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ROUND-UP

- Largely driven by lower expectations in China, FAO has cut its April forecast of **global paddy production in 2011** by 1.5 million tonnes to 718.3 million tonnes (478.9 million tonnes, milled basis). The outlooks for Colombia, Nigeria and the United States also worsened, while they improved in Bangladesh, Egypt, Indonesia, Sierra Leone, Sri Lanka, Thailand and Viet Nam. At the revised forecast, world paddy production would be 17 million tonnes, or 2.5 percent, above the good 2010 outcome, striking a new record. The increase would arise from a 1.5 percent expansion of plantings to 164.7 million hectares and a 0.9 percent gain of yields to 4.37 tonnes per hectare. Although dependent on the unfolding of the monsoon rains in coming months, FAO's outlook for production in Asia remains favourable despite a downward revision since April. A sizeable increase of production in India is much behind an expected 2.5 percent expansion of output in the region, but larger crop are also anticipated in Bangladesh, Cambodia, China (Mainland), Indonesia, Iraq, DPR Korea, Thailand and Viet Nam. In addition, production is set to recover in the Chinese Province of Taiwan, the Republic of Korea, the Lao PDR, Myanmar and Pakistan, while it may fall in Japan and Sri Lanka. The outlook for production in Africa has been upgraded, now pointing to a 2 percent expansion. The increase primarily reflects expectations of steady growth in Western and Eastern Africa, while efforts to preserve water may keep output stable in Northern African countries (mainly Egypt) at a relatively low level. A contraction in Madagascar is behind expectations of a slight decline of production in Southern Africa. In Central America and the Caribbean, the sector is set to expand by 4 percent, driven by gains in Cuba, the Dominican Republic and Nicaragua, while output may fall in Costa Rica, Mexico and Panama. As for the 2011 season in South America, which is about to conclude, production prospects have improved. They now point to a 14 percent rebound from the 2010 contracted level, spearheaded by Brazil, with further increases expected in the other producing countries, except for Ecuador and Peru, which may witness a contraction. In North America, the outlook for the United States has continued to deteriorate since April, marred both by drought and widespread floods. By contrast, in Europe, positive results are forecast in the EU and in the Russian Federation. In Oceania, Australia is estimated to have harvested this season four times the level gathered in 2010.

- FAO's forecast of **2011 world trade in rice** has been raised by 1.4 million tonnes since April to 33.2 million tonnes (milled basis). The revision reflects larger than previously anticipated imports by Bangladesh, China, Indonesia, the Islamic Republic of Iran and Nigeria, which more than offset downward revisions in Colombia and the Philippines. On the export side, the adjustment reflects improved delivery prospects for Brazil, India, Thailand and Viet Nam, which outweighed poorer forecasts for China and the United States. At 33.2 million tonnes, trade in rice would be 6 percent larger than in 2010, surpassing the 2007 record. The anticipated growth would be primarily sustained by increased **imports** by Asian countries, many of which are trying to reconstitute stocks and stabilize domestic prices. Countries in Africa, Europe and North America are also expected to buy more, while abundant crops in Latin America and the Caribbean may depress deliveries to the region. From the supply side, the increase of trade is expected to be met by larger **exports** by Thailand, but the recent relaxation of restrictions in India may also boost the country's deliveries. Australia, Argentina, Brazil, Cambodia, Uruguay and Viet Nam, are all expected to ship more rice this year, but Egypt, Pakistan and the United States may export less.

- **Global rice utilization** in 2011-2012 is estimated to rise by 2 percent to 472 million tonnes (milled basis), 399 million tonnes to be consumed as food, that is, 7.4 million tonnes more than the previous year. An additional 61 million tonnes are expected to be destined to seeds, non-food uses and post-harvest losses, and 12.3 million tonnes to feed. Average **per caput food consumption** is forecast to rise by 1 percent to 57.1 kilos per year, with intake rising to 68.2 kilos in developing countries and remaining at around 12.2 kilos in developed countries.

- FAO has cut its forecast of **global rice inventories** at the close of the 2011/2012 crop years by 4.6 million tonnes to 145 million tonnes (milled basis) The revision is mainly imputable to downward adjustments of carryovers in China, the United States and Viet Nam. Under the current forecast, global rice stocks in 2012 would rise for the seventh consecutive year, to 145 million tonnes, 7.7 million tonnes above the opening level and the highest since 2001. As a result, the world rice stocks-to-use ratio is forecast to rise from 29.1 percent in 2011 to 30.0 percent in 2012. Increased holdings by the five major exporters are also expected to lift the exporter stock-to-disappearance ratio from 18.6 percent in 2011 to 19.9 percent in 2012.

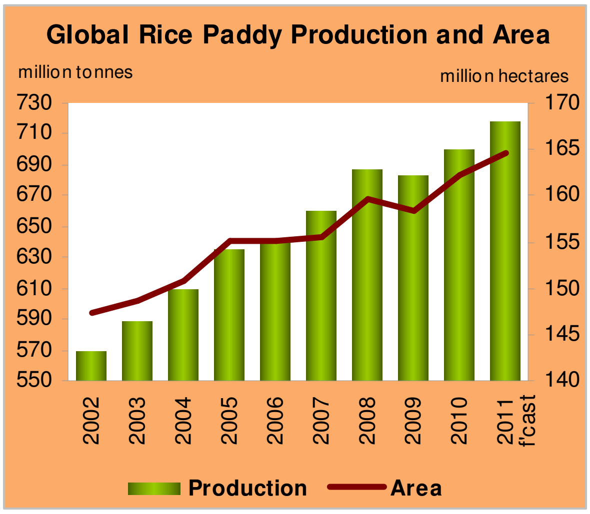
- Sustained pressure from newly harvested secondary crops slightly depressed **international rice prices** in May, the third consecutive month of decline. The downward price tendency reversed in June and remained positive in July sustained by a strengthening of Indica and Japonica rice quotes, compensating for a weakening of fragrant rice prices. The market rebound was mainly in reaction to a growing likelihood, of a re-introduction in Thailand of the rice pledging programme at higher prices, which could reduce the country's availability for export. Prospects for a sharp production cut in the United States also contributed to the renewed strength. Such impacts were somewhat mitigated by an announced relaxation of export restraints in India. In the coming months, international rice prices will be very much influenced by the progress of the 2011 paddy season in northern hemisphere countries and, in particular, by the performance of the south-west monsoon in Asia. Policy actions by governments and exchange rate movements will continue to play a critical role.

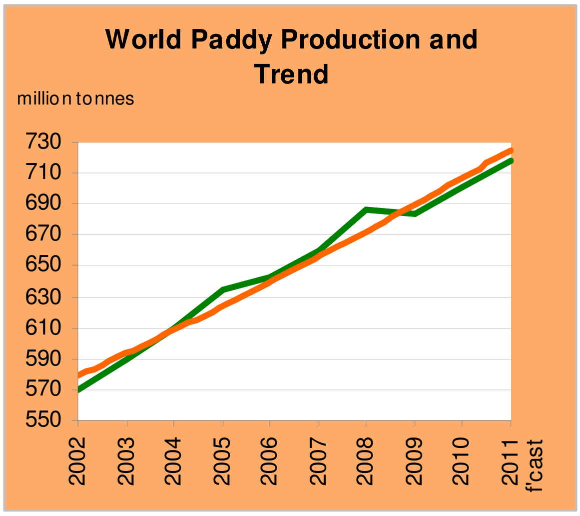
INFORMATION UPDATE AS OF 25 JULY 2011

I. PRODUCTION

Larger crops in Asia behind an 18 million tonne expansion of global paddy production in 2011

The 2011 main crops have already been collected in countries along and south of the equator, but the 2011 season[1] is still at an early stage of development in the northern hemisphere, where the most important producing countries are located, as some of them only started planting their crops in May/June. Since the release of the April issue of the RMM, FAO has cut its forecast of 2011 world paddy production by 1.5 million tonnes to 718.3 million tonnes. The reduction primarily reflects a less favourable outlook for China (Mainland), but figures for Colombia, Nigeria and the United States were also lowered. These downward revisions more than offset upward adjustments in Bangladesh, Egypt, Indonesia, Sierra Leone, Sri Lanka, Thailand and Viet Nam.





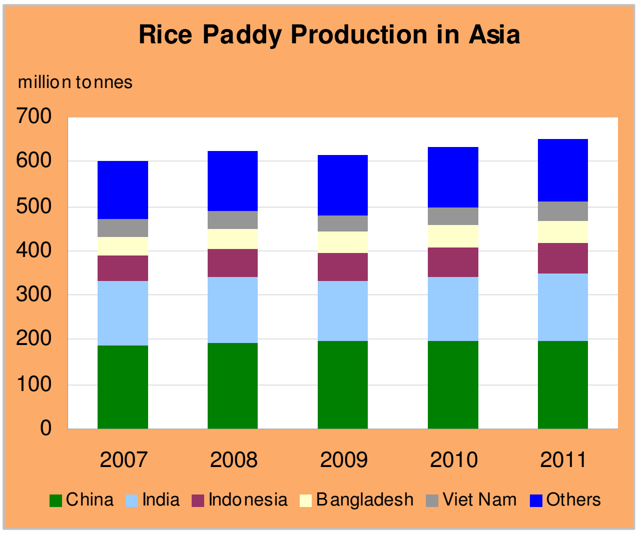
At the revised forecast of 718.3 million tonnes (478.9 million tonnes, milled basis), world paddy production would surpass the already good 2010 outcome by 18 million tonnes, or 2.5 percent, striking a new record. The increase reflects expectations of a 1.5 percent expansion of plantings to 164.7 million hectares and a 0.9 percent gain of yields to 4.37 tonnes per hectare. Asian countries are likely to account for much of the world production increase, although their performance will very much depend on the pattern of the monsoon rains, which are critical to the season's success in the region. Positive crop results are also anticipated in Africa, Latin America and the Caribbean, Europe and Oceania, but not in North America, where the United States is heading towards a sharp production decline.

[1] The 2011 rice production season normally includes rice from the main paddy crops whose harvests fall in 2011, to which rice from all subsequent secondary crops, if any, is added. In the case of northern hemisphere countries, this principle implies that production in 2011 comprises the main rice crop, which is usually collected in the latter part of the year, plus the volume obtained from the successive secondary crops, commonly harvested in the first half of 2012. In the case of southern hemisphere countries, production in 2011 normally comprises rice from the main paddy crops assembled in the first part of 2011, plus rice from the secondary crops, generally gathered in the latter part of 2011. This approach to assess rice production is applicable to any given season.

A. ASIA

2011 paddy production in Asia forecasted to grow by 2 percent

The arrival of monsoon rains in May/June has marked the beginning of the 2011 paddy season in several northern hemisphere Asian countries, which are now completing their main crop planting activities. Asian countries located south and along the equator line, have already harvested their main 2011 paddy crops. Although still preliminary, FAO's outlook for production in Asia remains favourable, pointing to a 2.5 percent expansion to 649.8 million tonnes (433.3 million tonnes, milled basis). A sizeable increase in **India** is expected to sustain this growth, but prospects are also positive in **Bangladesh, Cambodia, China (Mainland), Indonesia, Iraq, the Democratic People's Republic of Korea, Thailand** and **Viet Nam**. Furthermore, assuming a return to average growing conditions, production is expected to recover in **the Chinese Province of Taiwan, the Republic of Korea**, **the Lao People's Democratic Republic,** Myanmar and **Pakistan,** while it may fall in **Japan** and **Sri Lanka.**



FAO has upgraded its estimate of 2010 paddy production in **Bangladesh** by 630 000 tonnes to 50.9 million tonnes (33.9 million tonnes, milled basis), representing a 5 percent increase from the previous year. The revision follows reports of a bumper Boro harvest, now estimated to have risen by 4 percent to a record of 28.5 million tonnes (19.0 million tonnes, milled basis). The achievement was attributed to favourable growing conditions, improved access to inputs and public support to the sector. With the arrival of supplies into the market, the Government has renewed its assistance to producers by raising the Boro rice procurement price by 4 percent to Taka 29 per kilo (USD 409 per tonne).[2] Public agencies will be purchasing 600 000 tonnes of rice between June and September in a bid to replenish government reserves and supply public welfare schemes. In their effort to raise production, officials have also announced an accelerated seed distribution plan through 2015, while promoting use of local hybrid rice seeds. Assuming no major setbacks are incurred, these initiatives are expected to boost production from an estimated 50.9 million in 2010 to 51.6 million tonnes (34.4 million tonnes, milled basis) in 2011.

The 2011 season opened in **Cambodia** with the June planting of main paddy crops. FAO has maintained its production forecast for the country at 8.5 million tonnes (5.4 million tonnes, milled basis), up 250 000 tonnes from the excellent 2010 outturn. Greater financial assistance to the local milling industry, as part of efforts to capitalise on the country's export potential, is reported to have facilitated a marked increase in local purchases from farmers. The country's aim to boost irrigation capacity will be supported by a loan of USD 500 million from the Asian Development Bank, to be disbursed over 2011-13, which will add to assistance already

[2] All currency conversions are as on 1 July 2011.

availed by China. A USD 29 million package is also to be provided by France for the construction of a processing facility.

