



January 2013

Volume XVI - Issue No. 1

Use of material is subject to credit being given to source:

FAO

Rice Market Monitor

Trade and Markets Division

Food and Agriculture Organization of the United Nations

Contact or enquiries

Facsimile: ++(39-06) 570-54495

Telephone: ++(39-06) 570-54136

E-mail: Commodity-Queries@fao.org

Also available on the Internet at the following address:

<http://www.fao.org/economic/est/publications/rice-publications/rice-market-monitor-rmm/en/>

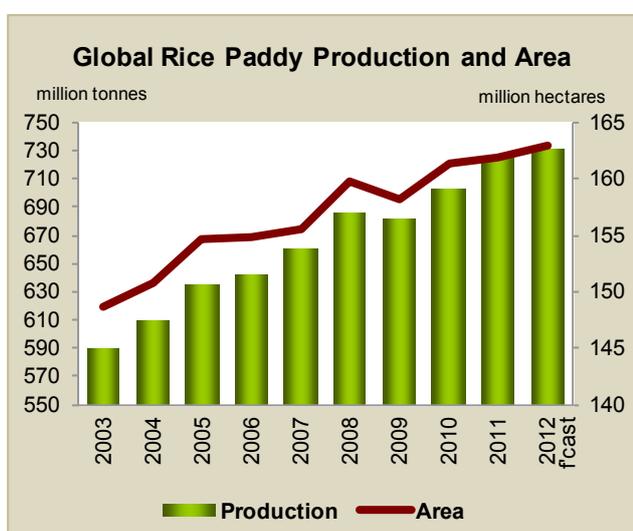
ROUND UP

- Since November 2012, FAO has raised its forecast of **global paddy production in 2012** by about 1.5 million tonnes to 730 million tonnes (487 million tonnes, milled). With the season approaching conclusion, many of the revisions tracked new assessments of harvested or standing crops by governments. The scaling up of production mainly concerned Asian countries, in particular Cambodia, Indonesia, Thailand and Viet Nam, but also western African States, such as Guinea, Mali and Senegal. By contrast, prospects deteriorated in Bangladesh, China, the Rep. of Korea, and Nepal, and, outside Asia, Nigeria, Sierra Leone, the Russian Federation, Tanzania and Venezuela. At the forecast 730 million tonnes, 2012 world production would surpass last year's record, but by barely 0.8 percent, or 5.7 million tonnes, which compares with seasonal increases of 20 million tonnes in 2010 and 22 million tonnes in 2011. All of the 2012 output gain would arise from an expanded area to 163 million ha, as yields are predicted to stay at 4.48 tonne per ha. The rather sluggish production growth currently anticipated mainly mirrors the negative outcomes of crops in Brazil and India, which suffered from unfavourable weather. In *Asia*, paddy output is projected at 662 million tonnes (442 million tonnes, milled), 0.9 percent higher than in 2011. Virtually all countries in the region are forecast to register gains, except India, the Rep. of Korea, Nepal and Turkey, which are expected to face a contraction, but also Bangladesh and Myanmar, whose outputs are seen to stagnate. In *Africa*, generally good crops in the northern and western sub-regions have supported an expected 4 percent increase to 26.4 million tonnes (17.4 million tonnes, milled) in 2012, spearheaded by large gains in Egypt, Guinea, Mali, Senegal and Sierra Leone and despite severe weather-related drops in Madagascar, Nigeria and Tanzania. In *Latin America and the Caribbean*, the 2012 season is estimated to have ended with a 6 percent decline, mainly caused by shortfalls in Argentina, Brazil, Ecuador and Uruguay. *In the other regions*, output in 2012 rose sharply in Australia and the United States but declined in the EU.
- Meanwhile, the **2013 paddy season** has been launched along and south of the equator. The preliminary outlook for **production in 2013** is positive in Indonesia, despite some early rainfall deficits and subsequent floods, with government targeting a 4.5 percent growth. In Sri Lanka, plantings of the main 2013 crop have been first constrained by drought and subsequently by floods. In Southern America, there has been little or no recovery of plantings, amidst rising production costs, but, unlike in 2012, weather conditions have been favourable so far. In Australia, the area under rice expanded by over 12 percent, although extreme heat is raising concern over yields. In Southern Africa, prospects for 2013 crops remain uncertain, as much of the sub-region witnessed a late arrival and erratic progress of the seasonal rains.
- FAO has lowered its November forecast of **international rice trade in 2013** by about 600 000 tonnes, to 37.0 million tonnes (milled basis). Despite the revision, world rice trade in 2013 is forecast to trail only 2.2 percent behind the 2012 record. Among the main countries now expected to cut imports from last year are China, Indonesia, the Islamic Rep. of Iran, Nigeria, the Philippines, Senegal and Thailand. By contrast, Bangladesh, the Rep. of Korea and Nepal may buy more. As for exporters, lower shipments by India and Viet Nam, but also by Argentina, Brazil and Uruguay would be only partly compensated by increased deliveries by Cambodia, Egypt, Pakistan, Thailand and the United States. Based on current expectations, in 2013, Thailand is foreseen to recover its position as leading rice exporter, ahead of India and Viet Nam, but only by a small margin.
- Global rice utilization in 2012/13** is predicted to rise by 1.5 percent to 476 million tonnes, 1 million tonnes more than last anticipated. The bulk, or 85 percent, is to be consumed as food with per capita food intake up from 56.7 kg in 2011/12 to 56.9 kg in 2012/13. This increase would be facilitated in countries such as Bangladesh by declining domestic prices from last year, although, by-and-large, rice consumer prices continue to stand higher year-on-year in nominal terms.
- With global production now foreseen to exceed consumption by 11 million tonnes, these supplies are estimated to be added to inventories, which would boost **global rice carryover stocks** to 171 million tonnes in 2013, with particular large increase expected for China. As a result, the global stock-to-use ratio is estimated to rise from 33.6 percent in 2012 to 35.2 percent in 2013. Among the five leading exporters, Thailand and Viet Nam are projected to end the season with larger inventories, while India, Pakistan and the United States may face a contraction. As a group, however, the five countries' stocks would cover 27.8 percent of projected disappearance (domestic use plus exports) in 2013, up from 25.7 percent in 2012.
- Coinciding with the arrival to the market of the main paddy crops in major northern-hemisphere exporting countries, **international rice prices** have retreated since October 2012, bringing the FAO All Rice Price Index (2002-04=100) down by 3.3 percent to 236 points in January 2013. The weakness was especially marked for Japonica and Indica rice varieties, while strong demand sustained aromatic rice quotations. According to the index, prices in calendar 2012 averaged 238 points, 5 percent less than in 2011. Prices of Japonica rice varieties subsided most, by nearly 10 percent, amidst accrued competition from the USA, Australia, Egypt and the Russian Federation. Price slides in the other rice segments were more contained. Seen from an origin perspective, prices in South America and in Thailand strengthened compared with 2011, counter to the general 2012 falling tendency. In Thailand, the strength was, again, the reflection of the rice pledging programme, which kept supporting domestic and export prices by keeping million tonnes of rice away from the market and in public stocks. Export prices in South America also moved up in 2012, reflecting thin supplies along with rising costs. In most other exporting countries, 2012 rice quotations averaged lower than in 2011, with particularly pronounced declines witnessed in Pakistan and Viet Nam. The price slide was more contained in India.

I. PRODUCTION

World paddy production to grow by 5.7 million tonnes only in 2012

At this time of the year, 2012 paddy season is well over in countries situated along and south of the equator, while northern-hemisphere producing countries have completed their main-crop harvests and are presently engaged in planting activities of secondary crops.¹ FAO's global paddy production forecast now stands at 730.2 million tonnes (486.9 million tonnes, milled basis), which is 1.5 million tonnes more than reported in the November issue of the RMM. The upward revision primarily mirrors better than previously foreseen output prospects, particularly for Cambodia, Indonesia, Japan, Thailand and Viet Nam, which more than compensated for downsized expectations for Bangladesh, China (Mainland), the Republic of Korea and Nepal. Outside Asia, production forecasts were raised for the European Union, Guinea, Mali and Senegal, whereas the outlook for Nigeria, the Russian Federation and the United Republic of Tanzania deteriorated.



At the revised level of 730.2 million tonnes (486.9 million tonnes, milled basis), world paddy production in 2012 would stand 5.7 million tonnes above the record 2011 harvest, a rather modest increase, especially if confronted with the 13 million tonne and 15 million tonne gains achieved in 2010 and 2011, respectively. With average paddy yields predicted to rise marginally to 4.48 tonnes per hectare, the anticipated growth in 2012 world production is anticipated to rely on a 1.1 million hectare area expansion, most of which concentrated in Asia. Indeed, notwithstanding a somewhat difficult start to the season, Asian countries look set to drive much of global production growth, often

in response to the attractive prices offered to producers under Government support schemes. Current prospects also point to significant recoveries in African countries, the United States and Australia. By contrast, many important producing countries in Latin America and the Caribbean, which have already completed their 2012 paddy season and even planted their 2013 main crops, ended the season with negative results. Smaller crops were also harvested in Europe.

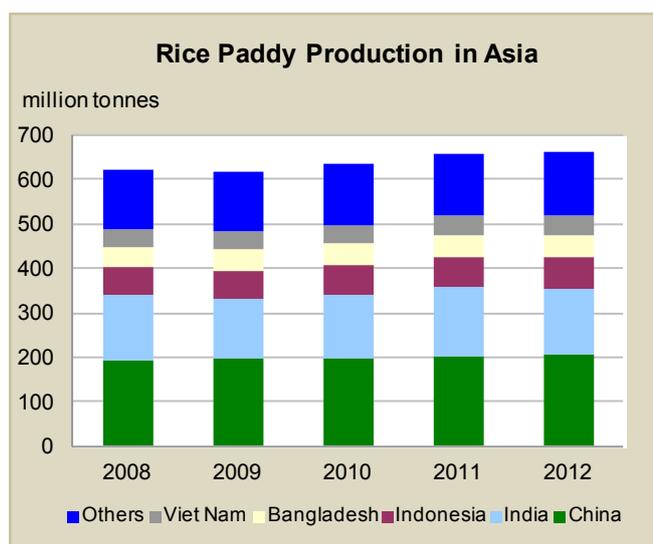
A. ASIA

More buoyant crop prospects in Cambodia, Indonesia and Thailand raise the 2012 production forecast for Asia to 662 million tonnes

Following the completion of main-crop harvests and subsequent launch of secondary crop planting activities over much of northern hemisphere Asia, FAO has raised the production forecast for the region by 1.6 million tonnes. The revision follows the release of official assessments that point to

¹ The 2012 rice production season normally includes rice from the main paddy crops whose harvests fall in 2012, 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 2012 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 2013. In the case of southern hemisphere countries, production in 2012 normally comprises rice from the main paddy crops assembled in the first part of 2012, plus rice from the secondary crops, generally gathered in the latter part of 2012. This approach to assess rice production is applicable to any given season.

even larger forthcoming crops in Cambodia, Indonesia and Thailand. All combined, Asian countries are now forecast to collect 662.2 million tonnes (441.6 million tonnes, milled basis), a level that would surpass the 2011 outcome by 5.8 million tonnes. Much of the growth is expected to be fostered by greater production in **China (Mainland)**, **Indonesia** and **Thailand**, with record-breaking crops also expected in **Cambodia**, the **Philippines** and **Viet Nam**. The production outlook is similarly favourable for the **Islamic Republic of Iran**, **Japan**, the **Democratic People's Republic of Korea**, the **Lao People's Democratic Republic**, **Malaysia**, **Pakistan** and **Sri Lanka**. Depressing the general performance of the region in 2012 are the weather-induced declines foreshadowed in **India**, the **Chinese Province of Taiwan**, the **Republic of Korea**, **Nepal** and **Turkey**.



Since the last issue of the RMM, officials in **Bangladesh** have released less buoyant estimates of the 2012 Aus harvest, now assessed to have contracted to 3.2 million tonnes (2.16 million tonnes, milled basis). The 7.5 percent annual fall resulted from cuts in area planted to paddy, as farmers switched to cultivation of more profitable crops, while yields remained at relative highs thanks to good weather conditions and measures to assist the sector. Current prospects remain somewhat subdued for the two other and more important Aman and Boro rice crops. Indeed, Aman crops, still being harvested, incurred various weather related setbacks, including

rainfall deficiencies and flash-floods. On the other hand, the irrigated Boro crop, now at planting stage, is unlikely to make up for eventual shortfalls amidst lower paddy prices and higher energy costs. The Government of Bangladesh has, however, announced that it would procure 300 000 tonnes of Aman rice between 9 December 2012 and 28 February 2013, in a bid to support producers at harvest time. The campaign is targeting to absorb 250 000 tonnes of parboiled rice at a price of Taka 26 per kilo (USD321 per tonne) and 50 000 tonnes of white rice at Taka 25 per kilo (USD 309 per tonne). On the whole, FAO now anticipates Bangladesh to gather 50.7 million tonnes (33.8 million tonnes, milled basis) this season, unchanged from 2011 and short of the year's official target of 52.4 million tonnes (34.95 million tonnes, milled basis).

