learning platform for the intricacies of international rice trade and means of striking strategic cooperation between exporters and importers.

7 This underscores the effect and importance of exchange rate fluctuations against USD in which all rice are quoted FOB. Notice that during the Asian Financial crisis of 1997/98 the FOB price of rice was relatively stable but domestic prices skyrocketed in Indonesia and The Philippines, creating some civil unrest. Malaysia would have too. If not for private sector, BERNAS in this case, holding back the price pass through of certain grades of imported white rice (from Thailand and Pakistan) while allowing the prices of

BERNAS also countertraded Malaysian palm oil against rice with COFCO⁸ of China

Off-shore storage. This idea was mulled over by associates in Myanmar as it had the propensity of turning rice stockpiling from a normal cost center for rice importing countries, on account of quality and quantity losses, to a profit center through innovative trading arrangements leveraging on strategic trading networks. Unfortunately, this was not followed through on account of the 2021 coup.

Border trade. This is expected to increase significantly into the future, especially in continental Asia, involving rice supplied to China to meet its domestic needs as well as those served by the Belt and Road Initiative. This is coupled with cross-border economic corridors and the consequential reshaping of geography and trading networks into the future.

Relatedly, imagine the dampener on established analytical framework and analytics should rice trade no longer be solely denominated in US Dollar and the rise in the adoption of Digital RMB⁹ coupled with higher percentage of imports being border trade with significant increases of rice flows from Asian/ASEAN countries having land borders with China.

Lastly, as an adjunct to the Dawe and Timmer article coupled with the individually authored articles in last year's AJAD Special 20th Anniversary issue plus the hybrid knowledge event held on 3 February 2025 at the SEARCA Umali Auditorium where both the authors spoke coupled with related articles that have appeared in AJAD and SEARCA knowledge events and publications, it is hoped that AJAD and/or SEARCA can build on all these

better types and grades of rice to pass through, in the interest of the nation.

8 China National Cereals, Oils, and Foodstuffs Corporation

9 Also called e-CNY, digital yuan, or digital renminbi, RMB is China's central bank digital currency—a digital version of China's official currency, issued and regulated by the People's Bank of China.

and make the necessary arrangements to come up with either a special edition of AJAD and/or a book by SEARCA on the “Future of Rice in Asia” and the transforming public and private roles and other emerging dimensions in relation to the vastly changing context of technology, trade, policy, and geopolitics.