In **China (Mainland)**, the National Grain and Oils Information Centre has downscaled its semi-official estimate of the country's production in 2010 by 3.2 million tonnes since April to 195.8 million tonnes (134.1 million tonnes, milled basis), suggesting little change from the previous year. What is more, the outlook for paddy production in 2011 was cut by 6.4 million tonnes, as early rice crops, now at harvest stage, were negatively impacted by prolonged drought conditions over the Yangtze River Valley and subsequent torrential rains. Although important producing provinces, such as Hunan and Hubei, were affected, losses in this first crop of the season, which accounts for roughly 17 percent of national production, are expected to be compensated by greater output from the intermediate and late rice crops. As a consequence, officials anticipate that 197.6 million tonnes (135.4 million tonnes, milled basis) of paddy to be harvested in 2011, which would imply a small 0.9 percent increase from the revised 2010 figure.

Prospects are favourable in the **Chinese Province of Taiwan**, where harvest of the main paddy crop is about to conclude. On the basis of yield improvements, FAO sees overall production in the Province to meet its annual target, recovering by 3 percent to 1.54 million tonnes (1.1 million tonnes, milled basis). This season, producers will benefit from a TWN 3 increase in official procurement prices. These are offered to producers through three state purchasing programmes, the Guaranteed Purchase Program, the Guidance Purchase Program and the Surplus Purchase Program. Ahead of the institution of this measure, officials announced the release of 10 000 tonnes from public stocks to curb unexpected increases in local prices.

Taiwan Province of China: Government Paddy Purchase Prices

	Guaranteed Purchase Program Prices		Guidance Purchase Program Prices		Surplus Purchase Program Prices	
	Indica Rice	Japonica Rice	Indica Rice	Japonica Rice	Indica Rice	Japonica Rice
	NT$/kg					
2008	22	23	19	20	17.6	18.6
2009	22	23	19	20	17.6	18.6
2010	22	23	19	20	17.6	18.6
2011*	25	26	22	23	20.6	21.6

Source: Council of Agriculture (COA)-Taiwan Province of Taiwan
* Glutinous rice included

In **India**, the 2011 season was opened on 29 May, when the south-west monsoon rains reached the Kerala coast, three days in advance of its usual onset. While an early start to the seasonal rains would normally bode well for Kharif crops, currently at planting stage, the second forecast released by the India Meteorological Department (IMD) suggested that cumulative precipitation levels in the crucial June-September period could reach 95% of their long-period average, lower than the 98% range previously foreseen and a below-normal seasonal performance as a whole. Nonetheless, the geographic and temporal distribution of the rains often play a more decisive role than rain intensity in determining the outcome of the season, and water supplies in major reservoirs have been reported to be high relative to a year ago and their ten-year average. As a consequence, FAO has maintained its forecasts of output in India at 150.0 million tonnes (100.0 million tonnes, milled basis), 5 percent more than the 2010 revised level, largely based on expectations of an expanded area. Indeed, on 8 July, plantings stood 7 percent ahead of last year at 7.4 million hectares. In a bid to stimulate greater rice area coverage and to compensate for higher fuel and labour costs, officials have also raised minimum support prices by 8 percent.

India – Minimum Support Prices (MSP) for Paddy Rice (Rupees/tonne)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Common	5,800 1/	6,450 2/ - 8500	8,500 3/	9,500 4/	10,000	10,800
Grade 'A'	6,100 1/	6,750 2/ - 8800	8,800 3/	9,800	10,300	11,100

1/ Subject to an additional incentive bonus of Rs. 400 per tonne.
2/ Subject to an additional incentive bonus of Rs. 1,000 per tonne.
3/ Subject to an additional incentive bonus of Rs. 500 per tonne.
4/ Subject to an additional incentive bonus of Rs. 500 per tonne.
Source: Ministry of Agriculture, Department of Agriculture & Cooperation.

After the harvesting in June of the 2011 main crop harvest, the authorities in **Indonesia** have raised their production forecast for the season by 750 000 tonnes, pegging 2011 output at a 68.06 million tonnes (42.9 million tonnes, milled basis). At that level, production would be 2.4 percent higher than a revised 2010 output of 66.47 million tonnes (41.9 million tonnes, milled basis). What is more, the Indonesia Government has set out a series of measures geared at boosting local production to a self-sufficient level of 75.7 million tonnes by 2015. These include an allocation of Rupiah 16.3 trillion (USD 2.0 billion) to fund irrigation channels and reservoirs next year. In addition to continuing subsidies on fertilisers and other basic inputs, officials plan to rehabilitate 100 000 hectares for production in 2012. In addition, farmers having incurred harvest losses this season will receive a compensation of Rupiah 3.7 million (USD 444) per hectare of lost plantings.

In the **Islamic Republic of Iran,** crop-sowing activities were concluded in June. FAO has tentatively set the country's 2011 production forecast at 2.5 million tonnes (1.6 million tonnes, milled basis), unchanged from the good 2010 outcome, much as a reflection of strong official support to the sector. Indeed, further to promoting greater mechanisation of rice cultivation in the main producing province of Mazandaran through the provision of loans and equipment, authorities also protect the local industry by restraining imports during harvest time.

Prospects for 2011 production in **Iraq** are favourable, with FAO estimates suggesting a 2 percent increase to 190 000 tonnes (114 000 tonnes, milled basis), on the basis of yield improvements. As scarce water availability continues to constrain production in the country, officials announced that supplementary power allocations would be provided from mid-June to October to producers in Najaf and Diwaniya, to permit them to irrigate their paddy fields.

The production outlook is negative in **Japan,** where the 2011 harvest is not due until September. Reflecting area losses to the devastating March earthquake and ensuing tsunami in the pacific areas of the Tohoku district, FAO forecasts output in the country to decline by 3 percent to 10.3 million tonnes (7.5 million tonnes, milled basis). The reduction mirrors widespread damages to infrastructure, as well as massive loss of lives and population displacements that have severely disrupted economic activities in the region. Moreover, some 20 151 hectares paddy fields are officially assessed to have been damaged from floods and washout caused by the tidal waves. Further reports suggest that roughly 10 000 hectares may have been contaminated by radioactive emissions from the crippled nuclear plants in the Fukushima prefecture. So, in spite of the scale of the disaster, overall output losses are expected to be limited, with production in non-affected areas compensating for part of the shortfall. Fears of supply shortages are reportedly still putting upward pressure on local wholesale prices. Meanwhile, in July, the Japanese authorities approved the resumption of rice futures trading, reversing a prohibition upheld since 1939. Accordingly, the Tokyo Grains Exchange and the Kansai Commodities Exchange are expected to begin listing rice contracts on a two-year trial basis, in the coming months.

Farmers in the **Democratic People's Republic of Korea** are still busy planting the season's main crop, for harvest in September. On expectations of improved growing conditions, FAO has maintained the production forecast at 2.5 million tonnes (1.6 million tonnes, milled basis), implying a 1 percent gain from the previous year.

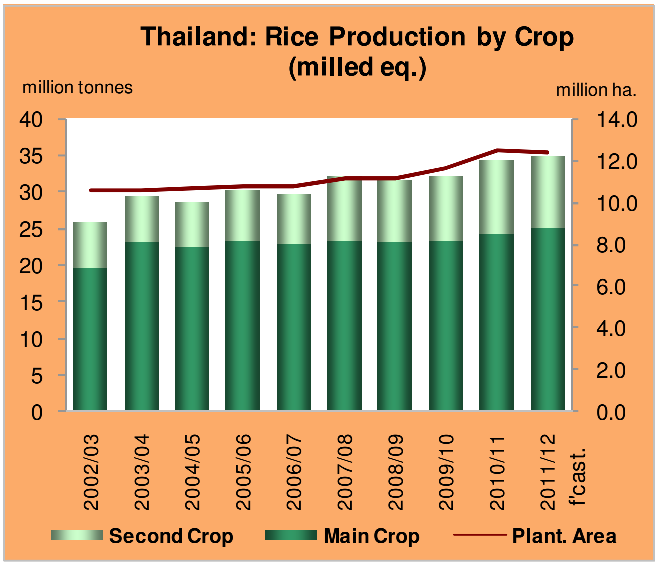
A return to average growing conditions is anticipated to enable the **Republic of Korea** to recuperate part of the weather-induced losses endured last season. The country is now expected to harvest 6.0 million tonnes (4.4 million tonnes, milled basis) of paddy in 2011, up 3.4 percent from the previous year but still short of 6.6 million tonnes (4.9 million tonnes, milled basis) produced in 2009. Indeed, excess supplies, which have plagued the sector for consecutive years, continue to depress producer prices. Authorities in the country are reportedly aiming to divert 40 000 hectares of rice fields cultivated to other crops by 2013, in a bid to trim rice production by an estimated 200 000 tonnes annually. To promote adherence to the programme, farmers will be provided with a Won 3.0 million per hectare (USD 2 820 per hectare) incentive.

Likewise, assuming a more normal pattern to the seasonal rains, paddy production in the **Lao People's Democratic Republic** is anticipated to recover from last year's reduced level by 3 percent to 3.1 million tonnes (1.9 million tonnes, milled basis). According to reports, the authorities want to boost paddy production to 4.2 million tonnes (2.5 million tonnes, milled basis) over the coming years, to enable the country to export up to 1.0 million tonnes of rice per year by 2015. Meanwhile, the season has just started in **Myanmar** with the June planting of the main paddy crop. Based on an anticipated expansion of the area coverage, the country is forecast to gather 31.0 million tonnes (19.5 million tonnes, milled basis), 1 percent above the 2010 estimate.

Sowing of 2011 crops was completed in July in **Pakistan.** FAO's production forecast for the country remains favourable at 10.0 million tonnes (6.7 million tonnes, milled basis), 1.7 million tonnes above the 2010 outcome, which was severely affected by devastating floods. Planting activities are reported to be unfolding well in the country, even though some producers were reported switching to cotton cultivation on expectations of more favourable returns. Growing conditions are particularly favourable in the main Basmati region of Punjab, where good water availability from abundant rains received so far and improved soil moisture are expected to enhance productivity this season. In addition, farmers are being supported with subsidised machinery and inputs, as well as technical training...

In the **Philippines,** the 2010 paddy season (July 2010 / June 2011) concluded with the harvest in June of the dry season crop. In their latest assessment, officials have validated expectations of a bumper secondary harvest, which, benefiting from above normal rainfall and in spite of some localised infestations is assessed to have expanded by 15 percent to 7.61 million tonnes (5.0 million tonnes, milled basis). Combined with already good main crop results, production in 2010 is now estimated at 16.8 million tonnes (11.0 million tonnes, milled basis), 8 percent above the 2009 contracted level. As to the 2011 season, FAO has maintained its forecast of production in the country at 17.3 million tonnes (11.3 million tonnes, milled basis), up 3 percent from the 2010 estimate. Based on a survey of planting intentions, farmers are to bring 958 000 hectares under paddy between July and September, which would stand out as a 36 percent year-on-year increase. To support planting activities the Government will provide seeds, credit, marketing assistance and enhance irrigation capacity under the National Rice Program, for which a budget of Pesos 5.2 billion (USD 121 million) has been allocated. In addition, with the objective to reach a self-sufficient level of 21.1 million tonnes by calendar 2013, officials have announced a Pesos 16.0 billion (USD 372 million) package to provide farm machinery and boost drying and milling capacity.

By contrast, prospects are negative in **Sri Lanka,** where heavy rains and recurring floods inflicted significant losses to the main 2011 Maha crop early this year. By June's end, the secondary Yala crop, due for harvest in September, was officially reported to be progressing well, with plantings estimated at 501 017 hectares, 2.0 percent above last year's level. With Maha losses anticipated to be partly compensated by a larger Yala crop, production in 2011 is forecast at 4.23 million tonnes (2.9 million tonnes, milled basis),l only 2 percent short of the 2010 record and 16 percent above the country's five-year average of 3.66 million tonnes. Much of the output increases witnessed in recent years mirrors land rehabilitations in north and eastern provinces, following the cessation of hostilities, as well as support provided to producers in the form of subsidised fertilisers and state purchases.



According to new official figures released in June, the 2010 season in **Thailand,** concluded with a record harvest of 34.5 million tonnes (22.8 million tonnes, milled basis), 2.9 million tonnes more than previously reported and 7 percent above the 2009 level. Reversing earlier expectations of a decline due to early season drought and widespread floods, the main crop, which was harvested over the late last year, is estimated to have increased by 5 percent to 24.3 million tonnes (16.1 million tonnes, milled basis). In addition, sustained by gains in northern and central producing areas, the secondary crop, collected in April, is also gauged to have yielded a record 10.1 million tonnes (6.7 million tonnes, milled basis), 14 percent more than the previous year. As for the 2011 main paddy crop, planted between May and June, officials foresee it to increase by 3 percent to 25.1 million tonnes (16.6 million tonnes, milled basis) owing to steady yield improvements. On this basis and on expectations of favourable producer prices, FAO now anticipates paddy output to reach 35.0 million tonnes (23.2 million tonnes, milled basis) over the full 2011 season, some 500 000 tonnes more than the revised figure in 2010.