The 2012 main crop in **Cambodia**, by now fully collected, was grown under unfavourable weather conditions. Precipitation deficits between July and September affected close to 141 000 hectares of paddies across the country, with some 46 000 hectares of cultivations in western and north-western provinces being subsequently flooded. Although the extent of flood damages is still unclear, officials anticipate the losses to be more than compensated with greater output from the dry-season crop, whose 398 000 hectare area coverage by end-December was well ahead of the previous year's level. As a result, Cambodia is officially predicted to gather 9.3 million tonnes (6.0 million tonnes, milled basis) in 2012, 600 000 tonnes more than previously foreseen by FAO and 6 percent above the record 2011 outcome.

The China National Grain and Oils Information Centre has downgraded its semi-official forecast of production in **China (Mainland)** by 715 000 tonnes based on lower estimates of intermediate and late crop yields. Notwithstanding the reduction, the revised figure of 204.3 million tonnes (139.9 million tonnes, milled basis) would still suggest a 1.6 percent output expansion from 2011, driven by higher area coverage and yields. Looking at the various provinces, much of the production growth again concentrated on the north-eastern province of Heilongjiang, where a 6 percent expansion in plantings raised output by 1.3 million tonnes above the 2011 level to 22.0 million

tonnes (15.0 million tonnes, milled basis). Additional gains were registered mainly in the southern provinces of Jiangxi and Hunan, following an expanded area, and in the province of Guangxi, where an upturn in yields permitted output to recover.

China (Mainland): Paddy Production by Region in 2011 and 2012									
	Area (000 ha)			Yields (Mt/ha)			Production (000 tonnes)		
	2011	2012	Var %	2011	2012	Var %	2011	2012	Var %
Total	30,057	30,297	0.8%	6.69	6.74	0.8%	201,001	204,285	1.6%
Heilongjiang	2,946	3,120	5.9%	7.00	7.04	0.6%	20,621	21,960	6.5%
Jiangsu	2,249	2,250	0.0%	8.29	8.36	0.8%	18,642	18,800	0.8%
Anhui	2,231	2,248	0.8%	6.22	6.24	0.4%	13,871	14,029	1.1%
Jiangxi	3,318	3,350	1.0%	5.88	5.91	0.5%	19,501	19,787	1.5%
Hubei	2,036	2,037	0.0%	7.94	7.97	0.4%	16,169	16,245	0.5%
Hunan	4,066	4,108	1.0%	6.33	6.35	0.3%	25,754	26,093	1.3%
Guangdong	1,941	1,951	0.5%	5.65	5.67	0.2%	10,969	11,053	0.8%
Guangxi	2,079	2,078	0.0%	5.21	5.37	2.9%	10,841	11,149	2.8%
Sichuan	2,008	1,992	-0.8%	0.72	0.74	1.9%	1,451	1,467	1.1%
Others	7,185	7,165	-0.3%	8.79	8.89	1.1%	63,183	63,701	0.8%

Source: China National Grain and Oils Information Centre (CNGOIC)

The 2012 production forecast for **India** continues to point to a 4 percent year-on-year output decline to 150.0 million tonnes (100.0 million tonnes, milled basis). The contraction is imputable to late and erratic rainfall, which negatively impacted the main Kharif crop. On the other hand, sowing of the secondary Rabi crop has got off to a slow start. By 18 January, officials reported that 879 000 hectares had been put under cultivation, far behind the 1 050 hectares achieved during the corresponding period in 2012. Whilst part of the sluggish pace can be imputed to delays in harvesting the main Kharif crops, in some southern producing states, including Tamil Nadu and Andhra Pradesh, the slow progress was also attributed to shortages of electricity and water for irrigation. In the State of Andhra Pradesh, which normally accounts for up to 40 percent of national Rabi output, localised damages were also incurred from the November passage of Cyclone Nilam. Notwithstanding the shortfalls in the main crop production this season, procurement of rice by the Indian government has continued at full speed. By 18 January, state agencies were reported to have absorbed 20.44 million tonnes of rice from the local market, up 6 percent from the corresponding period in 2012.

Based on the second forecasting figures released by the Government, the 2012 season in **Indonesia** concluded with a harvest of 68.96 million tonnes (43.44 million tonnes, milled basis) of paddy, some 362 000 tonnes more than previously intimated and 5 percent (3.2 million tonnes) above the poor 2011 level. A recovery in Java and continued gains elsewhere made the expansion possible, although drought conditions negatively impacted crops harvested between September and December. Meanwhile, planting of 2013 paddy crops is well underway in the country. Although a somewhat slow establishments of the seasonal rains saw precipitation deficits persist over parts of Java into mid-December, abundant rains were subsequently reported to have led to localised floods. Nevertheless, Indonesian authorities have maintained a bright outlook for the forthcoming 2013 paddy season, on expectations that a favourable growing climate will permit production to rise by 4.5 percent to a target of 72.06 million tonnes (45.4 million tonnes, milled basis), in line with the government self-sufficiency ambitions.

Official assessments of production in **Japan** point to a favourable seasonal turnout. The 2012 harvest, completed in November, is estimated to have yielded 10.65 million tonnes of paddy (7.7 million tonnes, milled basis), which compares to 10.5 million tonnes (7.6 million tonnes, milled basis) in 2011, when the March earthquake and ensuing tsunami constrained production. With area planted to paddy estimated to have remained largely steady at 1.6 million hectares in 2012, the

output expansion was facilitated by a favourable growing conditions, which boosted yields to an average of 6.7 tonnes per hectare.

November released assessments of 2012 production in the **Democratic People's Republic of Korea** are positive, with 2.7 million tonnes of paddy (1.8 million tonnes, milled basis) officially estimated to have been gathered, up 8 percent year-on-year. The expansion was notwithstanding weather related setbacks, including rainfall deficits in May and June, floods in July and the passage of a cyclone in August. Although these are estimated to have resulted in some rice land being diverted to other crops, an 8 percent boost in paddy yields to an average of 4.8 tonnes per hectare more than compensated for the retrenchment. Increased sunshine duration together with a timely availability of productive inputs made the productivity gains possible. In addition, for the 2012 paddy season, farmers in the country are set to receive a higher price for produce sold to the State Procurement Agency. This is after the Government approved a KPW 10 per kilo bonus to official prices of various cereal crops. In the case of paddy, the bonus will bring Government procurement prices to KPW 39 per kilo.

The harvest in the **Republic of Korea**, which was completed in November, closed with a 5 percent contraction from 2011 to a thirty-two year output-low of 5.4 million tonnes (4.0 million tonnes, milled basis). The decline was mostly on account of unfavourable climatic conditions, which took the shape of consecutive typhoons, floods and strong winds, depressing average yields by 3.2 percent to 6.4 tonnes per hectare. The area planted to paddy also fell, although more favourable paddy prices relative to the previous year dampened the decline to some 5 000 hectares, far fewer than the 38 000 hectare cut in coverage registered in 2011, when a three-year rice reduction programme was introduced. Meanwhile, in January, the Korean Government announced that it would release 211 000 tonnes of rice from reserves to local markets to stabilize domestic prices.

A second successive season of flood-related damages is behind expectations of no production growth in **Myanmar**. FAO anticipates the country to reap some 30.0 million tonnes of paddy (18.9 million tonnes, milled basis), unchanged from the poor 2011 outcome. The stagnation is notwithstanding Government efforts to propel growth in the sector, efforts that have included the promotion of hybrid varieties, contract farming, as well as an expansion of credit facilities. In this connection, officials announced in January that to sustain flood-affected farmers seasonal loan limits for summer paddy would be raised from Kyat 80 000 to 100 000 per acre (USD 284 per hectare), with the repayment period for loans for wet season crops further extended to March 2013. This season two procurement rounds have been additionally launched by the Myanmar Rice Federation to refurbish government stockpiles and support farmers during harvest time. This is after last year saw a new procurement mechanism introduced that envisaged a Government partnership with the industry association to oversee the acquisition of local supplies.

Gathering of main season paddy crops was concluded in November in **Nepal**. Based on the latest official assessment, FAO has downgraded its 2012 production forecast for the country by 300 000 tonnes to 4.5 million tonnes (2.97 million tonnes, milled basis). At this level, output would have fallen by 11 percent below the 2011 level high, while still being the third largest on record. The contraction resulted from rainfall deficiencies as well as fertilizer shortages, which depressed both area planted and average yields.

In 2012, paddy production in **Pakistan** was affected by precipitation deficits that lasted well into August and, subsequently, by intense rains and ensuing floods. Based on the latest official estimates, this third consecutive season of inundations resulted in damages across 109 000 hectares, leading to some 406 000 tonne crop losses. Although reports suggest continued constraints in the availability of fertilisers as well as electricity shortages, favourable price prospects encouraged producers to expand overall area coverage at the expense of other crops, including cotton. On these

bases, FAO anticipates 2012 production in Pakistan to amount to 9.4 million tonnes (6.3 million tonnes, milled basis), which would represent a 2 percent year-on-year increase.

According to the latest Government figures, the **Philippines** may be poised to gather a record harvest of 18.04 million tonnes (11.8 million tonnes, milled basis) in 2012, 1.0 million tonnes more than in 2011. The increase mostly rests on official expectations of a bumper main crop harvest, which, in spite of some localised losses to storms, is assessed to have yielded 10.14 million tonnes (6.6 million tonnes, milled basis), up 11 percent year-on-year. The expansion was sustained by a adequate water availabilities, as well as official assistance, which included distribution of certified seeds, as well as efforts to lessen losses to the passage of typhoons by anticipating plantings. Early prospects for the dry-season harvest, instead, point to a likely stable output level of 7.9 million tonnes (5.2 million tonnes, milled basis), as production gains in crops gathered during the first quarter of the year are projected to balance off likely contractions during April to June. The latter would result from a combination of lower expected yields as well as area cuts, arising from prolonged effects of recent storm damages and farmer uncertainties concerning the climate to prevail.

Philippines: Paddy Production in 2011 and 2012 (Jul-Jun crop year)									
	Main Crop (Wet)			Second Crop (Dry)			Total		
	2011	2012	Var %	2011	2012	Var %	2011	2012	Var %
Area Harvested (000 ha)	2,543	2,654	4.4	2,036	2,038	0.1	4,579	4,692	2.5
Irrigated	1,596	1,673	4.8	1,490	1,521	2.1	3,086	3,194	3.5
Rainfed	947	981	3.6	546	517	-5.3	1,493	1,498	0.3
Yields (Mt/ha)	3.58	3.82	6.7	3.88	3.88	0.0	3.71	3.85	3.6
Irrigated	3.89	4.20	7.9	4.28	4.26	-0.4	4.08	4.23	3.7
Rainfed	3.06	3.18	3.8	2.78	2.75	-0.9	2.96	3.03	2.5
Production (000 Mt)	9,107	10,140	11.3	7,892	7,903	0.1	16,999	18,043	6.1
Irrigated	6,208	7,022	13.1	6,374	6,479	1.6	12,582	13,501	7.3
Rainfed	2,899	3,118	7.6	1,518	1,424	-6.2	4,417	4,542	2.8

Source: Bureau of Agricultural Statistics - Rice and Corn Situation and Outlook

Despite renewed efforts by the National Food Authority to step-up purchases, the official procurement campaign in the Philippines is reported to have concluded with the purchase of 354 000 tonnes of paddy in calendar 2012. This is 30 percent more than procured in 2011, but well below the 1.2 million tonnes originally targeted under the Food Staples Sufficiency Program. Purchases by the NFA are undertaken as part of its price stabilisation and buffer stock management mandates, but have consistently accounted for only a fraction of national output, in part due to financial constraints and a high debt burden. The country's self-sufficiency plan, however, envisages procurement by the agency to gradually rise until it absorbs 9.5 percent of total projected output by 2016, or 2.16 million tonnes.

The 2012 season is well over in **Sri Lanka**, where 4.2 million tonnes of paddy (2.9 million tonnes, milled basis) were harvested, 9 percent more than in 2011. The success was despite crops in the latter part of the season being negatively impacted by drought. The 2013 season also progresses under difficult climatic conditions. Out of a target extension of 814 058 hectares, by end-December plantings of the main (Maha) crop were reported to have stretched over 740 000 hectares. Part of the shortfall reflects damages to crops caused by November-December floods, which affected some 73 000 hectares of paddies. Although part of this extension was subsequently replanted, officials assess that the inundations could cause main crop-output to decline to 2.5-2.6 million tonnes (1.7-1.8 million tonnes, milled basis), compared to the 3.0 million tonnes (2.0 million tonnes, milled basis) reaped in 2012.

Against a backdrop weather induced production losses in 2012, the Sri Lankan Government set out a number of measures to assist the sector in its November announced budgetary allocations.

Specifically, an estimated 100 000 drought-stricken farmers will be provided with seeds free of charge as well as credit relief, while provisions were announced to deter the conversion of fallow paddies to other purposes and introduce a crop insurance scheme to be implemented alongside the existing fertilizer subsidy programme. Moreover, in order to support official purchasing activities, the Paddy Marketing Board's storage capacity is to be bolstered and guaranteed prices for paddy raised by 14 percent to Rupees 32 in the case of a kilo of Nadu paddy and by 17 percent to Rupees 35 for a kilo of Samba paddy (USD 253 and 277 per tonnes, respectively). The measure also introduces a guaranteed price of Rupees 40 per kilo of paddy grown using organic fertilizers (USD 316 per tonne).