Indeed, the 3 July election of the Pheu Thai party into Government has ascertained the reinstatement of the Paddy Mortgage Scheme to replace the Price Insurance Scheme operational since 2009/2010. Although details behind the implementation of the programme have to emerge, the new administration is keen to raise producer prices. Based on electoral commitments made, prices are to be set at Baht 15 000 (USD 500) per tonne for white paddy and at Baht 20 000 (USD 667) per tonne for fragrant paddy varieties. These compare with market prices in June of Baht 9 000 (USD 300) per tonne for white paddy rice, and Baht 16 000 (USD 534) per tonne for fragrant rice. An additional credit card scheme, aimed at enabling producers to purchase fertilizers and other basic inputs at favourable rates are to supplement the programme. Financial assistance to farmers via a three-year moratorium and debt restructuring has also been pledged.

The season is far more advanced in **Viet Nam**, where the winter-spring crop, the most important of the three paddy crops cultivated in the country, has already been harvested and farmers are now busy collecting summer-autumn crops. The winter-spring harvest is officially reported to have concluded favourably, with 19.5 million tonnes of paddy gathered (13.0 million tonnes, milled basis), 1.4 percent more than the previous year, mainly based on productivity improvements. Notwithstanding localised pest attacks, prospects are also favourable for the ongoing second harvest. On these bases and assuming no major setbacks are incurred, the country is foreseen to produce 41.0 million tonnes (27.3 million tonnes, milled basis) in 2011, in line with the official target and 3 percent above the 2010 outcome. Meanwhile, with domestic prices holding firm due to brisk export demand, the Government is reported to have shelved plans to purchase an additional 1.0 million tonnes of summer-autumn paddy from local markets at a price of VND 5 000 per kilo (USD 250 per tonne).

B. AFRICA

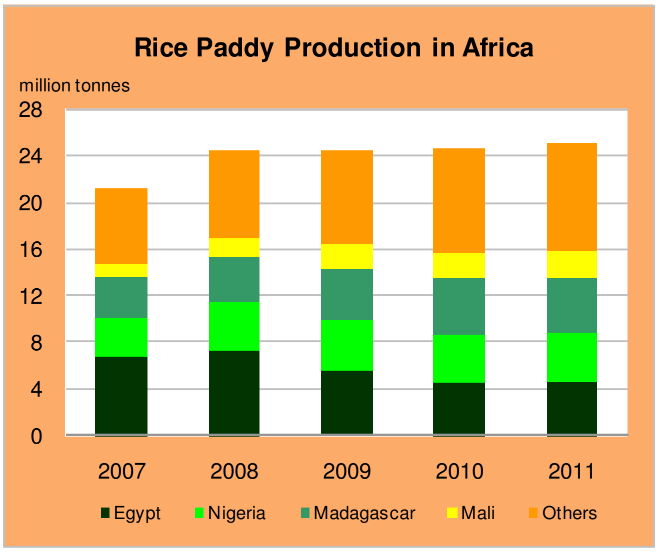
2011 production in the region forecast to grow by 2 percent

At this time of the year, the 2011 paddy crops in **Africa** are at various stages of development. While southern areas of the continent have already harvested the season's main crops, northern and western African countries have just completed planting. The production outlook for the region has been upgraded by 400 000 tonnes since the previous issue of the RMM, now pointing to a likely 2 percent output expansion from the previous year to 25.1 million tonnes (16.4 million tonnes, milled basis). The increase primarily reflects expectations of continued growth in western African countries, but also of larger crops in eastern parts of the region. Gains in these areas are now expected to more than compensate for a small decline in Southern Africa, while efforts to preserve water may keep output in Northern Africa stable at a relatively low level.

In ***Northern Africa,*** producers in **Egypt** have concluded planting the 2011 main paddy crop, which will not be harvested until September. FAO has raised its April production forecast for the country by 200 000 tonnes to 4.5 million tonnes (3.1 million tonnes, milled basis), unchanged from the 2010 outcome, but well below the 7.3 million tonnes produced in 2008. Indeed, the Caretaker Government has maintained the policy to keep rice planting within the

1.1 million feddans (462 000 hectares) limit and the ban on rice exports, in a bid to save scarce water resources. Nonetheless, whether plantings will remain around last year's constrained level is questionable, as high local prices provide strong incentive for producers to breach restrictions.

The 2011 season in ***Western Africa*** was launched with the April arrival of rains over the region. Crops are reported to be progressing well so far, particularly in the countries situated in the Gulf of Guinea, which have witnessed an early start of the season with above-normal precipitation. Assuming no major disruption to crop development over the coming months, FAO forecasts 2011 production in the sub-region to hover around 12.9 million tonnes (8.2 million tonnes, milled basis), 4 percent above the excellent 2010 outturn and the fourth consecutive year of expansions. Gains are expected to be widespread, with **Benin, Burkina Faso, Chad, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Nigeria, Senegal** and **Sierra Leone** all expected to harvest larger crops, while **Cote d'Ivoire** may face a contraction.



Rice production in western Africa has registered dynamic growth in recent years, relying, to a large extent, on donor investments and government re-engagement in agriculture, often through initiatives launched in the aftermath of the 2008 food price crisis. The Programme d'Urgence d'Appui à la Sécurité Alimentaire (PUASA) in **Benin**, the Rice Initiative in **Mali** and the GOANA Initiative (Grande Offensive Agricole pour la Nourriture et l'Abondance) in **Senegal**, all of which provide subsidised inputs, machinery and credit to producers, are examples of self-sufficiency targeted programmes. In **Ghana** and **Mali,** state enterprises offer additional support through the purchase and marketing of the local produce. Based on sustained area expansions, the two countries are currently foreseen to harvest 540 000 tonnes (324 000 tonnes, milled basis) and 2.35 million tonnes (1.6 million tonnes, milled basis), respectively in 2011. In **Nigeria,** the largest rice producer in the sub-region, the Government has recently renewed its commitment to reach self-sufficiency by 2015 and eliminate imports of key products, including rice and fertilisers. In recent years, public assistance to the Nigerian rice sector has concentrated on the promotion of NERICA varieties and on boosting rice processing capacity. Assuming normal growing conditions, FAO anticipates Nigeria to produce 4.3 million tonnes (2.6 million tonnes, milled basis) in 2011, up from a revised estimate of 4.2 million tonnes (2.5 million tonnes, milled basis) in 2010. In **Sierra Leone,** the authorities are seeking to boost productivity by enhancing access to inputs and to reduce post-harvest losses through the Smallholder Commercialization Programme launched in 2010 with external support. Based on their latest assessment, in 2010, the country gathered a record 1.0 million tonnes of paddy (617 000 tonnes, milled basis), 16 percent more in 2009. Officials expect the excellent performance to be replicated in 2011, with 1.2 million tonnes (710 000 tonnes, milled basis) forecasted to be produced.

In ***Eastern Africa***, the sector is expected not only to repeat the good production results of last year but even to outperform them by 2.3 percent to 1.9 million tonnes. This positive outlook is in spite of the drought that has assailed the horn of Africa, in particular**, Somalia, Ethiopia** and **Kenya** since April, which is having much stronger effects on rainfed crops and on livestock than on rice. Indeed, Somalia, the country most affected, grows little rice, while reliance on irrigation has shielded the crop from the effects of the drought in Ethiopia and Kenya.

The outlook is even positive in **Kenya,** where some 50 000 tonnes (33 000 tonnes, milled basis) might be harvested this season, up from a revised estimate of 45 000 tonnes (29 000 tonnes, milled basis) in 2010. The Kenyan Government has renewed its efforts to raise irrigation coverage in the country, in line with measures outlined in the 2009 Economic Stimulus Programme. Under its budgetary allocations for the year, Shilling 1.2 billion (USD 13.2 million) will be used to support the expansion of the Mwea irrigation scheme. This expansion in irrigation capacity, together with financial support from Japan and the World Bank, is expected to boost paddy production over the coming five years.

Endeavours to rehabilitate irrigation infrastructure are also ongoing in **Rwanda,** where, this year a set of regulations have been launched. Geared at guiding rice trading and processing in the country, they require actors along the value chain to meet certification, storage, packaging and quality standards. FAO currently anticipates the 2011 crop in the country to yield some 81 000 tonnes (54 000 tonnes, milled basis), 22 percent more than a reduced 2010 harvest.

Meanwhile, the 2011 production forecast in the **United Republic of Tanzania** remains at 1.4 million tonnes (910 000 tonnes, milled basis), unchanged from the previous year. Indeed, although erratic rainfall impeded transplanting of paddy crops in central producing areas, especially Shinyanga, Tabora and Dodoma, a good harvest is prospected in Central Corridor districts, thanks to a Swiss-funded yield-enhancing project. Meanwhile, with inflationary pressure arising as a serious concern, further to reinstituting a ban on cereal exports, the Tanzanian Government has announced its intentions to reduce levies on fuel and provide tax exemptions on rice processing machinery.

In ***Southern Africa***, the main 2011 paddy crops have already been harvested. FAO anticipates overall output in **Madagascar,** the largest producer in the region, to decline slightly to 4.7 million tonnes (3.15 million tonnes, milled basis), down from 4.8 million tonnes in 2010. Although plantings were delayed in northern areas due to tardy rains, the reduction mainly follows losses in the south-eastern parts of the country, which were hit by the passage of cyclone Bingiza in February. On the other hand, given climatic forecasts pointing to a regular rainfall pattern in the months to come, prospects for secondary crops are positive, even though, concerns over a potential locust outbreak have emerged in south-western provinces. Conversely, in **Mozambique,** the 2011 harvest is forecast to amount to 190 000 tonnes (127 000 tonnes, milled basis), implying a 6 percent area-driven recovery from the poor 2010 crop.

C. CENTRAL AMERICA AND THE CARIBBEAN

Early prospects for 2011 crops in the sub-region remain favourable

With the start of the Atlantic Hurricane season, which runs from 1 June to 30 November, rains have reached Central America and the Caribbean, putting an end to the lingering drought that has prevailed in much of the sub-region for many months and launching the new paddy season. According to most Climate Prediction Centres, this year, the hurricane season is likely to be particularly active, with some foretelling that tropical cyclone activity could exceed the 1950–2010 average by as much as 40 percent. This could result in more than usual formation of storms, hurricanes, and major hurricanes in the Atlantic during 2011, but their impact on paddy production in the sub-region is highly uncertain.

Notwithstanding some early season dryness reported in several countries, prospects for the sub-region remain favourable, with 3.0 million tonnes (2.0 million tonnes, milled basis) forecasted to be harvested, 4 percent more than a revised 2010 estimate. The increase largely reflects expectations of gains in **Cuba,** the **Dominican Republic** and **Nicaragua,** but also in **Guatemala, Honduras** and **El Salvador**, outweighing declines mainly in **Costa Rica, Mexico** and **Panama.**

Government efforts to phase out price support measures in **Costa Rica** are causing much uncertainty to the sector, which may result in production falling by 5 percent in 2011 to 270 000 tonnes (176 000 tonnes, milled basis). This would still be a positive outcome, exceeding the average performance in the past five years by 12 percent. The good crops harvested in recent seasons even created downstream problems, amid limited storage and processing capacity.

In **Cuba,** larger plantings and yield improvements are anticipated to boost production to 510 000 tonnes (340 000 tonnes, milled basis) in 2011, up from an official estimate of 454 000 tonnes in 2010 (303 000 tonnes, milled basis). The upturn is expected to be facilitated by a return to normal growing conditions, as, by June's end, the prolonged dryness that had induced a 19 percent decline in 2010 was reported to have subsided. Since then, most rice producing regions have benefited from rains and good sunshine. This year, the Vietnamese Government has renewed its assistance to Cuba and launched a new programme to support seed production, research and capacity building, while also providing machinery.

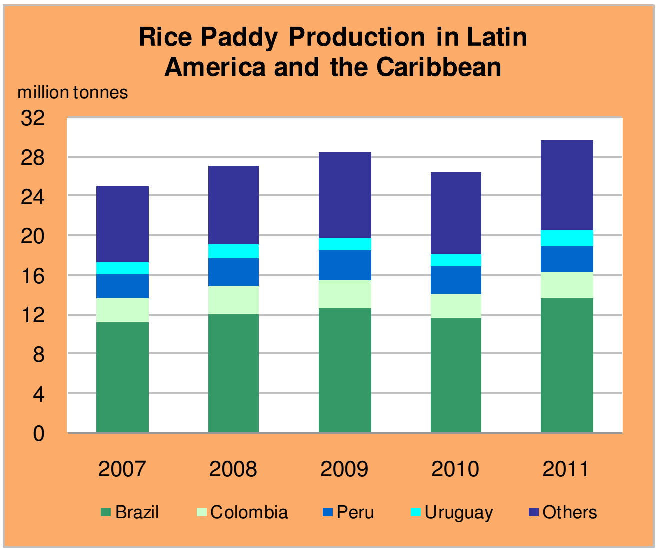
Prospects are likewise favourable in the **Dominican Republic**, notwithstanding the prevalence of dry conditions over producing areas early in the season, FAO estimates the 2011 crops, which are mainly irrigated, to total 900 000 tonnes (594 000 tonnes, milled basis), 3 percent more than the previous year. Further to receiving support through a state funded warehouse receipt programme, the industry has also negotiated a Pesos 200 increase in producer prices to compensate for rising production costs. Prices now stand at Pesos 2 100 per fanega (USD 558 per tonne), with authorities assessing that this level would permit type A rice to be marketed to consumers at no more than Pesos 21 to 22 pesos per pound (USD 1.2-1.3 per kilo).