Since November, the 2012 production forecast in **Thailand** has been revised upwards by 1.8 million tonnes to 37.8 million tonnes (25.0 million tonnes, milled basis), on more buoyant official expectations for the main crop harvest. Government estimates peg output from the November-to-January gathered crop at a record of 26.1 million tonnes (17.3 million tonnes, milled basis), surpassing the 2011 flood-affected outcome by 9 percent. The achievement is notwithstanding incidence of localised floods and drought, the latter having particularly affected north-eastern provinces, where much of the production of fragrant rice varieties concentrates. Prospects are also favourable for the secondary crop, which is expected to yield 3 percent more than in 2011, or 11.7 million tonnes (7.7 million tonnes, milled basis). More generally, the anticipated production growth come on the back of an expanded area coverage, reflecting the attractive prices offered to producers under the paddy pledging programme. Since launching its 2012-2013 season operations, on 1 October 2012, the programme is reported to have absorbed 8.8 million tonnes by 10 January 2013, double the amount pledged at the corresponding period in 2011-2012, when production losses to severe floods and difficulties in transporting supplies to pledging centres limited the volume of the main crop absorbed by the scheme.

Thailand: Paddy Production by Crop 2008-2012									
	Area Planted (000 ha)			Yield (Mt/ha)			Production (000 Mt)		
	Main	Minor	Total	Main	Minor	Total	Main	Minor	Total
2008	9,188	1,984	11,172	2.53	4.24	2,833	23,236	8,415	31,651
2009	9,200	2,436	11,635	2.52	3.64	2,752	23,158	8,863	32,021
2010	10,332	2,576	12,908	2.49	3.98	2,789	25,743	10,261	36,004
2011	9,772	2,706	12,478	2.45	4.19	2,830	23,980	11,330	35,310
2012	9,874	2,726*	12,600	2.65	4.29	3,002	26,130	11,700	37,830

Source: Office of Agriculture Economics (OAE); * FAO Forecast

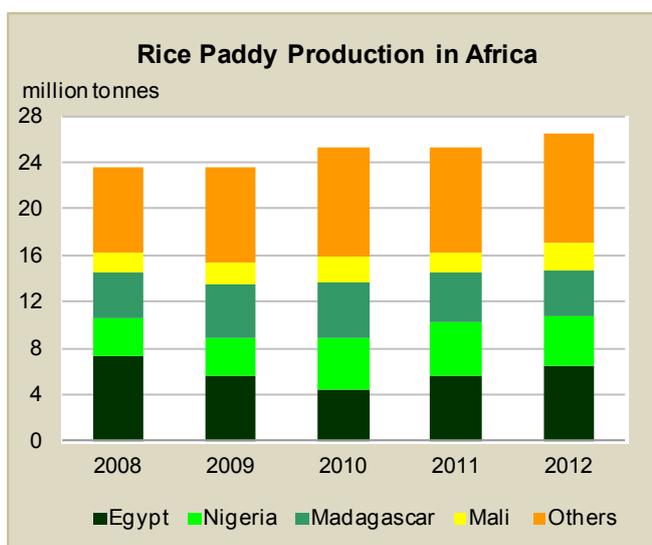
Officials in **Turkey** estimate the November-collected harvest to have yielded 880 000 tonnes of paddy (528 000 tonnes, milled basis), which compares to a high of 900 000 tonnes the in 2011. The 2 percent contraction stemmed from a return to more normal yield levels, after these had struck a high of 9.0 tonnes per hectare in 2011, amid excellent growing conditions. The productivity decline more than outweigh gains arising from a 20 000 hectare rise in area planted. In September 2012, the Turkish Grain Board (TMO) announced that intervention prices for 2012 crops would be set between 8 percent and 17 percent higher than in the preceding year, at Lira 1 165 – 1 400 (USD 659-791) per tonne for long-grain paddy, Lira 1 030 per tonne for medium-grain paddy (USD 582) and at TL 960 (USD 542) per tonne for short-grain paddy. By early December, purchases by the agency were reported to have amounted to 41 305 tonnes, compared to a total of 12 850 bought in 2011.

In **Viet Nam**, overall output is now officially estimated to have reached a high of 43.7 million tonnes (29.1 million tonnes, milled basis), up 3.2 percent from the previous year and nearly 300 000 tonnes more than previously reported. Bumper summer-autumn and winter-spring crops of 13.98 million tonnes (9.3 million tonnes, milled basis) and 20.3 million tonnes (13.5 million tonnes,

milled basis), respectively, were behind the record level achievement. Higher yields, underpinned by good weather, boosted the smaller winter crop by 2 percent to 9.4 million tonnes (6.3 million tonnes, milled basis), notwithstanding a stagnating coverage. Favourable growing conditions also permitted plantings of 2013 winter-spring crops to start ahead of schedule. By 15 January, 1.94 million hectares were put under this most important crop, surpassing the 1.86 million hectare progress made a year earlier. Well ahead of the April start to crop gathering activities, the Viet Nam Food Association has announced that affiliated companies will purchase 1.0 million tonnes of winter-spring paddy during the harvest, a volume that will be kept away from the markets for a three-month period in order to support prices.

B. AFRICA

Strong gains in Egypt and West African countries to foster a 4 percent output recovery in Africa



The 2012 season is well advanced in **Africa**, where most countries are by now either concluded the paddy campaign altogether or are planting secondary crops, after completing the harvest of their main paddy crops. On the whole, production prospects for the continent have changed little since last reported, with aggregate output projected to outdo the 2011 weather depressed level by 4 percent to 26.4 million tonnes (17.4 million tonnes, milled basis). At a country level, however, significant adjustments were made to production forecasts for countries situated in West Africa, which, together with Egypt, look set to account for much of the region's annual production

growth. By contrast, adverse climatic conditions are now behind expectations of output reductions in Eastern Africa, which would add to the smaller crops already gathered in Southern African countries.

In **Northern Africa**, January marks the closure of 2012 harvesting activities in **Egypt**. Based on officials expectations for the season, production in the country is set to register a 15 percent expansion relative to 2011 to 6.5 million tonnes (4.5 million tonnes, milled basis). The outstanding performance comes on the back of increases in area planted to paddy, as favourable price prospects encouraged producers to extend coverage beyond official cultivation limits.

By now, most countries in **West Africa** have gathered their main crops and are engaged in secondary crop planting, where these are cultivated. Overall, the sub-region is predicted to harvest 13.1 million tonnes (8.3 million tonnes, milled basis), 380 000 tonnes more than foreseen in November. The revised output figure would imply a 7 percent rise relative to the poor 2011 level and an all time record, an achievement that would come on the back of both area and yield improvements. Indeed, main paddy crops benefitted from favourable growing conditions, a factor that is expected to foster widespread production increases in the sub-region. Based on the latest available assessments, **Burkina Faso, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Senegal and Sierra Leone** are all set to collect larger crops. Combined, gains in these countries would be sufficient to compensate for a decline mainly in **Nigeria**, the largest producer in the area, where crops were negatively impacted by severe floods. **Benin** and **Chad** look also set to close the season with smaller harvests.

In **Benin**, heavy precipitations starting in August resulted in the Niger river bursting its banks. Despite reported increases in area planted, damages caused by the ensuing inundations, which concentrated mainly in Karimama and Malanville, are gauged to have extended over some 6 000 hectares of paddies. As a result, production in the country is now officially forecast to contract to 195 000 tonnes (117 000 tonnes, milled basis), nearly 40 000 tonnes more than previously reported, but still 11 percent below the 2011 excellent outcome.

Reversing earlier expectations of a production decline, officials in **Burkina Faso** estimate the 2012 season to have yielded a favorable outcome. The paddy harvest, which was completed in November, is assessed to have amounted to 273 000 tonnes (180 000 tonnes, milled basis), which compares to the 241 000 tonnes (159 000 tonnes, milled basis) reaped in 2011. The increase was in spite of setbacks incurred, including erratic rains early in the season and localized floods.

The production outlook is also positive in **Ghana**, where crop harvesting activities were concluded in October. Generally favorable climatic conditions are officially anticipated to permit production in the country to recover to 486 000 tonnes (292 000 tonnes, milled basis), up 5 percent from the 2011 low. For the 2012/2013 paddy season, farmers selling supplies to the National Food Buffer Stock Company (NAFCO) will be paid 25 percent more than in the preceding season. Accordingly, the state agency responsible for managing an emergency reserve of 10 000 tonnes of milled rice and a buffer stock of 15 000 tonnes of paddy, is to pay Cedi 50 per 85 kilo bag (USD 309 per tonne) of paddy.

In **Guinea**, assessments by officials released in November have revisited historical estimates of production in the country. Continuing a trend of steady output gains since 2003, about 1.6 million tonnes of paddy (1.1 million tonnes, milled basis) were estimated to have been produced in 2010, up 8 percent above the previous year. This level was topped by 11 percent in 2011, when production was put at 1.8 million tonnes (1.2 million tonnes, milled basis). As to the 2012 season, officials anticipate that early and abundant rains, coupled with assistance to the sector, will support a further 7 percent production expansion to 1.9 million tonnes (1.3 million tonnes, milled basis), some 220 000 tonnes above the preceding output forecast.

The 2012 production forecast for **Mali** has also been subject to a significant upward revision, with officials now predicting 2.4 million tonnes (1.6 million tonnes, milled basis) to be harvested. In spite of some localised floods and reported shortages of seeds, the revised forecast would stand 36 percent above the poor 2011 performance and nearly 500 000 tonnes more than previously foreseen by FAO. The exceptional turnout was supported by strong government and external assistance to the sector, in the form of inputs distribution and development of irrigation facilities, which permitted vast areas to be reclaimed for paddy cultivation.

Floods along the Niger River delta, which submerged large tracts of irrigated and rainfed cultivations, compromised production prospects in **Niger** this season. Based on official assessments, output in 2012 is likely to amount to 85 000 tonnes (55 000 tonnes, milled basis). Although this level would stand 15 000 tonnes more than foreseen earlier, it would still suggest a stagnation at the poor 2011 level, when the crop was affected by precipitation shortfalls.

In **Nigeria**, torrential rains and release of water from reservoirs located in neighbouring Cameroon led to severe floods between September and October 2012. The inundations inflicted significant damage over fourteen states situated in the basins of the Niger and Benue rivers, where over 1.9 million hectares of crops were estimated to have been lost. Official assessments indicate that up to 31 percent of rice growing areas in the country were impacted by the floods, with eleven states expected to incur production shortfalls as a result. On the other hand, in non-affected areas, the abundant rains received benefited crops, adding to potential increases derived from enhanced soil conditions. Overall, and taking into account likely gains stemming from higher dry-season harvest,

FAO has lowered its 2012 production forecast for Nigeria by 500 000 tonnes to 4.2 million tonnes (2.5 million tonnes, milled basis), now pointing to a likely 8 percent output contraction from 2011.

This latest setback puts a dent on a sector that has received a lot of official attention and was previously envisaged to yield some 5.3 million tonnes (3.2 million tonnes, milled basis) in 2012. Nigerian officials have, however, launched a programme to bolster off-season paddy production. This will supplement broader flood recovery efforts, which foresee the release of grain supplies from public reserves and distribution of subsidised inputs and machinery to affected producers. The initiatives target to raise dry-season output by 1.3 million tonnes and will see participating farmers receive improved seeds free of costs, irrigation equipment and a 50 percent subsidy on fertilizers. This effort comes in addition to ongoing initiatives to boost processing capacity in the country through the establishment of up to 100 mills imported from China (Mainland) across various states, for an added annual milling capacity of 2.0 million tonnes.

Facilitated by a favourable unfolding of the rainy season, Government forecasts of production in **Senegal** now indicate that the 2012 harvest is likely to reach 652 000 tonnes (456 000 tonnes, milled basis), representing an exceptional 61 percent recovery from 2011. If confirmed, this production level would stand out as the highest on record, while still falling short of government objectives to see the country producing 1.5 million tonnes of paddy (1.0 million tonnes, milled basis) and reach rice self-sufficiency by 2012. Officials have, nevertheless, reformulated their aims in recent months and are now targeting to reduce reliance on imports by 2018, when output is projected to reach 1.6 million tonnes (1.1 million tonnes, milled basis). The strategy hinges on interventions to boost irrigation capacity to cover 250 000 hectares in the Senegal River Valley and the Anambé basin. Upland production is similarly expected to rise through the introduction of improved varieties, while other efforts include boosting mechanised cultivation, access to credit and storage capacity.

In ***Eastern Africa***, estimates of paddy production in **Kenya** have been revisited starting in 2010. Officials report that, notwithstanding area declines, a rebounding of yields to an average of 3.9 tonnes per hectare permitted local output to more than double to 85 500 tonnes (55 600 tonnes, milled basis) that year. A recovery in plantings led to an additional 26 000 tonne gain in 2011, with output reaching a record of 111 000 tonnes (72 300 tonnes, milled basis). As for prospects for the 2012 season, largely based on expectations of yields returning to more normal levels, FAO anticipates the country to reap 100 000 tonnes (65 000 tonnes, milled basis), which would still be an above-average result. The Kenyan sector has benefitted from strong support from the Government in recent years to expand irrigation capacity and promote the adoption of Nerica varieties. In 2012, officials also approved debt relief measures as part of the year's budgetary allocations. In line with this plan, in November the Government is reported to have waived Shillings 442 million (USD 5.0 million) worth of debt accrued by paddy farmers in the country's largest irrigation scheme of Mwea.