The production outlook is negative in **Mexico,** where a retrenchment in plantings and depressed yields may induce an 8 percent output decline to 230 000 tonnes (153 000 tonnes, milled basis). In addition to increased financial constraints faced by the industry, this season plantings are reported to have been negatively impacted by severe drought conditions prevailing over most of the country since October last year.

In **Nicaragua,** 2010 production figures have been revisited, now pointing to an overall output of 454 000 tonnes (295 000 tonnes, milled basis), 64 000 tonnes more than reported earlier and a 36 percent annual expansion. Based on an anticipated sustained growth in plantings, the country is now forecast to collect 500 000 tonnes (325 000 tonnes, milled basis) in 2011. Under the 2011-2012 National Production Plan, producers will receive support through forward purchases, while authorities will also subsidise inputs and promote the production and use of certified seeds.

D. SOUTH AMERICA

Record crops expected in several South American countries



The 2011 season is fairly advanced in South American countries, most of which have already collected their 2011 main crops. The production outlook for the sub-region has been upgraded by approximately 400 000 tonnes since the last issue of the RMM to 26.7 million tonnes (17.9 million tonnes, milled basis), which represents a 14 percent rebound from the 2010 contracted level. Although a bumper 2011 crop in **Brazil** accounts for much of this recovery**, Argentina** and **Uruguay** are similarly concluding the season with record performances. Prospects are also favourable in **Bolivia**, **Chile, Colombia, Guyana, Paraguay** and **Venezuela**, while bad weather conditions look set to depress output in **Ecuador** and **Peru**.

Gathering activities of 2011 crops have been completed in **Argentina.** The production forecast for the country has been revised upwards by 220 000 tonnes to a new high of 1.72 million tonnes (1.2 million tonnes, milled basis), implying a 500 000 tonne recovery from the 2010 crop. The season's record achievement was made possible by good weather conditions and ample water availability, which encouraged producers to expand plantings by 40 000 hectares to 256 000 hectares and boosted yields by 20 percent to 6.9 tonnes per hectare. Yet, as supplies from newly harvested crops reach markets in the region, the sector is reported to face un-remunerative prices. These, compounded by greater overall production costs, have raised questions as to whether the excellent performance achieved this season will be replicated in coming years.

In **Bolivia,** in spite of weather problems early in the season, output in 2011 is expected to rise by 12 percent to 580 000 tonnes (398 000 tonnes, milled basis), 130 000 tonnes more than previously anticipated. Under the Law of Productive, Communal and Agricultural Revolution approved in June, the Bolivian Government has included rice amongst a set of products deemed strategic for food security. The Government recently approved legislation, which aims to provide an overall framework to guide the achievement of the national food sovereignty. It foresees a progressive roll out of a subsidised universal agrarian insurance programme which, in the early stages of implementation, will prioritise coverage of vulnerable smallholders. In addition to setting out measures to raise rural credit flows, authorities have envisaged the creation of various state enterprises to advance seed and fertiliser production, as well as to provide technical training.

The latest official forecast of production in **Brazil** has confirmed expectations of a record 2011 harvest of 13.7 million tonnes (9.2 million tonnes, milled basis). The 18 percent recovery from the poor 2010 performance was primarily supported by higher yields, a reflection of good growing conditions and extended cultivation in the high-yielding state of Rio Grande do Sul. The ensuing weakening of producer prices, however, has emerged as a problem to the industry. Among the various strategies to respond to the surplus situation and to dispose of surplus produce, the industry is reported to be considering channelling greater volumes of rice to the animal feed industry and even embarking on projects to manufacture ethanol from rice deemed unsuitable for human consumption.

Brazil Paddy Production by Region in 2010 and 2011 (for Brazil: 2009/10 and 2010/11 crops)

	Area ('000 ha)			Yields (kg/ha)			Production ('000 tonnes)		
	2010	**2011**	**% Change**	**2010**	**2011**	**% Change**	**2010**	**2011**	**% Change**
Total	**2765**	**2858**	**3.4**	**4218**	**4805**	13.9	**11 661**	**13 733**	**17.8**
North	387	414	6.9	2 628	2 760	5.0	1 018	1 142	12.2
Northeast	670	682	1.8	1 226	1 928	57.3	822	1 316	60.2
Centre-West	364	353	-3.0	2 981	3 132	5.1	1 085	1 105	1.9
South East	73	57	-21.9	2 599	2 646	1.8	190	151	-20.4
South	1 270	1 352	6.4	6 728	7 410	10.1	8 547	10 019	17.2

Source: "Brazilian Crop Assessment - Grain - Crop 2010/11 - Tenth Assessment – July 2011" (CONAB)

Prospects are favourable in **Chile,** where collection of 2011 crops was completed in April. Based on official assessments, 138 000 tonnes of paddy (93 000 tonnes, milled basis) were collected this season, a 46 percent yield-driven upturn from the previous year.

Harvest of the main 2011 summer crops is underway in **Colombia**. The production outlook for the country remains favourable, with a slight area expansion driven by improved price prospects, and increased yields officially forecasted to boost production to 2.5 million tonnes (1.7 million tonnes, milled basis), 4 percent above a revised 2010 outcome. Still, concerns exist about the spread of a rice disease[3], which, in June, pushed the authorities to declare a six-month nationwide phyto-sanitary emergency. Its outburst is being attributed to the back-to-back occurrence of El Nino and La Nina episodes, but also to the use of uncertified seeds and bad agricultural practices. Meanwhile, the Rural Development Equity Programme was recently launched as a substitute to the Agriculture Guaranteed Income Fund. Under the new programme, the Government will allocate Pesos 500 billion (USD 280 million) in 2011 for credit, irrigation/drainage works and technical assistance, with priority being given to small and medium size foodstuffs producers.

By contrast, the outlook is negative in **Ecuador,** where the main winter crops have already been gathered**.** Mirroring area and yield losses to prolonged drought conditions, FAO

[3] *Vaneamiento de la espiga.*

anticipates 2011 output to contract by 13 percent to 1.4 million tonnes (798 000 tonnes, milled basis). Nonetheless, producers will benefit this year from an 11 percent increase of minimum prices in May, to USD 31 per sack of 90.72 kilos (USD 342 per tonne).

In **Paraguay,** the 2011 main crop, gathered in March, is estimated to have amounted to 330 000 tonnes (231 000 tonnes, milled basis), an increase of 5 percent from the previous year sustained both by yield improvements and greater area coverage, as the season is reported to have unfolded under favourable conditions. However, the recent drop of prices resulting from the gathering of bumper crops in the sub-region has become a matter for concern by the industry.

Instead, prospects are negative in **Peru**, where plantings were constrained by dry conditions and insufficient water supplies for irrigation. As a result, FAO forecasts output to decline to 2.7 million tonnes (1.8 million tonnes milled basis), 5 percent below the already depressed 2010 outcome.

With the May completion of harvesting in **Uruguay,** the estimate of production in 2011 has been upgraded by 150 000 tonnes to an all time record of 1.65 million tonnes (1.2 million tonnes, milled basis)**.** This level, which represents an exceptional 500 000 tonne expansion from the previous year, was sustained by ample water availability and good weather conditions, which permitted plantings to expand by 22 percent to 195 000 hectares and yields to rise by 18 percent to an average of 8.4 tonnes per hectare.

Prospects for the sector are favourable in **Venezuela,** where the first crop of the season has already been collected. For the full 2011 season, 1.1 million tonnes (770 000 tonnes, milled basis) are expected to be gathered, 22 percent more than the previous year’s weather reduced crop. On expectations of a return to normal growing conditions, the recovery is anticipated to reflect expanded plantings and official efforts to assist the sector. In May, the Venezuelan Government approved a 30 percent increase in producer prices, which, effective 15 of August, will be set at Bolivars 2.02 per kilo of Type A paddy (USD 470 per tonne) and 2.0 per kilo of Type B Paddy (USD 466 per tonne). The price rise would come on top of other government initiatives to avail farmers with basic inputs and machinery.

E. NORTH AMERICA, EUROPE AND OCEANIA

Production in the United States forecast to fall to its lowest since 1998

In ***North America***, crop-planting activities were completed in June in the **United States**. The production outlook for the country has continued to deteriorate since April, as prospects have been marred by drought conditions in Texas and southwest Louisiana, as well as by widespread floods along the Mississippi River in April. In Louisiana and Texas, the situation has been further compounded by salt-water infiltration, with California reported to be the only rice growing state set to expand plantings, thanks to favourable weather conditions and good water availability for irrigation. Based on a July survey of plantings released by the USDA, the setbacks afflicting the sector may translate into a 26 percent decline in area planted to 1.08 million hectares. As a result and in spite of an anticipated recovery in yields, output is officially expected to fall by 23 percent to 8.5 million tonnes (6.0 million tonnes, milled basis), the lowest since 1998.

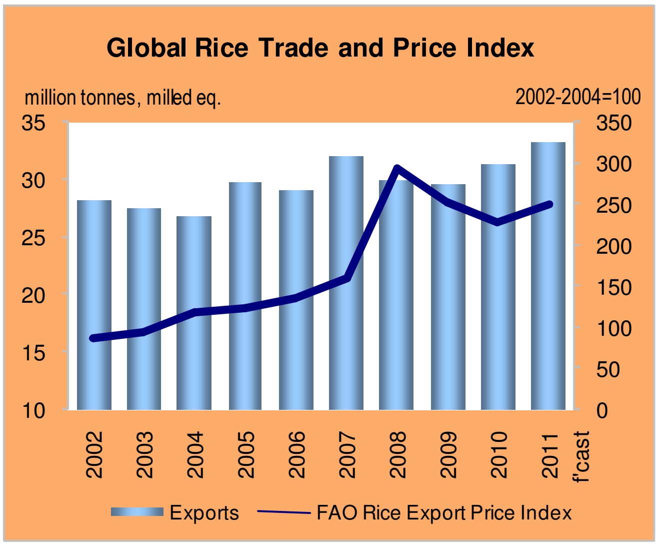
In ***Europe***, producing countries in the **EU-27** zone completed the sowing of their 2011 crops around May. The area is currently anticipated to harvest 3.2 million tonnes (1.9 million tonnes, milled basis) overall, 3 percent more than the previous year, largely based on improved yields. In Italy, the region's largest producer, planting activities this season are reported to have unfolded under warm and dry conditions. Although area coverage is expected to decline slightly, yield recoveries from last year's weather depressed levels are currently expected to push Italy's production up by 2 percent to 1.6 million tonnes (960 000 tonnes, milled basis). Likewise, Spain is foreseen to gather a larger crop of 945 000 tonnes (567 000 tonnes, milled basis). Prospects are also favourable in the remaining EU producing countries, namely, Bulgaria, France, Greece, Portugal and Romania. Elsewhere in Europe, sustained area expansions may see the **Russian Federation** harvest 1.1 million tonnes (734 000 tonnes, milled basis) in 2011, 4 percent more than the previous year.

In ***Oceania***, the 2011 crop has already been collected in **Australia**. The latest official assessment issued by ABARE confirmed a sector's excellent performance of 807 000 tonnes (538 000 tonnes, milled basis), which compares with 197 000 tonnes in 2010. The fourfold recovery from lingering drought conditions was made possible by abundant supplies of water for irrigation, which permitted plantings to pass from 19 000 hectares in 2010 to 89 000 hectares this year.

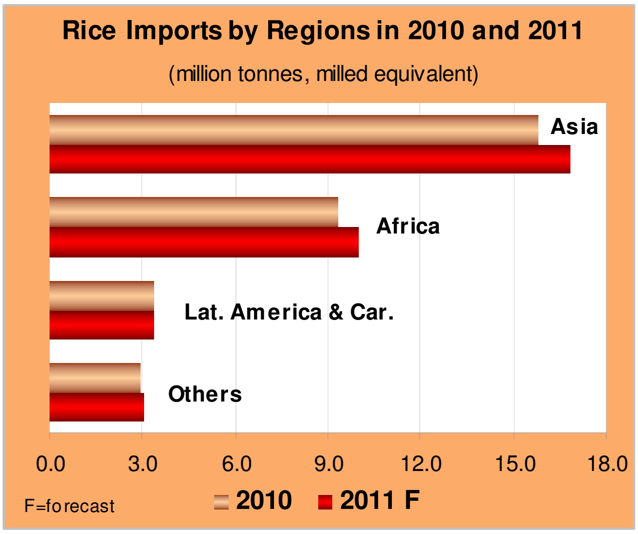
II. INTERNATIONAL TRADE IN RICE

Forecasts of 2011 international trade in rice raised to an all time record

Based on revised production figures and evidence of international rice flows to date, FAO's April forecast of 2011 world trade in rice has been upgraded by 1.4 million tonnes, and now stands at 33.2 million tonnes (milled basis). The revision stems from higher than previously anticipated imports by Bangladesh, China (Mainland), Indonesia, the Islamic Republic of Iran and Nigeria, which more than offset downward revisions to forecasts in Colombia and the Philippines. On the export side, the adjustment reflects improved prospects for sales by Brazil, India, Thailand and Viet Nam, which outweighed downgraded forecasts for China (Mainland) and the United States.



If confirmed, the new forecast level of 33.2 million tonnes would imply a 6 percent annual expansion in globally traded volumes, overtaking the 2007 record. Notwithstanding the favourable outlook for crops in the region, the anticipated growth is would be primarily sustained by greater demand from Asian countries, several of which have been engaged in large purchases in a bid to reconstitute stocks and quell upward pressure on domestic prices. Nonetheless, African, European and



North American countries are also expected to step-up imports over the course of the year, while abundant crops in Latin America and the Caribbean are likely to result in reduced deliveries to the region. From the supply side, much of this demand is expected to be met by larger deliveries by Thailand, although the recent relaxation of restrictions on common rice exports in India may enable the country to make an important contribution to this growth. Deliveries by Australia, Argentina, Brazil, Cambodia, Uruguay and Viet Nam, are also expected to rise, while Egypt, Pakistan and the United States may ship less.

Imports in 2011

Considerably larger purchases by Bangladesh and Indonesia to support growth in 2011 trade in rice, despite a marked reduction in the Philippines

Reversing earlier expectations of a decline in purchases, countries in ***Asia*** are now forecast to account for much of the growth in 2011 trade in rice, with deliveries to the region foreseen to reach 16.8 million tonnes, 6 percent more than in 2010 and 1.3 million tonnes more than previously predicted. The anticipated surge in imports is in spite of the favourable supply situation prevailing in most of the region. They are very much driven by concerns over food inflation, which are fostering large purchases in several countries in a bid to boost stockpiles and stabilise domestic markets. This is primarily the case of **Bangladesh** and **Indonesia,** which are forecast to considerably raise purchases over the year, but also **China (Mainland), the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Republic of Korea, Malaysia** and **Saudi Arabia** are expected to import more. By contrast, public efforts to cut reliance on foreign supplies could depress deliveries in the **Philippines** to their lowest since 2004. The **Chinese Province of Taiwan, Singapore, Turkey** and the **United Arab Emirates** are also expected to curtail purchases.

Faced with sharp increases in domestic prices, authorities in **Bangladesh** have taken active steps since mid-2010 to curb inflationary pressure and replenish stocks through imports. This is after high local prices had significantly constrained their ability to source supplies for public welfare schemes domestically. In the first semester of the year, the purchase drive culminated with a delivery of 1.1 million tonnes, which compares to 650 000 tonnes for the whole of calendar 2010. However, while the ban on the small quantities of rice generally exported has been renewed until 30 June 2012, officials have recently set out their intentions to reduce purchases over the course of the 2011-2012 marketing year, started in July, tentatively setting an import target of 800 000 tonnes. On these basis and anticipating a slower pace of purchases in the remainder of the year, Bangladesh is now forecast to take delivery of 1.5 million tonnes, 850 000 tonnes more than in 2010.

The 2011 rice import forecast for **China (Mainland)** now stands at 600 000 tonnes, 200 000 tonnes more than previously foreseen. The revision reflects large deliveries from January to May 2011, reported at 307 000 tonnes, which compares with 388 000 tonnes for the whole of 2010. Although 55 percent higher than in 2010, the 600 000 tonne import forecast still represents a mere fraction of the 5.3 million tonne preferential import quota allowed for the full year.

FAO has revised forecasts of 2011 imports to **Indonesia** following the release of official trade figures which indicate 1.2 million tonnes of rice were delivered to the country between January and March this year. The volume comprises part of a tariff free import quota allocated to Bulog to reconstitute stocks ahead of the 2011 main crop harvest. Moreover and in spite of the generally positive prospects for the 2011 domestic crop, authorities have recently signalled their intentions to purchase an additional 400 000-600 000 tonnes starting in September, in a bid to maintain public reserves at comfortable levels. Indeed, in early July, total Bulog was reported to hold 1.6 million tonnes in stock, which is below the 2.0 million tonne desired level. As a result, FAO now forecasts imports for the full year at 1.7 million tonnes, 700 000 tonnes more than the 2010 estimate and the highest since 2007.

During calendar 2011, **Japan** is forecast to import 700 000 tonnes of rice, unchanged from 2010 and sufficient to meet its WTO import quota. In fact, notwithstanding expected output losses to the devastating earthquake and ensuing tsunami that hit the country in March 2011, the country's ample reserves amassed during past seasons appear to be sufficient to fill the supply gap. In line with its international obligations, the **Republic of Korea** is foreseen to import 348 000 tonnes, up 13 percent year-on-year. As for the **Democratic People's Republic of Korea,** imports in 2011 remain forecasted at 155 000 tonnes, well above an estimate of 90 000 tonnes in 2010. Although figures are not readily available, the sharp decline in food aid deliveries from the Republic of Korea in recent years is reported to have resulted in increasing reliance of the Democratic Republic of Korea on China (Mainland) for supplies of both cereals and fertilisers.

Rice imports by **Malaysia** are foreseen to rise to 1.2 million tonnes in 2011, 29 percent above the 2010 low level. The supplies will be necessary to compensate for negative 2010 production results and will continue being sourced exclusively by BERNAS. Indeed, Malaysian authorities have this year extended until 2021 the monopoly right on rice imports that the entity holds. Although private in nature, BERNAS undertakes certain tasks on behalf of the Malaysian Government, which include domestic rice procurement activities and the maintenance of rice stockpiles.

Forecasts of rice imports by the **Philippines** have been lowered by 100 000 tonnes to 1.2 million tonnes, implying a 1.2 million tonne reduction from the previous year and the lowest level since 2004. Indeed, a good production performance, through confirmation of a bumper 2010 secondary crop, has encouraged officials to advance plans to sharply trim reliance on foreign rice. This is after only a limited volume of 886 000 tonnes was permitted for delivery earlier in the year, mostly by the private sector. Although much will still depend on the progress of 2011 paddy crops, still at very early stages of development, officials have recently announced an even more contained import target of 500 000 for 2012, mainly to reconstitute buffer stocks.

The 2011 forecast of rice purchases by **Sri Lanka** remains unchanged at 110 000 tonnes, 5 percent higher than the 2010 estimate. In spite of the anticipated fall of production in 2011, ample reserves are expected to keep the country from having to raise purchases even more.

In ***Near East Asia***, FAO has raised forecasts of 2011 deliveries to the **Islamic Republic of Iran** by 100 000 tonnes to 1.2 million tonnes, a 9 percent increase from the previous year. The growth in consignments is in spite of announced intentions to restrict rice imports during harvest time, much like in 2010, in a bid to protect the local industry. Similarly, **Iraq** is forecast to step-up purchases by 1 percent to 1.2 million tonnes, to meet growing requirements under the country's ration system, while imports by **Saudi Arabia** may amount to 1.15 million tonnes, 15 percent above the 2010 level on growing domestic consumption. Conversely, refurbished stocks from good seasonal results, may enable **Turkey** to cut purchases to 210 000 tonnes, down from an estimate of 400 000 tonnes in 2010. Deliveries to the **United Arab Emirates** may also fall 2 percent below the previous year's level to 600 000 tonnes.

Based on the latest estimates, overall rice deliveries to ***Africa*** may reach some 10.0 million tonnes in 2011, 7 percent more than 2010 imports. Indeed, several countries are anticipated to increase purchases to compensate for domestic production shortfalls. In particular, **Cameroon** is foreseen to boost imports by 45 percent to 450 000 tonnes. On supply shortages, deliveries to **Mozambique** may also rise by some 150 000 tonnes to 400 000 tonnes. Amongst the major destinations in the continent, imports by **Nigeria** and **Cote d'Ivoire** are forecast to remain close to last year's levels, in the order of 2.0 million tonnes and 900 000 tonnes, respectively. By contrast, rising domestic consumption may entail a 19 percent increase in imports by **South Africa** to 950 000 tonnes and an 11 percent rise in purchases by **Senegal** to 720 000 tonnes. Meanwhile, in June, **Kenyan** authorities extended the reduction to 35 percent of the import duty on rice from all origins for a further year, down from the 75 percent level applicable under the Common External Tariff of the East African Community. Facilitated by the measure, 2011 deliveries to the country are expected to increase by 9 percent to 380 000 tonnes. By contrast, larger inventories boosted by good harvests may permit **Burkina Faso, Chad, Gambia, Mali, Mauritania,** and **Sierra Leone** to reduce imports in 2011**.**

Aggregate shipments to ***Latin America and the Caribbean*** are forecast to fall by 1 percent to 3.4 million tonnes in calendar 2011. The decline mainly mirrors expectations of reduced shipments to one of the largest buyers in the region, **Brazil,** where a record 2011 harvest and low domestic prices may lead to a 23 percent fall in deliveries to 600 000 tonnes. Much as result of this reduction, combined import volumes by *South American countries*, are now expected to decline by 9 percent to 1.2 million tonnes. However, within the sub-region, a negative outlook for crops in **Colombia** and **Peru** is behind expectations of larger imports by the two countries, which might reach 40 000 tonnes and 130 000 tonnes, respectively; while, 2011 rice purchases by **Venezuela** may remain high, in the order of 300 000 tonnes. By contrast, overall consignments to *Central America and the Caribbean* are set to rise by 4 percent to 2.2 million tonnes. Deliveries to **Cuba** in 2011 may see a 12 percent rise to 560 000 tonnes, much of which likely to be met by supplies from Viet Nam. However, the country is also reported to have reached an agreement to receive up to 100 000 tonnes from Argentina, with the first consignment of 25 000 tonnes expected in September. Likewise, production shortfalls in **Mexico** may prompt the country to step up imports by 2 percent to 620 000 tonnes. Conversely, ample domestic supplies may enable **Nicaragua** and **Panama** to purchase less over the course of the year, while shipments to **Haiti** are expected remain in the order of 350 000 tonnes.

<u>Elsewhere in the world,</u> growing domestic demand is forecast to result in a 100 000 tonne increase in imports by countries in the **EU-27** zone to 1.2 million tonnes. Greater availability of local supplies, on the other hand, may lead the **Russian Federation** to reduce purchases by 6 percent to 200 000 tonnes. According to reports, half of this volume has already been contracted from Viet Nam through an agreement in May. Meanwhile, 2011 purchases by the **United States,** mainly composed of premium varieties from Thailand, India and Pakistan, are officially assessed in the order of 620 000 tonnes, up 10 percent from the 2010 low level.

Exports in 2011

India and Thailand mostly behind the forecasted expansion in global rice trade

Based on the latest estimates, global trade in rice in calendar 2011 is set to expand to 33.2 million tonnes, 6 percent above the 2010 level and 1.2 million tonnes more than the 2007 record. Much of the increase in world exports is expected to stem from **Thailand,** facilitated by a good harvest, but also **India**, where restrictions on non-basmati rice shipments were relaxed in July. Remaining a competitive source of rice, exports by **Viet Nam** are also forecast to rise to an all time high, while unprecedented large crops may enable **Argentina, Brazil** and **Uruguay** to raise shipments above last year's level. Increases in these countries are now anticipated to make-up for reductions in exports from **Pakistan** and the **United States**, both of which are expected to face tight availabilities. The continuation of the export ban in **Egypt** is likely to induce further cuts in exports by the country, whereas confirmation of a significant output recovery in **Australia** may see a revival of shipments by the country.

In **Cambodia**, increased financial support to millers is reported to have enabled a considerable rise in local supply purchases for processing locally and shipment to European markets, where the country enjoys preferential access under the "everything but arms" initiative. Consistent with this, official exports in the first semester of 2011 reached 80 400 tonnes, which compares to a 17 144 tonne volume in the corresponding period in 2010. Nevertheless, outflows from the country remain, by large, unofficial in nature, mostly consisting of paddy rice destined to neighbouring Thailand and Viet Nam for processing. On those bases, FAO estimates 2011 deliveries by the country at 1.4 million tonnes, 8 percent above the previous year's level.

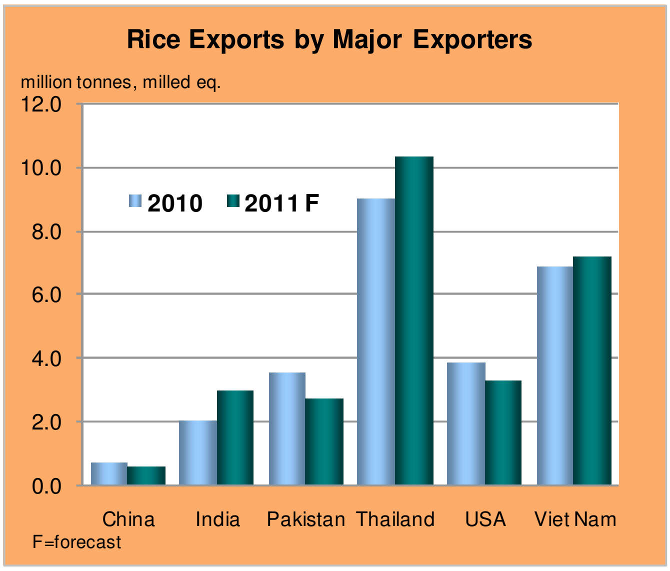
Forecasts of 2011 rice shipments by **China (Mainland)** have been downgraded to 500 000 tonnes, now pointing to a 20 percent decline from 2010. The reduction is in line with the less favourable supply outlook, as well as slower pace of exports in the first semester of the year, which saw 249 427 tonnes consigned abroad, 28 percent less than in the corresponding period a year ago. The fall is also consistent with the rather high domestic prices that have been prevailing in the country.