As harvesting activities of off-season crops come to completion, FAO has also revised output forecasts for the **United Republic of Tanzania**, based on preliminary assessments of 2012 production released by the Government. According to official appraisals, production in the country is set to decline to 1.12 million tonnes (733 000 tonnes, milled basis), 23 percent below the already poor 2011 outcome and the smallest harvest since 2004. The sharp contraction stemmed from late and poorly distributed rainfall, which delayed planting activities and negatively impacted main paddy crops harvested between June and July.

In ***Southern Africa***, producers are already engaged in planting activities of their 2013 paddy crops, which will be collected starting in April. Early prospects for production remain uncertain, as much of the sub-region has witnessed a late onset and erratic progress of the seasonal rains. In **Madagascar**, the dry climate, reported to have particularly affected crops in important eastern producing regions, compounded on concerns over persistent threats of migratory locusts. In 2012,

climatic setbacks were already estimated to have induced a 7 percent output contraction to 4.0 million tonnes (2.7 million tonnes, milled basis), the second since production reached a 2010 high of 4.8 million tonnes. After reaching a record 350 000 tonnes (233 000 tonnes, milled basis) in 2012, **Mozambique** also opened the 2013 campaign in October amid rainfall deficits, which persisted into January over parts of the country and were followed by heavy rains and localised floods. Despite this disappointing start, the Government is targeting a 4 percent output expansion in 2013. Meanwhile, encouraging results have been reported from an ongoing trial cultivation along the banks of the Zambezi river in **Namibia**, another country in the sub-region that has traditionally relied on imports to meet its domestic needs. The favourable end to the 2012 harvest, which reportedly yielded some 100 tonnes, has encouraged officials to announce expansionary plans for the project that would include investment in infrastructure, machinery and storage capacity, as well as marketing arrangements.

C. CENTRAL AMERICA AND THE CARIBBEAN

Smaller crops in Costa Rica, Cuba and Panama bring Central America and the Caribbean's production down

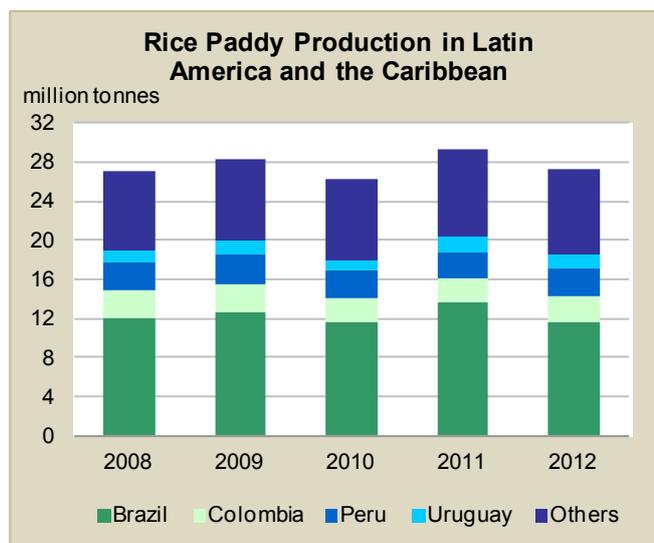
FAO's 2012 production outlook for *Central America and the Caribbean* has changed little since the previous issue of the RMM, with the sub-region expected to gather 2.8 million tonnes (1.8 million tonnes, milled basis), down about 1 percent from the previous year. At a country level, the production forecast is 15 000 tonnes lower in **Haiti**. The revisions takes into account the negative impact of Tropical Storm Isaac and Hurricane Sandy on main paddy crops, the planting of which had already been adversely affected by high input prices. As a result, Haiti is estimated to have gathered 115 000 tonnes (77 000 tonnes, milled basis) in 2012, 4 percent less than in 2011. Current prospects point to negative results in **Costa Rica**, where area cuts are anticipated to depress output by 15 percent to 240 000 tonnes (157 000 tonnes, milled basis) from a revised 2011 level. In **Cuba**, FAO anticipates the 2012 harvest to amount to 525 000 tonnes (350 000 tonnes, milled basis), some 41 000 tonnes lower than the 2011 good outturn. The retrenchment is expected to result from climatic setbacks, including untimely rains at planting time in important producing regions and the subsequent development of dry conditions over much of the country. Additional localised losses were caused by the landfall of Hurricane Sandy in October. In **Panama**, prospects of lower margins, coupled with unfavourable growing conditions, are behind expectations of a 12 percent output decline to 268 000 tonnes (175 000 tonnes, milled basis).

Production declines in the above countries are likely to more than outweigh expected gains in the **Dominican Republic, El Salvador, Honduras, Mexico and Nicaragua**. In the **Dominican Republic**, the largest producer in the sub-region, FAO foresees output to grow by 2 percent to 850 000 tonnes (561 000 tonnes, milled basis), reflecting continued expansions in area planted to paddy. Authorities in the country have, however, signalled intentions to overhaul the national warehouse receipts programme (Programa Nacional de Pignoración), amid concerns over its financial sustainability. For 2013, the Dominican Government allocated Pesos 850 million (USD 21 million) to the scheme, which is meant to provide price stability at harvest time.

D. SOUTH AMERICA

Dry conditions and falling prices depress 2012 production in South America by 7 percent

On the whole, 2012 production in **South America**, where the season is now at a full close, is assessed to have amounted to 24.5 million tonnes (16.4 million tonnes, milled basis), 7 percent below the exceptional 2011 harvest. The reduction was led by area cuts that came in response to low prices and insufficient water supplies. This was particularly the case in **Brazil**, where production incurred the sharpest fall. Output also declined in **Argentina, Ecuador and Uruguay**, more than offsetting gains in **Bolivia, Chile, Colombia, Guyana, Peru, Paraguay and Venezuela**. Meanwhile, planting of 2013 crops is complete in various important producers in the sub-region. Early indications for the forthcoming 2013 season continue to point to limited or no recoveries in the rice area planted, amid constraints presented by high production costs and/or prospects of lower prices. On the other hand, compared to the previous season, overall crop conditions are reported improved, thanks to a conducive climate and adequate water supplies.



In **Argentina**, the official estimate of 2012 production has been adjusted slightly since last reported, with output gauged to have contracted by 10 percent to 1.57 million tonnes (1.1 million tonnes, milled basis), under pressure from low price prospects and water constraints. On the other hand, planting of 2013 crops is all but complete by now. According to officials, 231 400 hectares of land were put under paddy cultivation this season, 2.4 percent less than the previous year. Much of the reduction reflects high production costs constraining the sector, although, unlike in the previous season, availability of water for irrigation has not represented a problem. Although planting activities were delayed because of untimely rains, by mid-January 70 percent of crops planted were judged in excellent to good conditions, with the remaining share growing regularly.

In spite of delays and shortfalls in precipitation early in the season, paddy production in **Bolivia** is estimated to have risen for a fifth consecutive year in 2012 to an all time high of 600 000 tonnes (412 000 tonnes, milled basis), a remarkable 27 percent growth from the previous year. Much of this increase reflected output gains in the Department of Santa Cruz, which on the back of area and yield improvements, is reported to have reaped 27 percent more than the previous year or 480 000 tonnes (330 000 tonnes, milled basis). As to the 2013 season, launched in October, early expectations are that lower prices and difficulties in marketing supplies abroad could result in area cuts. In an attempt to provide support however, the state entity EMAPA has announced its intention to absorb up to 66 000 tonnes from the forthcoming harvest.

Constrained by low price prospects and reduced water availability in reservoirs, paddy production in **Brazil** declined in 2012 by 15 percent to 11.6 million tonnes (7.8 million tonnes, milled basis). According to a January crop assessment conducted by CONAB, however, 2013 production could register a 4 percent year-on-year recovery to 12.1 million tonnes (8.1 million tonnes, milled basis). The forecast upturn mostly rests on expectations of yield improvements, following a more normal climatic unfolding of the season. Moreover, contrary to earlier expectations of continued substitution of other crops for paddy, the rice area coverage is anticipated to remain largely steady at 2.42 million hectares thanks to the steep recovery in domestic prices witnessed in 2012. In this connection, on 9 January 2013, the Brazilian Government announced a close to public stock releases, so as to avert downward pressure on local quotations as the launch of crop gathering activities neared. According to officials, the successive rounds of tenders held since August to curb

inflation cumulatively unloaded 346 000 tonnes of paddy to local markets, out of a total of 749 000 tonnes auctioned.

Brazil: Paddy Production by Region in 2012 and 2013 (for Brazil: 2011/12 and 2012/13 paddy seasons)									
Region	Area (000 ha)			Yields (Mt/ha)			Production (000 Mt)		
	2012	2013	Var %	2012	2013	Var %	2012	2013	Var %
Brazil	2,427	2,420	-0.3	4.78	4.98	4.3	11,600	12,062	4.0
North	319	321	0.6	2.97	3.01	1.3	947	966	2.0
Northeast	597	603	1.0	1.29	1.73	34.0	769	1,041	35.4
Centre-West	219	202	-7.8	3.41	3.27	-3.9	745	660	-11.3
South East	54	45	-16.2	2.88	3.00	4.3	155	135	-12.6
South	1,239	1,250	0.9	7.25	7.41	2.2	8,984	9,260	3.1

Source: CONAB – Crop 2012/2013 Fourth Assessment – January 2013

In **Ecuador**, the 2012 season was fully closed in December, when the summer crop harvest was completed. Overall, the campaign is estimated to have ended with a 5 percent contraction to 1.4 million tonnes (798 000 tonnes, milled basis), reflecting flood-related damages as well as yield losses to pest attacks. The containment of pests and diseases remains a priority in the country, as winter crop planting progresses. The local industry has, however, maintained a positive outlook for 2013, on expectations that favourable prices may foster some expansions in rice cultivation.

By contrast, and notwithstanding significant rainfall deficits, **Paraguay** is estimated to have concluded the 2012 season with a 500 000 tonne harvest (350 000 tonnes, milled basis), up 21 percent from the previous year. Early prospects for crops in 2013 are positive, given the favourable growing conditions prevailing since the crop planting was concluded in December. Field reports suggest that the conducive climate, together with expectations of dynamic demand for export, has stimulated further increases in area coverage.

FAO's estimates of 2012 production in **Peru** remain at 2.9 million tonnes (2.0 million tonnes, milled basis). This would imply a 11 percent growth from the 2011 depressed level, facilitated by favourable weather conditions and adequate water availability for irrigation. The bumper harvest has, however, exerted considerable downward pressure on producer prices, which, on average, stood 18 percent below their year-earlier level at Nuevos Soles 800 (USD 310) per tonne in November. The price weakness, which could have negative consequences for the 2013 paddy season launched in January, is prompting the local industry to look to outside markets to dispose of surplus produce.

In **Uruguay**, prospects of reduced margins and limited water supplies induced a 7 percent cut in 2012 plantings, which, together with yield losses stemming from planting delays, caused output to slide to 1.4 million tonnes (997 000 tonnes, milled basis), 13 percent below 2011. In northern producing regions, 2013 planting activities are reported to have been completed regularly, following a timely arrival of rains, which recharged reservoirs. Producers, however, indicated that water shortfalls had hindered plantings in the more important eastern regions, which account for up to 70 percent of national output, although, since being put on the ground, crops are developing well.

According to official estimates of production, **Venezuela** gathered 925 000 tonnes (647 000 tonnes, milled basis) in 2012, up from 845 000 tonnes (592 000 tonnes, milled basis) the preceding year, but roughly 200 000 lower than previously foreseen. Although shortages of basic inputs are reported to have constrained growth prospects over the season, no major climatic setback was incurred, with improved price prospects supporting increases in area planted to paddy. In this connection, succeeding to the April adjustment of producer prices, in November the Government reviewed price caps of various regulated products. In the case of rice, the decision raised price ceilings at retail level by 28 percent to Bolívares Fuertes 7.2 (USD 1.7) per kilo of Type I rice, to

Bolívares Fuertes 6.69 (USD 1.5) for a kilo of Type II rice and to Bolívares Fuertes 6.34 for a kilo of Type III rice (USD 1.5).

E. NORTH AMERICA, EUROPE AND OCEANIA

Record yields behind an 8 percent recovery of output in the United States

In *North America*, the USDA's January assessments put 2012 production in the **United States** at 9.05 million tonnes of paddy (6.36 million tonnes, milled basis), up 8 percent year-on-year. Much of the growth was attributable to record level yields of 8.3 tonnes per hectare, reflecting productivity gains in all states, excepting California, where crops were affected by delayed plantings and unseasonable August temperatures. Looking at the various crops, long-grain output is assessed 24 percent higher at 6.54 million tonnes (4.59 million tonnes, milled basis), more than compensating for a 19 percent decline in medium/short grain production to 2.51 million tonnes (1.76 million tonnes, milled basis). On the other hand and although the season's launch is not due until April, the January approval of a nine-month extension to the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) will ensure that 2013 crops are covered by existing support programmes while a new five-year farm bill is elaborated. Of particular interest to the sector, two proposals previously discussed in the House and Senate envisage a discontinuation of Direct and Counter-cyclical Payments and of the Average Crop Revenue Election (ACRE) program. The elimination of support under the former scheme would bare particular impact for the producers of rice, a commodity benefiting from amongst the highest direct payments per acre.

USA: Paddy Production by Class and State (000 Mt)								
	2011				2012			
	Long Grain	Medium Grain	Short Grain	All	Long Grain	Medium Grain	Short Grain	All
Total	5,278	2,974	137	8,389	6,539	2,339	170	9,048
Arkansas	2,790	750	3	3,543	3,975	376	3	4,354
California	17	2,043	135	2,195	14	1,864	167	2,044
Louisiana	1,057	142	-	1,199	1,081	78	-	1,158
Mississippi	488	-	-	488	421	-	-	421
Missouri	360	17	-	377	549	12	-	561
Texas	565	22	-	587	499	10	-	509

Source: USDA National Agricultural Statistics Service (NASS)

In *Europe*, FAO has upgraded its forecast of 2012 production in the **EU-27 zone** to 3.1 million tonnes (1.8 million tonnes, milled basis), which would be 4 percent less than last year. The retrenchment was fostered by a decline in cultivated area, prompted by unfavourable price prospects, which more than offset a 3 percent rise in average yields. At the country level, expectations of an output decline in Italy, the leading EU producer, have been overturned, as the sector is now expected to grow by 3.5 percent to 1.6 million tonnes (967 000 tonnes, milled basis). The increase would be fostered by a 9 percent gain in yields to 6.9 tonnes per hectare, which outweighed a 5 percent contraction in plantings to 235 000 hectares. The yield improvement was favoured by warm temperatures in July and August, which permitted crops to make up for the delayed progress caused by cool and wet conditions earlier in the season. Amongst the other EU producing countries, larger crops have been gathered in Hungary and in Portugal, whereas Bulgaria, France, Greece, Romania and Spain incurred declines. *Elsewhere in Europe*, officials in the **Russian Federation** reported a 2012 output level of 1.05 million tonnes (702 000 tonnes, milled basis), almost unchanged from 2011, but almost 200 000 tonnes less than previously anticipated. Production assessments in the **Ukraine** also indicate a smaller crop than originally foreseen, with

falling area and yield estimated to have resulted in a 7 percent output contraction to 159 000 tonnes (106 000 tonnes, milled basis).

In *Oceania*, the latest assessment of production released by ABARES has maintained a positive outlook for 2013 production in **Australia**. After having rebounded by 42 percent to 108 000 hectares in 2011, ample water supplies for irrigation are envisaged to facilitate an increase in area coverage to 121 000 hectares. On expectations of a return to more average yield levels, the March to May gathered crop is expected to reach 1.1 million tonnes (722 000 tonnes, milled basis), which compares to 941 000 tonnes (628 000 tonnes, milled basis) in 2012. To date, the abnormally hot and dry conditions prevailing over much of the country in recent months are not reported to have inflicted major damages to rice crops.

II. INTERNATIONAL TRADE IN RICE

A. Trade in 2012

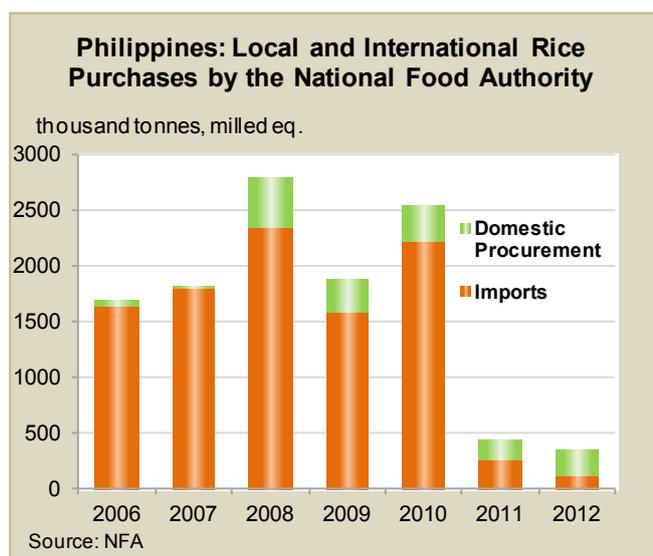
Strong import demand and ample availabilities drive 2012 trade in rice to new heights

Global trade in rice is estimated to have reached an all time high of 37.8 million tonnes (milled basis) in calendar 2012, exceeding the preceding year's record by 4 percent (or 1.5 million tonnes). The expansion was driven by strong import demand from countries situated in Africa, Latin America and the Caribbean, Europe and North America, which either needed to step-up purchases to make up for supply shortfalls, or willing to take advantage of more attractive international prices. Although production inroads achieved the previous year permitted several Asian countries to cut rice purchases, overall imports to the region remained close to the 2011 record. This was in part due to large consignments to China (Mainland), which emerged as a major global buyer of rice in 2012. On the export side, major inroads were made by India, which could rely on abundant and affordable supplies accumulated from consecutive years of large harvests. Remaining a very competitive origin, Viet Nam also was able to raise shipments to new heights. Although less marked, increases were registered in Australia, Cambodia, Egypt, Paraguay and the United States. On the other hand, shipments by Thailand, traditionally the largest rice exporter, contracted severely, reflecting uncompetitive prices. Deliveries by Argentina, Brazil, China (Mainland), Myanmar, Pakistan and Uruguay were also reduced.

Imports in 2012

Large imports by China (Mainland) keep Asian purchases at near record levels

FAO's latest forecast points to a rice trade of 37.8 million tonnes in calendar 2012, up 4 percent from a year earlier and an all time record. The increase is estimated to have been fostered by strong import demands in all major geographical regions, with the exception of *Asia*. On aggregate, the continent is estimated to have cut purchases by roughly 200 000 tonnes to 17.9 million tonnes in 2012, a level that would still stand out as the second largest on record. The overall decline mostly reflects reduced purchases by countries in the Far East, following the excellent production results achieved during the previous season, which permitted major buyers, including state agencies, to rely more on local supplies. Amongst the individual countries, **Indonesia** cut its purchases the most, volume-wise. Thanks to production inroads and refurbished stocks following an active domestic procurement campaign, Indonesia's imports are gauged to have declined from a high of 2.8 million tonnes in 2011 to 1.5 million tonnes last year. Likewise, **Bangladesh** slashed shipments of foreign rice considerably, by 1.1 million tonnes to 340 000 tonnes, as the government turned to local purchases to meet its requirements and sustain domestic prices.



In the **Philippines**, the progressive disengagement of the National Food Authority from imports as part of the country's self-sufficiency road-plan similarly resulted in lower state purchases, which passed from a record of 2.3 million tonnes in 2008 to 120 000 tonnes in 2012. Instead, the bulk of the 1.0 million tonne volume that the country is assessed to have imported in 2012 were brought by the private sector. Bumper crops also permitted **Nepal** and **Sri Lanka** to cut purchases. The **Republic of Korea** and **Japan** were also reported to have imported less in calendar 2012, with the declines associated with the timing of arrivals of minimum access volumes.

In part, the tendency for Asian rice imports to decline in 2012 was contrasted by a surge in deliveries to **China (Mainland)**. Notwithstanding successive seasons of production gains, availability of more affordable supplies abroad in the face of escalating domestic prices stimulated a 1.8 million tonne rise in deliveries to the country to 2.36 million tonnes. This import estimate stands some 360 000 tonnes above the level last reported, consistent with a strong pace of arrivals to the country officially reported in the latter part of the year. In **Thailand**, the high local prices associated with the Paddy Pledging Programme are also estimated to have fostered a considerable rise in unofficial inflows to the country. Although some reports suggest the volumes traded across the Thai border (mostly in the form of paddy) to be as high as 2.0 million tonnes, FAO is using an estimate of 750 000 tonnes. This compares to a FAO figure of 400 000 tonne for the previous year. Purchases by various *Asian countries in the Near East* also witnessed strong gains, pushing aggregate deliveries to the sub-region up by 10 percent to 7.2 million tonnes. A large share of this increase was on account of the **Islamic Republic of Iran**, where deliveries are assessed to have passed from 1.1 million tonnes in 2011 to 1.5 million tonnes in 2012. **Afghanistan, Iraq, Jordan, Malaysia, Saudi Arabia** and **Singapore** are also assessed to have stepped-up imports in 2012.

African countries were an important driving force of 2012 trade in rice, taking 13.0 million tonnes of rice, 1.1 million tonnes, or 9 percent, more than the 2011 already large amount. Underpinning much of the region's increase in imports was the need by various countries to make up for 2011 production shortfalls, but also the wish to take advantage of the availability of affordable supplies in the market. Over the year, **Burkina Faso, Chad, Gambia, Kenya, Liberia, Mali, Madagascar, Niger, Senegal** and the **United Republic of Tanzania** all stepped up orders on these bases. Singularly, **Nigeria** was responsible for much of the region's import growth, as operators in the country anticipated their purchases before higher tariffs and levies on rice were applied. As a result, consignments to the country are estimated to have risen from 2.4 million tonnes in 2011 to 2.8 million tonnes in 2012, a level that positioned the West African nation as the leading global importer of rice last year. Substantial increases were also registered in the other major buyers in Africa. For instance, measures taken by **Cote d'Ivoire** to rein in inflation, including though a temporary suspension of import tariffs on rice, ceiling prices and an official import accord with Thailand, are estimated to have given way to a 9 percent rise in deliveries to the country to 1.2 million tonnes. Strong demand is also assessed to have triggered a 300 000 tonne growth in consignments to **South Africa** to 1.2 million tonnes.

Although somewhat lower than previously anticipated, purchases by **Latin America and the Caribbean** rose to 3.8 million tonnes, up from an estimate of 3.3 million tonnes in 2011. In *Central*

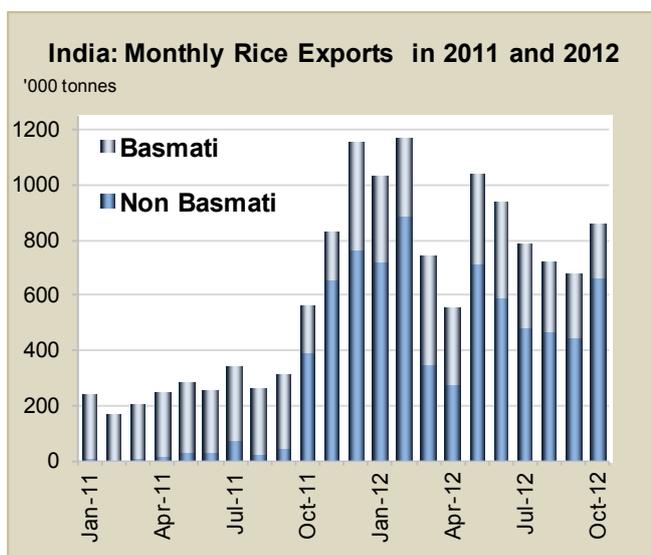
America and the Caribbean, which normally accounts for close to half of the volume delivered to the region, imports are assessed to have remained largely stable at around 2.2 million tonnes. Production gains permitted **Cuba** and **Nicaragua** to cut purchases to 500 000 tonnes and 80 000 tonnes, while deliveries to **Haiti**, **Honduras**, **Mexico** and **Panama** rose. In *South America*, an upbeat pace of purchases by **Brazil** and **Venezuela** pushed aggregate deliveries up by close to 40 percent to 1.6 million tonnes. In Brazil, the 20 percent annual import surge to 719 000 tonnes was prompted by production losses, which required imports to cover local as well as export demand. In Venezuela, a country that had been largely self-sufficient in rice until 2008, consecutive seasons of poor harvests are estimated to have required it to buy 400 000 tonnes in 2012. Within the sub-region, **Chile**, **Colombia**, **Ecuador** and **Peru** are likewise assessed to have stepped up purchases.

Elsewhere in the world, the USDA has downgraded 2012 imports by the **United States**, now assessed at 650 000 tonnes. The revised level would still suggest a 5 percent increase from the previous year. FAO's estimate of rice deliveries to the **European Union** points to an 8 percent year-on-year increase to 1.3 million tonnes. In the **Russian Federation**, shipments are estimated to have amounted to 180 000 tonnes, up 8 percent from 2011, while in **Australia**, purchases may have fallen by 19 percent to 130 000 tonnes, following the large crop harvest.

Exports in 2012

Competition from India limits other exporters' chances to expand markets

Based on the latest figures, global trade in rice in 2012 expanded for a third consecutive year to an all time high of 37.8 million tonnes. Underpinning much of the increase was **India's** emergence as the world's leading supplier of rice, with an estimated export volume of 9.2 million tonnes, or 24 percent of the world market. India's 4.4 million tonne annual surge was sustained by ample availabilities for export at extremely competitive prices, even though significant logistical constraints in ports had to be overcome. The Government's stance to promote rice trade, through steps such as the lowering and subsequent scrapping of basmati minimum export prices, provided further buttress. As a result, in addition to non-basmati rice consignments reaching unprecedented large volumes, the pace of shipments of basmati rice was brisk, with cumulative deliveries by October reaching 2.9 million tonnes, up 30 percent from the preceding year.