Overflowing state granaries encouraged the authorities in **India** to take further steps to relax the rice export ban in July, to permit the delivery of 1.5 million tonnes of rice to foreign markets. Although a more cautious approach was previously sustained, amid both stubbornly high domestic food inflation and the pending introduction of the National Food Security Act,[4]

[4] The legislation, still to receive final approval, would legally entitle close to 70 percent of the country's total population to receive subsidised food grains.

the decision came on the backdrop of difficulties to find storage space, In fact, by 1 July, there were 26.9 million tonnes of rice in public stocks. According to the disposition, 1.0 million tonnes of non-basmati rice may be traded by the private sector, subject to a USD 400 per tonne minimum export price, while an additional 500 000 tonnes have been set aside for delivery through official channels. Combined with a sustained pace of premium variety shipments, FAO now anticipates the provision to enable India to ship 3.0 million tonnes in 2011, 1.0 million tonnes above the 2010 estimate and the highest since 2008, when the ban on common rice exports was originally instated.

Coinciding with the arrival of secondary crop harvest into the local market, in May, the Government in **Myanmar** lifted the ban on rice exports first instituted in February over domestic inflationary concerns. FAO still expects 2011 deliveries by the country to hover close to last year's limited level of 400 000 tonnes. Indeed, further to the official restriction, the appreciation of the Kyat relative to the US dollar is reported to be constraining shipments this year. Nonetheless, reports would have the country entering the parboiled market segment as a supplier, with a first small shipment commissioned from the Russian Federation this year.



Despite the negative consequences of the devastating floods that hit the country in 2010, **Pakistan** is anticipated to ship 2.7 million tonnes of rice in calendar 2011, chiefly thanks to large carryovers accumulated from previous consecutive bumper harvests. This level would still imply a 23 percent contraction from the good 2010 performance. Dwindling stocks and higher prices relative to other origins have slowed down exports by the country during the first five months of the year, with total consignments falling 12 percent below their corresponding level in 2010 to 1.5 million tonnes.

Amongst the single rice suppliers, **Thailand** is predicted to be responsible for a large part of the expected expansion in traded volumes. Shipments by the country during 2011 are now anticipated to amount to 10.3 million tonnes, 600 000 more than previously foreseen and 1.3 million tonnes, or 14 percent, above 2010 exports. Indeed, Thai deliveries upheld an exceptional pace in the first six months of the year, with cumulative shipments at 6.3 million tonnes, 58 percent larger than their corresponding level a year ago. The impressive performance mirrored ample availability of supplies and traders' commitment to ship supplies ahead of June, to avoid fines set out under the terms of a large government stock sale started in mid-2010. The pace of exports is, however, unlikely to be sustained through the coming months, particularly in light of the imminent reinstatement of the paddy mortgage scheme. Indeed, the newly elected Thai government promised considerably higher producer prices during the election, which are likely to erode the country's competitiveness vis-á-vis other regional suppliers. Already in June, trading activities were reported to have been significantly disrupted by a general withholding of supplies from the market by actors expecting prices to rise.

Remaining a very competitive origin, **Viet Nam** has also seen a brisk pace of shipments so far this year, with cumulative exports officially reported at 4.0 million tonnes in June, 16 percent above their level last year. On the back of a good anticipated harvest, for the full year, the country is foreseen to ship a record 7.2 million tonnes, 100 000 tonnes more than the April forecast and above a revised official target of 7.0 million tonnes. However, concerns exist over the coming into effect of more stringent trade regulations as of 1 October, which will require rice traders to count on certification and minimum storage and milling capacity. By June, only a few exporting businesses were reported to have actually met said requirements.

With the Caretaker Government in **Egypt** upholding the restrictions on rice cultivation and exports, shipments by the country, mainly comprised of brokens, are expected to remain low in 2011, in the order of 100 000 tonnes, 300 000 tonnes less than volumes shipped in 2010. Based on the latest estimates released by the USDA, the **United States** may also see a 14 percent contraction in deliveries to 3.3 million tonnes. The reduction is consistent with a forecast tightening of supplies from a reduced 2011 crop, as well as stiffer competition. Although the anticipated production shortfall is not expected to concern medium/short grain varieties, the return of Australian supplies to the market is expected to weigh on US medium/short grain sales this year. Indeed, FAO estimates that the output recovery witnessed in **Australia** this season may enable the country to ship some 250 000 tonnes abroad in 2011, the highest since 2006. Meanwhile, record level crops and competitive prices are expected to translate into greater shipments by several South American suppliers. Amongst these, **Brazil** may export 800 000 tonnes, nearly double volumes delivered in 2010. Likewise, rice exports may rise by 16 percent to 600 000 tonnes in **Argentina**, and by 22 percent to 900 000 tonnes in **Uruguay**.

III. RICE UTILIZATION AND DOMESTIC PRICES

Rice consumption forecast to rise by 2 percent world wide

Based on current prospects for 2011 crops, FAO's first forecast of **global rice utilization in 2011-2012** points to a 10 million tonnes, or 2 percent, expansion in world rice use to 472 million tonnes (milled basis). Of these, 399 million tonnes, are to be consumed as food, 7.4 million tonnes more than the estimate for the previous year. An additional 61 million tonnes are expected to be destined to seeds, non-food uses and post-harvest losses, and 12.3 million tonnes to feed. G**lobal per caput food consumption** is forecast to rise to 57.1 kilos per person, up 1 percent from a year earlier, with average per capita intake rising to 68.0 kilos in developing countries and remaining at around 12.2 kilos in developed countries.

Demand for rice has been contained in many countries by rising prices over the past two years. This tendency has slowed down somewhat since the beginning of the year, although several countries continued to register increases. Based on a review of **domestic rice quotations** in the second quarter of the year, local prices in ***Asia*** have continued to rise from the previous quarter's levels in **Cambodia, China (Mainland), the Republic of Korea, Nepal** and **Viet Nam.** By contrast, they declined in **Bangladesh, Indonesia, the Lao People's Democratic Republic, Mongolia, Sri Lanka** and **Thailand**. In ***Africa,*** prices have registered considerable increases in **Benin, Chad, Djibouti, Mali, Niger** and **Uganda**, but weakened in **Senegal, the Democratic Republic of Congo, Madagascar** and **Mozambique** over the period. In ***Latin America and the Caribbean,*** prices in the **Dominican Republic, Colombia** and **Peru** witnessed gains, while by contrast, these have declined in Costa Rica, Haiti and Honduras. ***Elsewhere,*** domestic quotations also tended to weaken in the Russian Federation.

Meanwhile, several Governments have announced additional steps to limit domestic price increases in recent months. In **India,** the authorities have approved a further allocation of 5.0 million tonnes of rice and wheat for distribution under the public welfare scheme until March 2012. The **Republic of Korea** and the **Chinese Province of Taiwan** are reported to have released rice from public reserves, while **Indonesia** announced it would free 800 000 tonnes of rice from government reserves into the local market in the forthcoming months. In the **Philippines**, the Government has allocated Pesos 4.23 billion (USD 98 million) to fund a subsidy programme to help 10 million people cope with higher food and fuel prices, through a temporary work scheme or rice rations. Amongst African countries, the government of **Guinea** is reported to have approved a second distribution run of imported rice to local markets, while in **Sierra Leone,** further to prohibiting rice exports, officials have also suspended a 10 percent duty on imported rice and lowered fuel prices. In **Senegal,** the authorities decided in February to set a price ceiling of CFA 280 per kilo on imported broken rice (USD 515 per tonne) and of CFA 310 per kilo (USD 570 per tonne) of imported fragrant rice. However, prices well above those ceilings have continued to be reported in the market.

MONTHLY RETAIL PRICES OF RICE IN SELECTED MARKETS

	Latest available quotation:		*Latest available quotation compared to:* [/1]			
Asia	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Bangladesh: Ntl. Avg. (coarse)	May-11	0.41	-9%	-3%	16%	55%
Bhutan: Samdrup Jongkhar (white)	Jun-11	0.40	0%	0%	3%	18%
Cambodia: Phnom Penh (mix)*	Jun-11	0.44	10%	1%	-5%	29%
China: Hubei (indica first quality)*	May-11	0.53	5%	13%	23%	26%
India: Delhi	Jun-11	0.51	0%	0%	5%	15%
Indonesia: Ntl. Avg.	May-11	1.02	-4%	1%	18%	32%
Japan: Tokyo Ku-area (non-glutinous)	May-11	4.99	0%	0%	-7%	-10%
Republic of Korea: Ntl. Avg.	May-11	2.07	7%	11%	7%	-2%
Lao PDR: Vientiane (ordinary first quality)	Jun-11	1.00	-11%	-11%	-11%	0%
Mongolia: Ulaanbaatar	May-11	1.33	-4%	-7%	4%	14%
Nepal: Kathmandu (coarse)	Jun-11	0.49	3%	0%	3%	-6%
Pakistan: Karachi (irri)	Jun-11	0.50	2%	17%	23%	28%
Philippines: Ntl. Avg. (well-milled)	May-11	0.80	0%	2%	1%	1%
Sri Lanka: Colombo (white)	Jun-11	0.52	-3%	-1%	11%	-8%
Thailand: Bangkok (5% broken)*	May-11	0.43	-11%	-8%	2%	-21%
Viet Nam: Dong Thap (25% broken)	Jun-11	0.41	5%	-2%	43%	48%
Western Africa	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Benin: Cotonou (imported)	May-11	1.16	4%	0%	0%	2%
Burkina Faso: Ouagadougou (imported)*	Jun-11	0.84	0%	4%	20%	7%
Cape Verde: Santiago (imported)	May-11	1.24	2%	0%	5%	9%
Chad: N'Djamena (imported)	May-11	1.04	10%	36%	3%	3%
Mali: Bamako (imported)*	May-11	0.77	8%	8%	8%	0%
Mauritania: Nouakchott (imported)	May-11	1.04	0%	0%	0%	40%
Niger: Niamey (imported)	Apr-11	1.02	3%	16%	16%	3%
Senegal: Dakar (imported)	Apr-11	0.80	-9%	-9%	-9%	-9%
Central Africa	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Cameroon: Yaundé	Apr-11	0.99	2%	6%	1%	-2%
Dem. Rep. Congo: Kinshasa (imported)	May-11	1.12	-3%	0%	3%	4%
Eastern Afirca	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Burundi: Bujumbura	Apr-11	1.08	-1%	3%	7%	3%
Djibouti: Djibouti (imported)*	May-11	0.74	6%	22%	25%	0%
Rwanda: Kigali*	Jun-11	0.86	2%	12%	-14%	-16%
Somalia: Mogadishu (imported)	May-11	0.69	0%	2%	16%	0%
Uganda: Kampala*	Jun-11	0.94	25%	48%	25%	15%
United Rep. of Tanzania: Dar es Salaam*	Jun-11	0.82	2%	10%	5%	8%
Southern Africa	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Madagascar: Ntl. Avg. (local)	Jun-11	0.52	-21%	-18%	-	6%
Mozambique: Maputo	Jun-11	0.88	-11%	-15%	-3%	18%
Central America and the Caribbean	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Costa Rica: Ntl. Avg. (first quality)	May-11	1.63	-6%	3%	6%	42%
Dominican Rep: Santo Domingo (first quality)	Jun-11	1.26	3%	1%	-1%	2%
El Salvador: San Salvador	May-11	1.09	0%	4%	0%	-21%
Guatemala: Ntl. Avg. (second quality)	Mar-11	1.13	0%	1%	1%	0%
Haiti: Port-au-Prince (imported)	Jun-11	1.01	-5%	-11%	-1%	-5%
Honduras: Tegucigalpa (second quality)*	Jun-11	0.81	-4%	-8%	3%	-10%
Mexico: Mexico City (sinaloa)*	May-11	0.90	-2%	11%	15%	-7%
Panama: Panama City (first quality)	May-11	1.09	0%	0%	0%	0%
South America	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Bolivia: La Paz (grano de oro)*	Jun-11	0.90	0%	-4%	3%	-12%
Brazil: Ntl. Avg.	May-11	1.13	-6%	-9%	-13%	-17%
Colombia: Bogotá (first quality)*	May-11	1.27	8%	15%	24%	5%
Peru: Lima (corriente)	Apr-11	0.88	11%	21%	22%	-8%
Uruguay: Ntl. Avg.	Apr-11	0.99	0%	2%	-1%	-7%
North America	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
United States: City Avg. (long grain, uncooked)	May-11	1.69	-1%	3%	-3%	-3%
Europe	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Italy: Milan (arborio volano)*	Jun-11	2.07	0%	29%	45%	50%
Russian Federation: Ntl. Avg.	Jun-11	1.61	-4%	-4%	4%	-3%