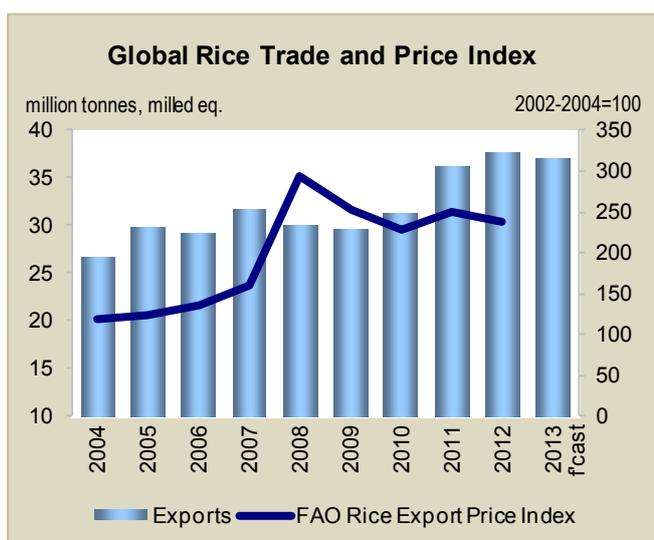
As a result, in addition to non-basmati rice consignments reaching unprecedented large volumes, the pace of shipments of basmati rice was brisk, with cumulative deliveries by October reaching 2.9 million tonnes, up 30 percent from the preceding year.

Given the intense competition in international markets resulting from India's full return as a rice exporter, only a few countries were able to improve their trade position by a significant margin in 2012. **Viet Nam** was one of those, having raised deliveries by over 600 000 tonnes to a record of 7.7 million tonnes, much of which on account of a surge in consignments to China (Mainland). The October repeal of a ban on milled rice exports also permitted **Egypt** to step-up shipments. After seeing consignments sink to lows the previous year amid a tightening of restrictions on exports, these are estimated to have risen by some 270 000 tonnes to 370 000 tonnes. Although 200 000 tonnes less than previously anticipated, the **United States** is also officially assessed to have raised exports by 2 percent to 3.3 million tonnes. Amongst the smaller exporters, abundant supplies also enabled **Australia**, **Guyana**, **Paraguay** and the **Russian Federation** to ship more in 2012.

Rice deliveries from all other exporters contracted in 2012. In the case of **Thailand**, the retrenchment was considerable, as the country faced unattractive prices, stemming from the implementation of the paddy pledging programme. Despite being 400 000 tonne higher than last reported in November, official export figures indicate that rice shipments by the country fell to 6.9 million tonnes, down 3.8 million tonnes from the 2011 high, with the shortfall reflecting retrenchments in all market segments. India's good basmati export performance also bore negative consequences for **Pakistan**, which saw its rice exports slide by an estimated 5 percent to 2.9 million tonnes on the back of falling fragrant rice sales. In **China (Mainland)**, a near 50 percent export shortfall to 279 000 tonnes was associated with relatively high domestic prices, which rendered its exports unattractive. Amid tighter exportable availabilities, **Myanmar** is estimated to have incurred an 11 percent export decline. Rice exports by several South American suppliers were similarly constrained by production shortfalls. This was particularly the case of **Brazil** and **Argentina**, where sales to foreign markets declined to 1.2 million tonnes and 700 000 tonnes, respectively, down roughly 100 000 tonnes each from the previous year, but also **Uruguay**, which is assessed to have shipped 4 percent less in 2012, or 900 000 tonnes.

B. Trade in 2013

International trade in rice in 2013 now pointing to a 2 percent annual contraction



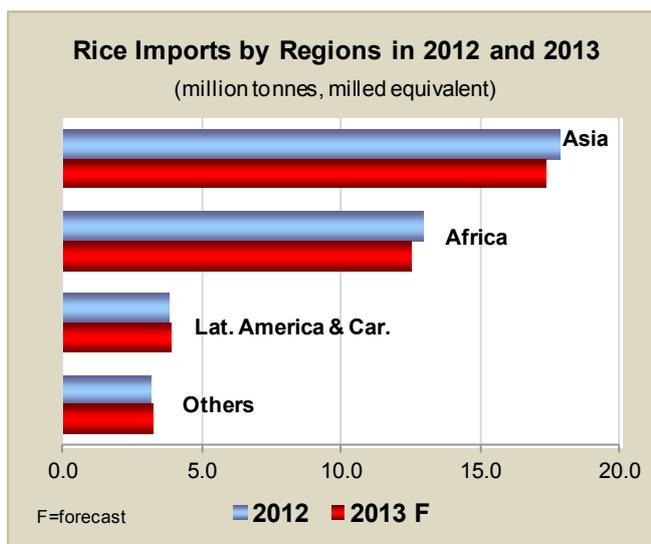
Following adjustments to 2012 trade figures and in line with the improved global production outlook, FAO's forecast of world trade in 2013 has been lowered by 570 000 tonnes to 37.0 million tonnes (milled basis), which would imply a 2 percent contraction from the current 2012 trade estimate. Compared to figures reported in the previous issue of the RMM, import forecasts for calendar 2013 were cut down for Indonesia, Nigeria, Senegal, Thailand and the Islamic Republic of Iran, while they were raised for Bangladesh, China (Mainland), Colombia, the Philippines and South Africa. As for 2013 exports, downward revisions mostly concerned

China (Mainland), India, Thailand and Viet Nam, while exports by the United States were adjusted upwards.

From a regional perspective, the anticipated decline in globally traded volumes would be driven by weaker import demands in Asia and Africa, a reflection of anticipated large harvests but also stocks, which in several countries, were built up through brisk import purchases in 2012. Current prospects indicate that reduced deliveries to the two regions in 2013 would not be fully compensated by increases to countries in Latin America and the Caribbean, North America and Europe. As for exports, India is unlikely to be able to maintain shipments at the 2012 exceptionally high level, given current expectations of a 4 million tonnes production shortfall and growing competition in other origins. Deliveries by Viet Nam are similarly expected to come down from last year's record. Exports from Argentina, Brazil and Uruguay are foreseen to decline for the second year. By contrast, shipments from Thailand are anticipated to rebound, mostly on the expectation of releases of supplies from public inventories, which could even bring the country back into the leading rice exporter position, although by a small margin. International rice sales by Australia, Cambodia, Egypt, Pakistan and the United States are anticipated to increase compared with 2012.

Imports in 2013

Reduced imports by Asian and African countries to depress world trade in rice in 2013



FAO's latest forecast puts global trade in rice in 2013 at 37.0 million tonnes, 2 percent lower than the 2012 record of 37.8 million tonnes. From a regional perspective, falling purchases by *Asian countries* are behind much of the shortfall. Overall, 17.3 million tonnes of rice are anticipated to flow to the region, down 3 percent from last year and 200 000 tonnes less than previously foreseen. The more contained import outlook for Asian countries reflects prospects of lower deliveries to **Indonesia**, now foreseen to reach 1.1 million tonnes, down from a 2012 estimate of 1.5 million tonnes and 400 000 tonnes less than previously forecast. The bulk of the country's rice imports

are accounted for by Bulog, the authorized procurement agency, which purchases supplies, either locally, after main crop harvests, or internationally, to reconstitute the reserves needed to service public distribution programmes and market interventions. In 2012, the agency received permission to import up to 1.0 million tonnes. However, volumes contracted with international suppliers in the latter part of year amounted to only 700 000 tonnes, as the agency managed to more than meet its mandated stock minimum of 2.0 million tonnes by procuring rice domestically. Consistent with previous practice, a portion of the 700 000 tonne contracted imports is expected to be delivered in the first quarter of 2013, before the start of main crop harvest, with subsequent imports depending on the size of the 2013 paddy harvest and domestic prices.

To a large extent, the anticipated contraction of Asian rice imports also relies on expectations of a decline in consignments to **China (Mainland)**, which may cut them to 2.0 million tonnes in 2013, 15 percent less than the 2012 high, but 300 000 tonnes more than previously foreseen. The import outlook indicates that China (Mainland) is likely to remain an important buyer over the coming year, as lingering high domestic prices and more attractive prices abroad continue to attract interest from Chinese buyers. Reports suggest that 260 000 tonnes were already contracted from Thailand in November, in the aftermath of the signing of a memorandum of understanding between the two nations. Unlike other government-to-government agreements, the memorandum does not include commitments over volumes, even of a non-binding nature, but instead focuses on enhancing cooperation in rice trade.

In the **Islamic Republic of Iran**, ample domestic stocks, replenished through large international purchases in 2012, and the 2012 good harvest may enable the country to cut rice shipments by 15 percent to 1.3 million tonnes this year. Based on current prospects of a favourable 2012/13 production outcome, FAO anticipates rice purchases by the **Philippines** to contract by 9 percent to 1.0 million tonnes in 2013, the third year of consecutive declines. In **Thailand**, current figures point to unofficial imports normalising over the course of the year to some 400 000 tonnes. Protection along Thai borders has indeed intensified, as officials try to avert paddy from neighbouring countries crossing the frontier and being mortgaged as Thai produce under the paddy pledging programme. This protectionist stance looks also set to involve the export sector as plans have been announced to require that white rice exports be inspected prior to being shipped, a requisite previously limited to fragrant exports and geared at ensuring that produce from neighbouring countries is not rebranded as Thai. On the other hand, in November, the Thai Cabinet also approved plans to enhance rice trade cooperation with four other ASEAN nations (Cambodia, Lao PRD, Myanmar and Vietnam), a move that would involve the creation of rice trade zones along border

areas. Overall deliveries to **Viet Nam** are presently anticipated to amount to 550 000 tonnes, down 50 000 tonnes from a year earlier. Although, much like in Thailand, the bulk of rice brought into the country is not officially recorded, according to a December decision, up to 70 000 tonnes of rice originating from the Lao PDR will be exempted from custom duties, effective until 31 December 2013. This quota comes in addition to the 300 000 tonnes duty-free annual import volume already granted to Cambodia, also valid until 31 December 2013.

By contrast and while still remaining comparatively small relative to historical levels, FAO anticipates consignments to **Bangladesh** to increase from an estimate of 340 000 tonnes in 2012 to 600 000 tonnes in 2013. Of this volume, officials predict 274 000 tonnes to be delivered in the first half of 2013, much of which consisting of Government purchases as part of a 410 000 tonne import target for the 2012-2013 fiscal year, started in June. In December, the Government of Bangladesh renewed a standing memorandum of understanding with Thailand, which envisages the supply of up to 1.0 million tonnes of Thai rice to Bangladesh, should the need arise. The measure keeps guaranteed volumes unchanged, but prolongs the validity of the agreement for three additional years to 2016. Provided arrivals of minimum access volumes remain on schedule, rice deliveries to the **Republic of Korea** are expected to hover around 400 000 tonnes, which compares to a 270 000 tonne level in calendar 2012. Consignments to **Japan** are expected to remain in line with the country's WTO commitments at 700 000 tonnes. Amongst other traditional Asian importing countries, rice imports by **Malaysia** are foreseen to rise by 5 percent to 1.15 million tonnes, while an output shortfall may require **Nepal** to raise its purchases to 200 000 tonnes.

Imports by *African countries* in 2013 are expected to decline by 3 percent to 12.5 million tonnes. The forecast contraction mostly hinges on expectations of a 300 000 tonne drop in deliveries to **Nigeria** to 2.5 million tonnes. Following an exceptionally high level of purchases in 2012, the country is indeed estimated to hold sufficient reserves to meet domestic needs, even to accommodate some output shortfalls. The reduced volume of imports also reflects the increasingly protectionist stance that the Nigerian Government has adopted as part of its endeavor to attain rice self-sufficiency by 2015. Measures involved include two successive increases of custom charges on milled and husked rice imports, which have brought applicable charges on both types of rice to 110 percent (inclusive of a 10 percent import tariff and a 100 percent levy).² The high level of protection, however, will make unofficial inflows of rice from neighboring nations even more attractive, which explain the still high level of imports forecast in 2013. In **Guinea**, the excellent production results this season are foreseen to permit imports to be cut by 17 percent to 300 000 tonnes. For the same reason, purchases by **Mali** may decline to a more normal level of 100 000 tonnes. **Madagascar** is also tentatively forecast to cut imports to 250 000 tonnes, although much will depend on the outcome of the 2013 paddy season, still at an early stage.

Conversely, often as a result of poor production results from the incidence of floods, **Benin**, **Burkina Faso**, **Cameroon** and **Niger** are all envisaged to import more in 2013. In **Liberia**, the projected increase will be facilitated by the continuation of duty exemptions on imports of milled and broken rice, approved in January 2013. This is the second time the exemption has been extended since tariffs were first scrapped in 2008 in a bid to contain inflation. Tighter domestic availabilities in the aftermath of consecutive poor harvests are also behind prospects of continued large imports by the **United Republic of Tanzania**, remaining at a relative high of 150 000 tonnes.

² Effective 1 July 2012, overall import duties were raised from 5 percent to 30 percent (a 5 percent import tariff plus a 25 percent levy) on husked rice and from 30 percent to 50 percent (a 10 percent import tariff plus a 40 percent levy) on milled/semi-milled rice. As part of 2013's Fiscal Policy Measures, starting 1 January 2013, a 10 percent import tariff plus a 100 percent levy are to be imposed on both husked and milled/semi-milled rice imports. Nigeria applies import charges on all types of rice based on a single benchmark price, irrespective of origin or effective FOB price paid. In the second and third quarters of 2012, this benchmark price for customs valuation was set at USD 699 per tonne, up from a previous USD 640 per tonne. For the last three months of 2012, the benchmark price was lowered to USD 673 per tonne.

According to media reports, officials from the country would have approved plans to facilitate imports of up to 60 000 tonnes of rice to keep inflation in check. Under the Common External Tariff of the East African Community (EAC), to which Tanzania adheres, rice deliveries from outside the community are liable to a 75 percent import duty. It is still unclear whether this announced import volume would be eventually exempted from such levies. Amongst other countries in the region, **Ghana**, **Kenya** and **South Africa** are forecast to maintain purchases largely steady over the course of the year.

Forecasts of 2013 imports by *Latin America and the Caribbean* stand at 3.9 million tonnes, up 1 percent from the previous year and only marginally lower than previously reported. The reduction is consistent with an improved production outlook for one of the largest buyers in the region, **Brazil**, where deliveries are anticipated to fall by 3 percent to 700 000 tonnes. Although lower than a previously projected 900 000 tonnes, this level of imports might be required not only to keep domestic prices under control but also to sustain a critical mass of exports. **Ecuador** is anticipated to make an only minor recourse to markets abroad provided 2013 output returns to more normal levels, while in **Venezuela** purchases are foreseen to contract by 14 percent to 345 000 tonnes, still a rather high level if compared to the 167 000 tonnes officially reported for 2010. Current forecasts suggest that most other countries located in *South America* are likely to keep 2013 rice purchases close to 2012 levels, with the exception of **Colombia**, where they may surge from 84 000 tonnes in 2012 to 200 000 tonnes. The increase is consistent with the arrival of a second tariff-free consignment from the United States, under the TRQ established by the U.S.-Colombia Trade Promotion Agreement, which is set to rise to 82 555 tonnes this year. In a bid to ease local supply tightness and keep prices under check, the Colombian Government has also approved additional imports for the year. According to the decision, up to 90 000 tonnes of rice from Andean Community countries, (Bolivia, Ecuador and Peru) may be delivered to Colombia between March and May 2013.

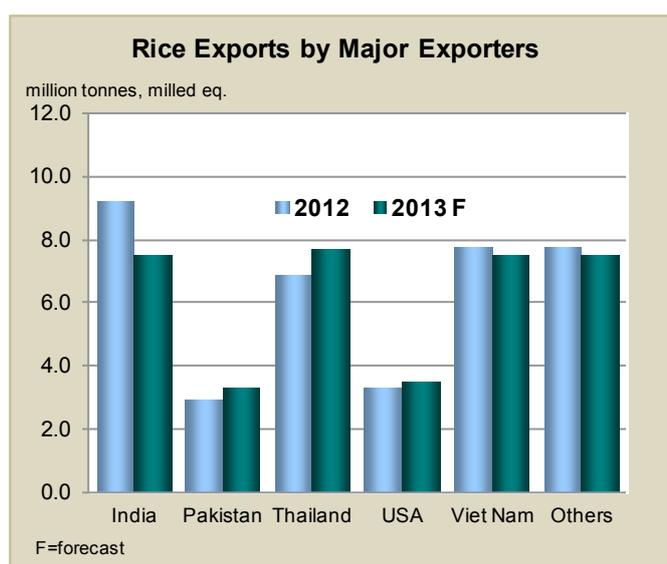
Based on current expectations, *Central American and Caribbean countries*, as a whole, may purchase 3 percent more than in 2012 or 2.3 million tonnes. Much of this growth is expected to be on account of **Costa Rica**, which, in response to a drop in local output, is forecast to take 56 000 tonnes more than in 2012, or 100 000 tonnes. The domestic industry has, however, been vocal against a growing trend of imports in recent years. In March 2012, this discontent took the form of a request to invoke safeguard measures against selected classes of milled rice imports carried out outside of CAFTA and other Central American preferential trade commitments. The request was ruled out by a November Government decision, on grounds that, albeit increasing during 2009-2011, the magnitude of such inflows did not constitute a grave threat to the industry. FAO anticipates rice purchases by **Haiti** to hover around 370 000 tonnes, largely stable if compared to 2012. The Caribbean nation has traditionally relied on the United States to source the bulk of its rice, but starting in 2013, Viet Nam is likely to emerge as an important provider to Haiti. This follows a Government-to-Government accord struck in December, which foresees the sale of up to 300 000 tonnes of rice annually on preferential terms, much like a standing agreement already existing between Viet Nam and Cuba. Among other major buyers in the sub-region, FAO anticipates import volumes by **Cuba** and **Mexico** to remain largely steady over the year at 500 000 tonnes and 720 000 tonnes, respectively.

In the other regions, the European Parliament approved in December 2012 two comprehensive free trade agreements between the **European Union** and Latin American countries, which are expected to become fully operational soon. One of the accords, struck with Colombia and Peru, foresees the opening up of an additional tariff-free import contingent in the EU for 34 000 tonnes for rice originating from these countries, volumes that are envisaged to rise by an annual rate of 3 400 tonnes. The Association Agreement with Central America, on the other hand, provides for the establishment of a regional quota 20 000 tonne for six nations party to the agreement (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama), which will accrue no import tariffs and

be subject to a 1 000 tonne increase per year. Rice exports by these Latin American countries have historically been small and confined to regional outlets. Of greater consequences are ongoing trade negotiations with two major Asian providers: India and Viet Nam. With India, which already benefits (along with Pakistan) from duty and quota free access to the EU for husked basmati rice, talks have been underway since June 2007, but are expected to gain momentum over the course of 2013. Negotiations with Viet Nam were, instead, only launched in mid-2012. Furthermore, in September, the European Union proposed to reinstate privileges granting duty and quota free access to goods from Myanmar under the Everything-But-Arms initiative, a proposal which is still under consideration. For 2013, FAO anticipates firm demand from the **EU-27 zone** to stimulate a 4 percent rise in deliveries to the region to 1.35 million tonnes. Elsewhere in Europe, rice imports by the **Russian Federation** are foreseen to amount to 190 000 tonnes, which compares to 180 000 tonnes in 2012. In December, Russian officials were prompted to call for consultations with their Indian counterparts, following found presence of khapra beetle on a small consignment of rice originated from India. Similar detections had already resulted in the imposition of temporary restrictions on imports from India by the Russian Federation in 2008. In the **United States**, imports are officially expected to reach 700 000 tonnes, 8 percent more than last year.

Exports in 2013

Thai rice shipments to recover, but exports by India and Viet Nam to trail closely behind



FAO's revised international trade outlook for calendar 2013 points to an aggregate volume of deliveries of 37.0 million tonnes, down 2 percent from the 2012 high. At a country level, the contraction is mostly envisaged to stem from reduced rice deliveries by **India**, which may see its competitiveness cut short by its lower 2012 crop production. More subdued demand in some of its traditional markets is also foreseen to dampen the export outlook for **Viet Nam**, whereas an easing supply situation may permit volumes traded by **Thailand** to recover somewhat. Taking these expected changes into account, the volumes exported by these three leading suppliers are currently forecast to be very

similar in 2013. This suggests that the intense competition sparked by India's re-entry into the non-fragrant market in 2011 would continue being a feature of the international rice market in 2013. Among the other major rice exporters, **Australia, Cambodia, Egypt, Pakistan** and the **United States** should hold sufficient supplies to step-up their deliveries during the year, while current expectations point to further declines for **Argentina, Brazil** and **Uruguay**.

In **Cambodia**, December 2012 marked the official launch of the Federation of Cambodian Rice Exporters (FCRE), an industry association created in June 2012 under the auspices of Government. Encompassing representatives from financial institutions, as well as logistical companies, the federation is expected to play an important role in promoting growth in the sector, further to acting as a liaison with public entities in endeavours geared at meeting an official milled rice export target of 1.5 million tonnes by 2015. Although deliveries by Cambodia are still mainly composed of paddy traded across the border, recent years have indeed seen the country make steady headways in direct milled rice exports, mostly to European nations. On these bases and given prospects of another large crop in 2012/13, Cambodia is forecast to raise sales by 8 percent to 1.3 million tonnes in 2013.

Conversely, the outlook is negative for **China (Mainland)**, who has seen its deliveries abroad contract for five consecutive years since reaching a relative 2007 high of 1.3 million tonnes. On expectations that high local prices may continue hindering its competitiveness abroad, deliveries by the country are forecast to remain close to the 2012 low of 300 000 tonnes.

FAO anticipates exports by **India** to slide to 7.5 million tonnes in 2013, consistent with expected contraction of rice output this season, which may impinge upon the country's competitive advantage over other origins. This level would imply a 18 percent contraction from the current 2012 estimate, but still stand out as the second highest export performance on record. Indeed, a November 2012 decision by the government reaffirmed official intentions not to hinder the outflow of common rice and wheat, in light of the more than adequate domestic supplies. Mirroring this abundance, even as the Government has taken proactive steps to discharge supplies to ease pressure on public granaries, state-held rice stocks stood at 32.2 million tonnes by 1 January 2013, surpassing their year-earlier level by 8 percent.

Given current prospects of little production growth and logistical constraints, including limited processing and port capacity, exports by **Myanmar** are foreseen to remain largely steady at 700 000 tonnes in 2013. The domestic industry has, however, maintained a more optimistic view, keeping a strong focus on competitiveness. For the 2012-2013 fiscal year it has targeted to raise deliveries to 1.2 million tonnes, a level that is hoped would rise to 1.5 million tonnes in 2013-2014 and to 2.0 million tonnes the following year.

In the wake of a poor 2012 export performance, the rice sector in **Pakistan** continues to be engaged in discussions surrounding its loss of foreign basmati markets, which on average have accounted for up to 35 percent of total rice exports. Much of this loss can be attributed to progressive declines in production of basmati rice, the result of producers shifting to the cultivation of hybrid rice varieties, which fetch higher yields and require shorter cultivation periods. Compounding this supply shortage are rising production and operational costs, often stemming from higher electricity bills. FAO's export forecast for Pakistan in 2013 is nevertheless optimistic, pointing to a 14 percent recovery to 3.3 million tonnes, partly reflecting greater deliveries in the non-fragrant segment.

FAO also anticipates rice consignments by **Thailand** to rebound somewhat in 2013. The upturn assumes that the country's competitiveness is somewhat restored by an easing of the domestic supply situation through progressive Government stock releases. The announced plans that would have up to 600 000 tonnes of fragrant rice offloaded from state reserves have, however, progressed slowly. This is so, even as reports of an impending shortage of storage space surfaced along with requests for additional financial allocations to a pledging programme that has been absorbing even larger volumes in its second year of reinstatement. Authorities still vest much hope on being able to export large volumes under existing government-to-government agreements, including one recently renewed with Bangladesh and another struck in November 2012 with China (Mainland). These have fuelled official expectations of Thai deliveries reaching 8.5 million tonnes in 2013. Given prospects of ample and more affordable availabilities elsewhere, FAO's forecast is lower and in the order of 7.7 million tonnes. It would represent a 12 percent recovery from the poor 2012 outcome, while remaining well below the 10.7 million tonne record achieved in 2011.

The export outlook is less buoyant for **Viet Nam**, which may see its deliveries depressed by growing competition with other suppliers and subdued import demand in some of its traditional outlets, including Indonesia, the Philippines, and more recently China (Mainland). These factors are foreseen to translate into a 200 000 tonne decline in 2013 rice exports to 7.5 million tonnes, down 100 000 tonnes from a previous forecast and in line with official expectations for the year.

Outside of Asia, calendar 2013 is expected to mark a strong return of **Egypt** to the international market. Following the October repeal of the ban on milled rice shipments, FAO anticipates exports by the country to amount to 700 000 tonnes, up from a 2012 estimate of 370 000 tonnes. This volume is expected to comprise supplies from a second export tender of 188 000 tonnes that was completed in December 2012. Under the bidding terms, Egyptian traders were required to ship these volumes by end of January, or face losing 10 percent of the value of the export licence paid during the tendering process.

Notwithstanding prospects of falling medium-grain deliveries from more intense competition, officials in the **United States** have raised the forecast of 2013 exports by the country by 100 000 tonnes. The revised figure now stands at 3.45 million tonnes, implying a 5 percent increase from the previous year. Much of the expansion is expected to reflect strong buying interest by Latin American countries, which account for the bulk of US long-grain exports. United States may however lose its predominance in Haiti, if an official agreement between Viet Nam and the Caribbean nation for the delivery of rice begins to materialise already this year.