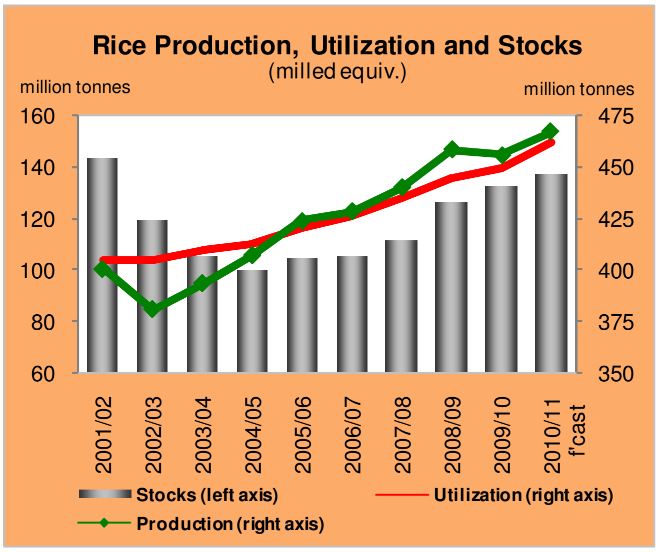
[/1] *Quotations in the month specified in the second column were compared to their levels in the preceding three, six, twelve and twenty-four months. Price comparisons were made in nominal local currency units.*
* *Wholesale prices.*
Sources: FAO/GIEWS National Food Price database; Monthly Report on the Retail Price Survey, Japan Ministry of Internal Affairs and Communications; Korea Agricultural Marketing Information Service (KAMIS); U.S. Bureau of Labor Statistics (BLS); Associazione Industrie Risiere Italiane (AIRI).

Percentage price decrease
Percentage price increase

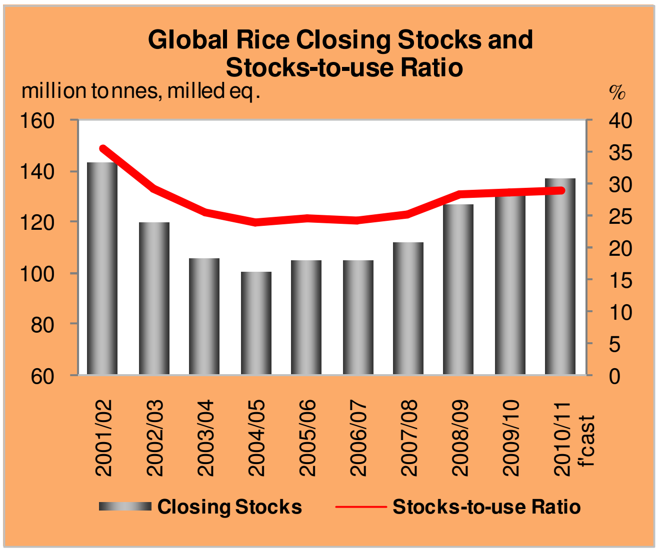
IV. CLOSING STOCKS

Despite a downward revision, global rice inventories forecasted to rise by 6 percent in 2012

Since the April issue of the RMM, FAO has downgraded its forecast of global rice inventories in 2012 by 4.6 million tonnes to 145 million tonnes (milled basis). Although lower than previously anticipated, at that level, world rice stocks would still be 6 percent larger than in 2010. The revision is mainly imputable to the downward revision of **China's** 2011 production, which resulted in a 6 million tonne cut in the country's rice inventory to 80.0 million tonnes in 2012. Forecasts of rice inventories in **Mali, Nigeria,** the **United States** and **Viet Nam** have also been cut, while they were raised in **Indonesia, the Philippines,** and **Thailand**.



Under the current forecast, global rice stocks are predicted to rise for the eight consecutive year to 145 million tonnes in 2012, 7.7 million tonnes above their opening level and their highest since 2001. **Developing countries** are forecast to account for all of the increase with an 8.0 million tonne refurbishment to 140.6 million tonnes, while stocks in **developed economies** may fall by 11 percent to 4.3 million tonnes. As a result of the increase of global inventories, the world rice **stocks-to-use ratio** is forecast rise to 30.1 percent, up from a revised 2010 estimate of 29.1 percent.



From a trade status perspective, the five **major exporting countries**[5] are anticipated to build-up their stocks by 8 percent to 32.3 million tonnes. The increase is mainly on account of a 1.8 million tonne replenishment in **India** to 21.0 million tonnes, on expectations of a good 2011 harvest. Likewise, prospects of a favourable season may boost stocks in **Viet Nam** by close to 300 000 tonnes to 3.0 million tonnes and in **Thailand** by 1.0 million tonnes to 7.0 million tonnes. The anticipated reintroduction of the rice mortgage scheme in the country, may, however, give way to an even larger accumulation by the government over the marketing year. Under the foreseen recovery of output this season, stocks in **Pakistan** are

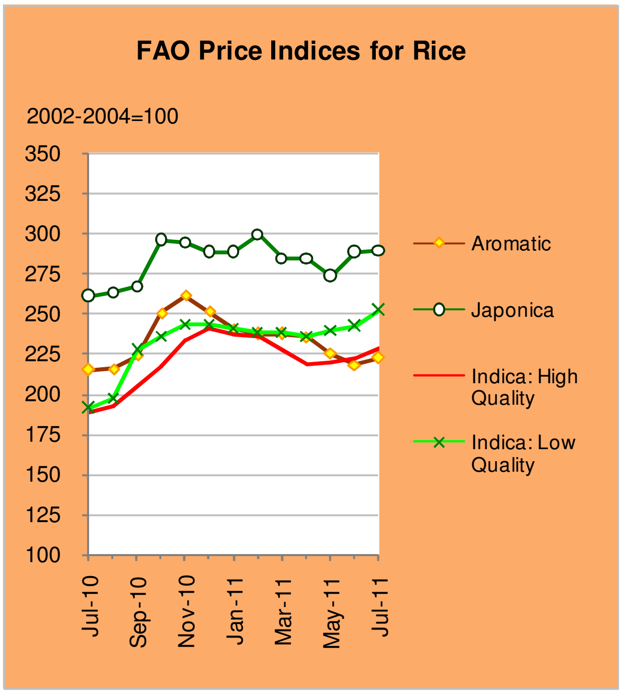
[5] Thailand, Viet Nam, the United States, India and Pakistan

also expected to be reconstituted to some 450 000 tonnes. On the other hand, in the **United States,** they are forecast to fall by a marked 622 000 tonnes to 950 000 tonnes. On these bases, the major exporters' **stock-to-disappearance[6] ratio** is now anticipated to pass from an estimate of 18.6 percent in 2010-2011 to close to 19.9 percent in 2011-2012. Among the other major traditionally rice exporting countries, both **Egypt** and **Myanmar** are foreseen to experience a sizeable drawdown in their inventories, while the good 2011 crops are likely to boost stocks in **Argentina** and **Uruguay**. In **Cambodia**, the size of national reserves is anticipated to remain close to their opening level.

Rice **importing countries** as a group are foreseen to prop up their stockpiles by 4.5 percent to 27.0 million tonnes. Amongst the single importers, **Indonesia** is expected to replenish its stocks by 600 000 tonne to 6.0 million tonnes drawing from its good production and foreign rice purchases. Large imports and public domestic procurement are also expected to permit **Bangladesh** to lift inventories somewhat to some 6.5 million tonnes. **Brazil,** the **Islamic Republic of Iran,** the **Republic of Korea and the Philippines** are also forecast to end their marketing seasons with larger rice inventories. By contrast, these could fall in **Madagascar** and in **Peru**, while remaining steady in **Nigeria**.

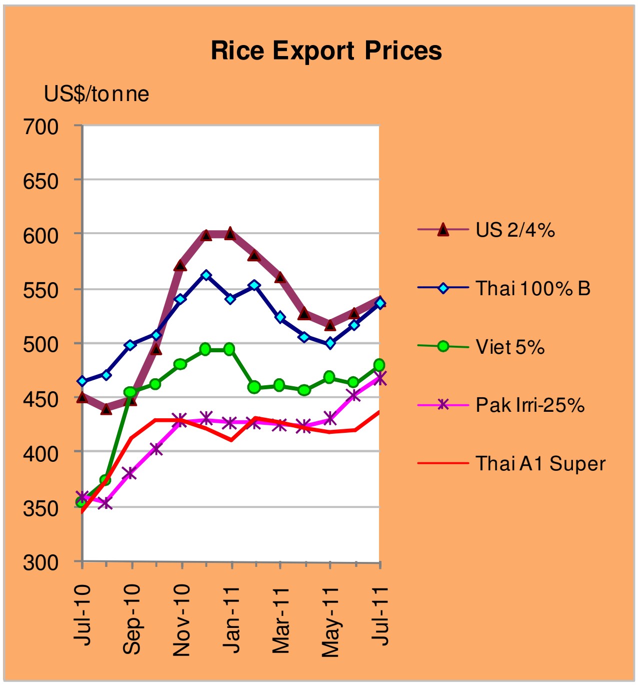
V. INTERNATIONAL PRICES

International rice prices recover, after three consecutive months of decreases



Sustained pressure from the arrival of newly harvested secondary crops in the first quarter of 2011 slightly depressed international rice prices in May. This was reflected on the FAO All Rice Price Index, which shed 3 points from April to May to 242 points. The general tendency for prices to fall that had characterised the global rice market from November last year was, however, reversed in June, when the Index recovered to 247, and remained positive in July, when the index rose further to 253 points. A 5 percent and 7 percent strengthening of quotes in the high and low quality Indica segments to 228 and 252 points, respectively, since April was mainly responsible for this turnaround. Even if less markedly, the Japonica Index also gained ground, passing from 284 in April to 289 in July. On the other hand, Aromatic rice quotations weakened markedly, with its index falling by 12 points over the four month period to 222 points. Compared with one year ago, according to the FAO All Rice Price Index, rice quotations gained 18 percent from July 2010.

[6] Defined as the five countries' stocks divided by the five countries' domestic utilization plus exports



Across the various origins, rice quotations in **Thailand** continued losing ground for the third consecutive month in May, with benchmark 100% B white rice falling to USD 500 per tonne in July. Besides a weakening of the Baht, the reduction primarily reflected competition with Viet Nam and ample supply holdings by Thai exporters, who were compelled to ship by June the supplies acquired from a previous government stock release, to avoid facing fines. However, domestic political considerations associated with the progress of electoral proceedings in the country, brought this downward streak to a reversal in June. By then, a victory of the Pheu Party, with its promise of a reintroduction of the rice mortgage scheme with significantly higher producer prices, became more likely. The expectations of higher future returns encouraged players to retain supplies from the market, driving Thai quotations up by 4 percent to USD 519 in June and by an additional 3 percent to USD 537 in July.

Meanwhile, in the **United States,** prospects of a much smaller 2011 crop put upward pressure on quotations and, in July, the N.2 4% rice was quoted at USD 540 per tonne**,** up 2 percent on its April value. Prices of U.S. medium grain also continued to manifest strength, sustained by demand from Far Eastern and North African countries, which pushed US N.1/4 medium grain rice up by 5 percent to USD 875 per tonne.

Active buying interest also sustained gains in **Viet Nam**, where the 25% broken rice was priced at USD 453 per tonne in July, up 32 dollars from its April value. During the period, minimum export prices in the country have remained set at USD 490 per tonne for 5% broken rice and at USD 470 per tonne for 25% broken rice. Nonetheless, these may be subject to revisions in the forthcoming months, given new guidelines released by Vietnamese authorities concerning their calculation. The Viet Nam Food Association is expected to continue being entrusted with the task of determining floor prices and announcing them prior to the harvest of each crop. However, effective in August, these will be determined either based on each standard grade's cost to exporters, plus expected profits and taxes, or relative to world benchmark prices and expected cost of delivery to destinations. The guidelines direct the implementation of provisions adopted in 2010, geared at stabilising the country's rice export sector.

Elsewhere, tight availabilities from a flood reduced 2010 crop and dwindling inventories supported a 10 percent strengthening of IRRI 25% broken quotes in **Pakistan** to USD 468 per tonne, while prices of Indian Basmati rice (c.i.f., Europe) remained steady at USD 1100 per tonne.

In the coming months, international rice export prices will be heavily influenced by the progress of the 2011 paddy season in northern hemisphere countries and, in particular, by the performance of the south-west monsoon in Asia. Policy actions by governments will also play a critical role. For instance, on the import side, domestic inflationary pressure may continue to prompt governments to intervene by purchasing supplies from abroad to boost reserves and/or expand public distribution schemes. As for major exporting countries, in Thailand, the timing and modalities behind the reintroduction of the paddy mortgage scheme by the newly elected government will need particular attention, as a reconstitution of large public reserves in a bid to support producers with higher prices may result in a reduction of exportable supplies. Part of the tightness ensuing from the implementation of the programme, could, nonetheless, be mitigated by greater supplies from India, although decisions on further exceptions to the ban on common rice exports on the country will likely to be highly contingent on prospects for the 2011 Kharif crops.

FAO Rice Price Indices (2002-2004=100)

		All	Indica		Japonica	Aromatic
			High quality	Low quality		
2006		**137**	**135**	**129**	**153**	**117**
2007		**161**	**156**	**159**	**168**	**157**
2008		**295**	**296**	**289**	**315**	**251**
2009		**253**	**229**	**197**	**341**	**232**
2010		**229**	**211**	**213**	**264**	**231**
2010	July	214	189	191	261	214
	August	217	192	197	263	216
	September	232	205	227	266	224
	October	249	217	235	296	250
	November	257	233	243	294	261
	December	256	240	243	288	251
2011	January	253	237	240	288	240
	February	255	235	238	299	237
	March	248	227	238	284	237
	April	245	218	235	284	235
	May	242	219	239	273	225
	June	247	222	242	288	218
	July *	253	228	252	289	222
2010	Jan.-Jul.	220	206	201	251	225
2011	Jan.-Jul.	249	227	240	286	231
% Change		13.2	10.0	19.8	13.9	2.5

Source: *FAO*
N.B. - The FAO Rice Price Index is based on 16 rice export quotations. "Quality" is defined by the percentage of broken kernels, with high (low) quality referring to rice with less (equal to or more) than 20 percent brokens. The Sub-Index for Aromatic Rice follows movements in prices of Basmati and Fragrant rice.
* Three weeks only.

RICE EXPORT PRICES

	Thai White 100% B Second grade	Thai Parboiled 100%	U.S. Long Grain 2,4%	Thai 5%	Viet 5%	Argentina max 10% 1/	Thai 25%	Viet 25%	Pak 25%	Thai A1 Super 2/	U.S. California Medium Grain 3/	Pak Basmati Ordinary	Thai Fragrant 100%
	(US $/tonne, f.o.b.)												
2006	**311**	**300**	**394**	**304**	**266**	**279**	**269**	**249**	**230**	**217**	**512**	**516**	**470**
2007	**335**	**332**	**436**	**325**	**313**	**338**	**305**	**294**	**290**	**275**	**557**	**677**	**550**
2008	**695**	**722**	**782**	**682**	**614**	**584**	**603**	**553**	**498**	**506**	**913**	**1077**	**914**
2009	**587**	**619**	**545**	**555**	**432**	**459**	**460**	**384**	**351**	**329**	**1019**	**937**	**954**
2010	**518**	**532**	**510**	**492**	**416**	**499**	**444**	**387**	**372**	**386**	**764**	**881**	**1045**
2010													
July	466	480	452	438	355	500	397	325	360	345	728	752	998
August	472	513	441	454	374	489	417	332	355	372	722	750	1021
September	499	539	449	482	456	509	451	427	382	414	741	750	1105
October	508	558	496	494	463	510	464	432	404	430	794	1020	1140
November	541	557	573	524	481	510	478	452	429	430	852	1200	1152
December	564	552	600	547	495	510	486	458	431	423	871	1150	1141
2011													
January	542	542	601	525	495	510	472	455	428	412	871	1150	1016
February	554	551	582	538	460	510	490	420	428	433	871	1150	978
March	524	524	562	507	462	510	476	426	426	429	871	1150	984
April	507	516	528	490	457	510	465	421	424	423	871	1150	990
May	500	508	518	483	469	496	460	438	430	419	871	1025	993
June	518	521	529	502	464	450	468	430	454	421	871	938	1007
July *	537	545	540	520	480	450	481	453	468	437	871	950	1040
2010 Jan.-Jul.	519	523	510	487	389	494	433	363	353	366	741	815	998
2011 Jan.-Jul.	526	530	551	509	470	491	473	435	437	425	871	1073	1001
% Change	1.4	1.2	8.1	4.7	20.6	-0.6	9.3	19.7	23.9	16.1	17.5	31.7	0.4

Sources: Jackson Son & Co. (London) Ltd., Thai Department of Foreign Trade (DFT) and other public sources.
1/ Semi-milled or milled white rice, 10% broken max. 2/ White broken rice.3/ No. 1, maximum 4-percent brokens, sacked, California mill.
Note: Please note that data may have been subject to revision due to temporary unavailability and/or late publishing of weekly price quotations.
* Three weeks only.

WORLD PADDY PRODUCTION

	2009	2010 (estimated)	2011 (forecast)
	million tonnes		
WORLD	**683.3**	**700.8**	**718.3**
Developing countries	657.7	673.9	693.5
Developed countries	25.6	26.9	24.8
ASIA	**616.1**	**632.4**	**649.3**
Bangladesh	48.4	50.9	51.6
Cambodia	7.6	8.3	8.5
China	196.7	197.3	199.1
of which Taiwan Prov	1.6	1.5	1.5
India	133.6	143.0	150.0
Indonesia	64.4	66.5	68.1
Iran, Islamic Rep. of	2.3	2.5	2.5
Japan	10.6	10.6	10.3
Korea Rep. of	6.6	5.8	6.0
Myanmar	31.0	30.8	31.0
Pakistan	10.3	8.3	10.0
Philippines	15.5	16.8	17.3
Sri Lanka	3.7	4.3	4.2
Thailand	32.1	34.5	35.0
Viet Nam	38.9	39.9	41.0
AFRICA	**24.5**	**24.6**	**25.1**
North Africa	**5.6**	**4.5**	**4.5**
Egypt	5.5	4.5	4.5
Sub-Saharan Africa	**18.8**	**19.9**	**20.3**
Western Africa	11.5	12.5	12.9
Côte d'Ivoire	0.7	0.8	0.7
Guinea	1.5	1.6	1.7
Mali	2.0	2.3	2.4
Nigeria	4.3	4.2	4.3
Central Africa	0.5	0.5	0.5
Eastern Africa	1.8	1.8	1.9
Tanzania	1.3	1.4	1.4
Southern Africa	5.0	5.1	5.1
Madagascar	4.5	4.8	4.7
Mozambique	0.3	0.2	0.2
CENTRAL AMERICA	**2.8**	**2.9**	**3.0**
Cuba	0.6	0.5	0.5
Dominican Rep.	0.8	0.9	0.9
Mexico	0.3	0.3	0.2
SOUTH AMERICA	**25.5**	**23.5**	**26.7**
Argentina	1.3	1.2	1.7
Brazil	12.6	11.7	13.7
Colombia	3.0	2.4	2.5
Peru	3.0	2.8	2.7
Uruguay	1.3	1.1	1.7
NORTH AMERICA	**10.0**	**11.0**	**8.5**
United States	10.0	11.0	8.5
EUROPE	**4.3**	**4.4**	**4.5**
EU	3.2	3.1	3.2
OCEANIA	**0.1**	**0.2**	**0.8**
Australia	0.1	0.2	0.8

WORLD IMPORTS OF RICE

	2009	2010 (estimated)	2011 1/ (forecast)
	million tonnes, milled eq.		
WORLD	**29.6**	**31.4**	**33.2**
Developing countries	24.8	26.9	28.4
Developed countries	4.8	4.5	4.7
ASIA	13.5	15.8	16.8
Bangladesh	0.1	0.7	1.5
China	1.0	1.2	1.4
of which Taiwan Prov.	0.3	0.5	0.4
Indonesia	0.3	1.0	1.7
Iran, Islamic Rep. of	1.3	1.1	1.2
Iraq	1.1	1.2	1.2
Japan	0.7	0.7	0.7
Malaysia	1.1	0.9	1.2
Philippines	1.8	2.4	1.2
Saudi Arabia	1.1	1.0	1.2
Sri Lanka	0.1	0.1	0.1
AFRICA	**9.9**	**9.3**	**10.0**
Côte d'Ivoire	0.9	0.9	0.9
Nigeria	1.9	2.0	2.0
Senegal	0.8	0.7	0.7
South Africa	0.9	0.8	1.0
CENTRAL AMERICA	**2.0**	**2.1**	**2.2**
Cuba	0.5	0.5	0.6
Mexico	0.6	0.6	0.6
SOUTH AMERICA	**1.1**	**1.3**	**1.2**
Brazil	0.7	0.8	0.6
Peru	0.1	0.1	0.1
NORTH AMERICA	**1.0**	**0.9**	**1.0**
Canada	0.3	0.3	0.3
United States	0.7	0.6	0.6
EUROPE	**1.7**	**1.6**	**1.7**
EU 2/	1.2	1.1	1.2
Russian Fed.	0.2	0.2	0.2
OCEANIA	**0.5**	**0.5**	**0.4**

WORLD EXPORTS OF RICE

	2009	2010 (estimated)	2011 1/ (forecast)
	million tonnes, milled eq.		
WORLD	**29.6**	**31.4**	**33.2**
Developing countries	26.1	26.8	28.8
Developed countries	3.5	4.6	4.4
ASIA	**22.8**	**24.2**	**25.9**
China	0.9	0.7	0.6
of which Taiwan Prov.	0.1	0.1	0.1
India	2.1	2.0	3.0
Myanmar	1.1	0.4	0.4
Pakistan	2.9	3.5	2.7
Thailand	8.6	9.0	10.3
Viet Nam	6.0	6.9	7.2
AFRICA	**0.7**	**0.5**	**0.3**
Egypt	0.6	0.4	0.1
SOUTH AMERICA	**2.7**	**2.3**	**2.8**
Argentina	0.5	0.5	0.6
Brazil	0.6	0.4	0.8
Guyana	0.3	0.3	0.3
Uruguay	1.0	0.7	0.9
NORTH AMERICA	**3.0**	**3.9**	**3.3**
United States	3.0	3.9	3.3
EUROPE	**0.2**	**0.5**	**0.7**
EU 2/	0.1	0.3	0.4
OCEANIA	**0.1**	**0.1**	**0.3**
Australia	0.1	0.1	0.3

FOOTNOTES:
Totals computed from unrounded data.
1/ Tentative.
2/ Excluding intra-trade.

RICE : Supply and Utilization in Main Exporting Countries. (National Crop Years)

	CHINA 2/ 3/ (Oct./Sep.)			INDIA 2/ (Oct./Sep.)		
	2009/2010	**2010/2011** prelim.	**2011/2012** 5/ f'cast	**2009/2010**	**2010/2011** prelim.	**2011/2012** 5/ f'cast
	(......... thousand tonnes ....)			*(......... thousand tonnes ....)*		
Opening Stocks	63777 F	70666 F	75446 F	21900 F	19200 F	19200 F
Production 1/	134798 G	135191 G	136480 *	89100 G	94110 G	100000 F
Imports	1214 F	1366 F	1366 F	100 F	100 F	100 G
Total Supply	199788	207222	213292	111100	113410	119300
Domestic Use	128400	131176	132246	89900	91210	95100
Exports	722 F	600 F	780 F	2000 G	3000 F	3200 F
Closing Stocks	70666 F	75446 F	80266 F	19200 F	19200 F	21000 F

	PAKISTAN 2/ (Nov./Oct.)			THAILAND 2/ (Nov./Oct.)		
	2009/2010	**2010/2011** prelim.	**2011/2012** 5/ f'cast	**2009/2010**	**2010/2011** prelim.	**2011/2012** 5/ f'cast
	(......... thousand tonnes ....)			*(......... thousand tonnes ....)*		
Opening Stocks	1040 F	920 F	370 F	5200 F	5700 F	6000 F
Production 1/	6883 G	5536 F	6670 F	21261 G	22829 G	23170 F
Imports	15 F	26 F	15 F	300 F	300 F	300 F
Total Supply	7938	6482	7055	26761	28829	29470
Domestic Use	3494	3412	3605	12031	12529	12820
Exports	3524 G	2700 F	3000 F	9030 G	10300 F	9650 F
Closing Stocks	920 F	370 F	450 F	5700 F	6000 F	7000 F

	UNITED STATES 4/ (Aug./Jul.)			VIET NAM 2/ (Nov./Oct.)		
	2009/2010	**2010/2011** prelim.	**2011/2012** 5/ f'cast	**2009/2010**	**2010/2011** prelim.	**2011/2012** 5/ f'cast
	(......... thousand tonnes ....)			*(......... thousand tonnes ....)*		
Opening Stocks	977 G	1184 G	1572 G	4300 F	3350 F	2680 F
Production 1/	7133 G	7554 G	6001 G	25943 G	26640 G	27347 G
Imports	604 G	556 G	603 G	500 F	600 F	600 F
Total Supply	8714	9294	8176	30743	30590	30627
Domestic Use	4015	4195	4017	20513	20710	20977
Exports	3515 G	3527 G	3209 G	6880 G	7200 F	6700 F
Closing Stocks	1184 G	1572 G	950 G	3350 F	2680 F	2950 F

Symbols:
G Official figure
* Unofficial figure
F FAO estimate/forecast

Footnotes:
Totals computed from unrounded data.
1/ Milled basis.
2/ Rice trade data refer to the calendar year of the second year shown.
3/ Including Taiwan province.
4/ Rice trade data refer to the August/July marketing season.
5/ Highly tentative.