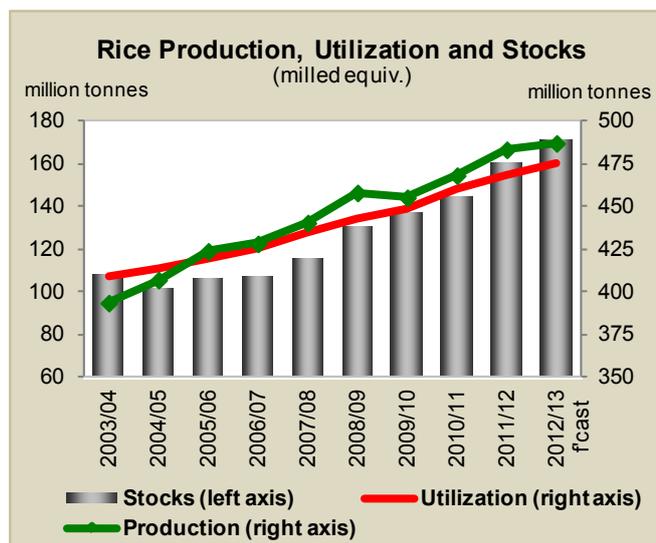
In **Australia**, rice exports look set to remain under the single-desk arrangement until 30 June 2017, following a December extension of the regime approved by officials in New South Wales, where virtually all Australian rice is produced. The arrangement maintains exclusive export rights for produce grown in the state to the New South Wales Rice Marketing Board, which has vested them on Ricegrowers Limited (SunRice). Given prospects of yet another bountiful harvest to be reaped, FAO sees Australian rice shipments reaching 500 000 tonnes in 2013, which compares to an estimate of 410 000 tonnes in 2012.

On the other hand, renewed competition amongst medium-grain suppliers in Near Eastern markets is behind expectations of a 75 000 tonne contraction of rice shipments by the **Russian Federation** to 200 000 tonnes. Current prospects are also negative for the major South American origins, although much will depend on the size of 2013 crops, yet to be harvested. In particular, **Brazil** is anticipated to face a 25 percent reduction in its exports to 900 000 tonnes, while those by **Argentina** and **Uruguay** are seen falling by 21 percent to 550 000 and by 11 percent to 800 000 tonnes, respectively.

III. RICE UTILIZATION AND DOMESTIC PRICES

Domestic prices tend to stabilize, albeit at high levels

Consistent with the improved global production outlook, forecasts of world rice utilization in 2013 have been lifted by 1.0 million tonnes, now pointing to a 2 percent increase in global rice consumption to 475.7 million tonnes (milled basis). Accounting for 85 percent of this use volume, 402.2 million tonnes are anticipated to be destined for food consumption, up 2 percent from the 2012 level and 650 000 tonnes more than previously foreseen. Current figures further suggest growing use of rice as animal feed, which, while remaining small, is forecast to expand by 5 percent to 12.6 million tonnes. Other uses, including seeds, post-harvest losses and non-food industrial utilization, may absorb 60.9 million tonnes, only slightly above volumes estimated for the previous year. Taking into account projected population growth, the increase in world rice utilization in 2013 would be sufficient to sustain a small rise in **global per caput food consumption**, from an estimated of 56.7 kilos per person in 2012 to 56.9 kilos in 2013.



Local rice quotations have tended to remain stable to lower across most Asian and African countries when compared to their levels three months earlier. In *Asia*, the **Lao People's Democratic Republic** stood out as an exception to this trend, although domestic prices also continued to gain ground in **China (Mainland)**, **Indonesia**, **Sri Lanka** and **Thailand**. In *Africa* considerable increases were also registered in **Burkina Faso**, **Madagascar** and in the **United Republic of Tanzania**. Although stable over recent months, local quotations in various countries in the region, including **Cape Verde**, **Senegal**, **Rwanda** and **Malawi**, stood well over their

year-earlier values. The same could be said of various *Latin American* countries, such as **Brazil**, **Colombia**, **Costa Rica**, **Ecuador**, and **Nicaragua**, with retail prices in **Bolivia**, **Brazil** and the **Dominican Republic** having registered recent increases as well. In the other regions, prices tended to strengthen mainly in the **United States**.

MONTHLY RETAIL PRICES OF RICE IN SELECTED MARKETS

ASIA	Historical monthly price trend						Latest available:		Latest quotation available compared to: ^{/1}						
	2007	2008	2009	2010	2011	2012	Month	USD/Kg	3 months earlier	1 year earlier	2 years earlier				
Bangladesh: Dhaka (coarse)							Dec-12	0.36	1%	0%					
Cambodia: Phnom Penh (mix)*							Dec-12	0.45	0%	-18%					
China: 50 City Avg. (japonica second quality)							Dec-12	0.90	1%	3%					
India: Delhi							Dec-12	0.47	-1%	8%					
Indonesia: Ntl. Avg. (medium quality)							Dec-12	0.86	2%	6%					
Lao PDR: Vientiane (glutinous first quality)							Dec-12	1.00	29%	0%					
Mongolia: Ulaanbaatar							Nov-12	1.21	-1%	4%					
Myanmar: Yangon (Emata 25%)*							Dec-12	0.30	-14%	11%					
Nepal: Kathmandu (coarse)							Nov-12	0.41	-10%	3%					
Pakistan: Karachi (irri)							Dec-12	0.53	0%	6%					
Philippines: Ntl. Avg. (well-milled)							Dec-12	0.86	-1%	1%					
Sri Lanka: Colombo (white)							Dec-12	0.47	4%	4%					
Thailand: Bangkok (5% broken)*							Nov-12	0.54	-3%	-5%					
Viet Nam: Dong Thap (25% broken)							Dec-12	0.37	-3%	-14%					
WESTERN AFRICA															
Burkina Faso: Ouagadougou (imported)*							Dec-12	0.76	0%	3%					
Cape Verde: Santiago (imported)							Dec-12	1.23	2%	11%					
Chad: N'Djamena (imported)							Nov-12	0.94	-5%	-20%					
Mali: Bamako*							Dec-12	0.67	-4%	-11%					
Niger: Niamey (imported)*							Dec-12	0.80	0%	-9%					
Senegal: Dakar (imported)							Dec-12	0.89	0%	29%					
CENTRAL AFRICA															
Dem. Rep. Congo: Kinshasa (imported)							Dec-12	1.18	-2%	1%					
EASTERN AFRICA															
Djibouti: Djibouti (Belem)*							Nov-12	0.63	4%	-10%					
Rwanda: Kigali*							Dec-12	1.28	0%	20%	67%				
Somalia: Mogadishu (imported)							Nov-12	0.64	-5%	-47%					
Uganda: Kampala*							Dec-12	1.12	0%	-2%	77%				
United Rep. of Tanzania: Dar es Salaam*							Dec-12	1.14	12%	26%					

MONTHLY RETAIL PRICES OF RICE IN SELECTED MARKETS

SOUTHERN AFRICA	Historical monthly price trend						Latest available: Latest quotation available compared to: ^{/1}										
	2007	2008	2009	2010	2011	2012	Month	USD/Kg	3 months earlier	1 year earlier	2 years earlier						
Madagascar: Ntl. Avg. (local)							Dec-12	0.56	6%	-4%	3%						
Malawi: Lilongwe							Nov-12	1.03	-4%	36%	104%						
Mozambique: Maputo							Dec-12	0.85	0%	0%	-16%						
CENTRAL AMERICA AND THE CARIBBEAN																	
	2007	2008	2009	2010	2011	2012			-100	0	100	-100	0	100	-100	0	100
Costa Rica: Ntl. Avg. (first quality)							Nov-12	1.58	1%	7%	-1%						
Dominican Rep: Santo Domingo (first quality)							Dec-12	1.15	5%	-1%	-4%						
El Salvador: San Salvador							Dec-12	1.09	0%	0%	0%						
Guatemala: Ntl. Avg. (second quality)							Nov-12	1.17	1%	4%	6%						
Haiti: Port-au-Prince (imported)							Dec-12	1.08	0%	5%	0%						
Honduras: Tegucigalpa (second quality)*							Dec-12	0.88	6%	8%	-1%						
Mexico: Mexico City (sinaloa)*							Dec-12	0.85	0%	-1%	18%						
Nicaragua: Ntl. Avg. (second quality)							Dec-12	0.91	1%	12%	14%						
SOUTH AMERICA																	
	2007	2008	2009	2010	2011	2012			-100	0	100	-100	0	100	-100	0	100
Bolivia: La Paz (grano de oro)*							Dec-12	0.91	4%	3%	-5%						
Brazil: São Paulo							Dec-12	1.19	9%	31%	30%						
Colombia: Bogotá (first quality)*							Dec-12	1.35	-1%	17%	16%						
Ecuador: Quito (long grain)*							Dec-12	1.05	1%	13%	-						
Peru: Lima (corriente)							Dec-12	0.96	0%	0%	15%						
Uruguay: Ntl. Avg. (medium quality)							Oct-12	0.99	5%	6%	8%						
NORTH AMERICA																	
	2007	2008	2009	2010	2011	2012			-100	0	100	-100	0	100	-100	0	100
United States: City Avg. (long grain, uncooked)							Dec-12	1.57	4%	-2%	-2%						
EUROPE																	
	2007	2008	2009	2010	2011	2012			-100	0	100	-100	0	100	-100	0	100
Italy: Milan (arborio volano)*							Dec-12	1.11	2%	-22%	-24%						
Russian Federation: Ntl. Avg.							Dec-12	1.35	1%	-5%	-12%						

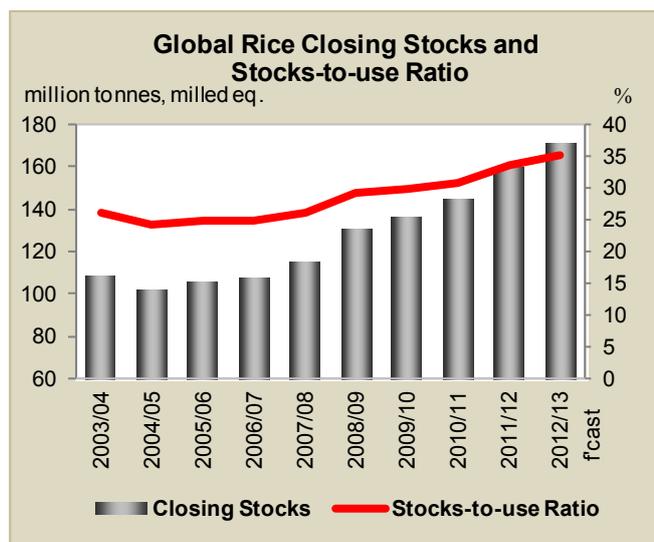
^{/1} Quotations in the month specified in the fourth column were compared to their levels in the preceding three, twelve and twenty-four months. Price comparisons were made in nominal local currency units.

* Wholesale prices.

Sources: FAO/GIEWS GIEWS Food Price Data and Analysis Tool; U.S. Bureau of Labor Statistics (BLS); Associazione Industrie Risiere Italiane (AIRI).

IV. CLOSING STOCKS

World rice inventories at the end of crop seasons closing in 2013 up again



FAO has raised forecasts of world rice inventories at the close of seasons ending in 2013 by 1.4 million tonnes since November. At a country level, the revision primarily follows upward adjustments to rice stocks in Thailand, reflecting prospects for higher 2012/2013 crop output and reduced exports. The adoption of official stock estimates also implied upgrades to inventory forecasts in Brazil, whilst lower anticipated deliveries in China (Mainland) and India lifted the 2013 carry-over forecasts in the two countries. Combined, these adjustments outweighed lower projected inventories in Bangladesh, Egypt and Nigeria. Taking these changes into

account, world rice inventories in 2013 are now anticipated to end 11.2 million tonnes higher than their opening level at 171.1 million tonnes (milled basis). The projected increase would result in a **global stock-to-use ratio** of 35.2 percent, up from an estimate of 33.6 percent for 2012. All of the stock increase is forecast to correspond to **developing countries**, which are expected to hold 166.8 million tonnes, 7 percent more than in the previous year and more than sufficient to compensate for a 1.4 million tonne draw-down in **developed nations'** stocks to 4.4 million tonnes.

Based on the revised figures, the **five major rice exporters**³ are likely to end their individual marketing years with a combined 45.8 million tonnes of rice on reserve, 10 percent more than in 2012 and sufficient to push their **stock-to-disappearance ratio**⁴ to 27.8 percent, up from an estimated 25.7 percent in 2012. The anticipated 10 percent stock increase primarily relies on expectations of a 5.2 million tonne build-up in inventories in **Thailand** to an all time record of 18.2 million tonnes, due to mounting public reserves. The 2012/13 main-crop round of the paddy pledging programme in Thailand has progressed with renewed strength since its launch in October 2012, with up to 8.8 million tonnes reported mortgaged by 10 January 2013, double the amount pledged during the corresponding period in 2011/2012. Moreover and notwithstanding a looming shortage of storage space, Government stock release plans have progressed slowly, further aggravating the supply situation for an export sector that is faced with little offshore demand and unattractive prices. On expectations of falling import demand in some of its major outlets, **Viet Nam** is similarly expected to add 730 000 tonnes to its stockpile to 3.6 million tonnes. Together with the anticipated build-up in Thailand, this increase would serve to more than compensate for draw-downs in all other major rice exporting countries. In the case of **India**, the decline is expected to be in the order of 1.5 million tonnes, reflecting prospects of a smaller crop, combined with an above average export performance in 2013. As a result, rice reserves in the country, most of which accounted for by the public sector, are expected to end at 22.5 million tonnes. In the case of both **Pakistan** and the **United States**, the expected increase in deliveries in 2013 would require the two countries to draw supplies from inventories. In Pakistan, reserves are forecast to end 11 percent lower at 500 000 tonnes, while in the United States they would need to be cut by 26 percent to 958 000 tonnes.

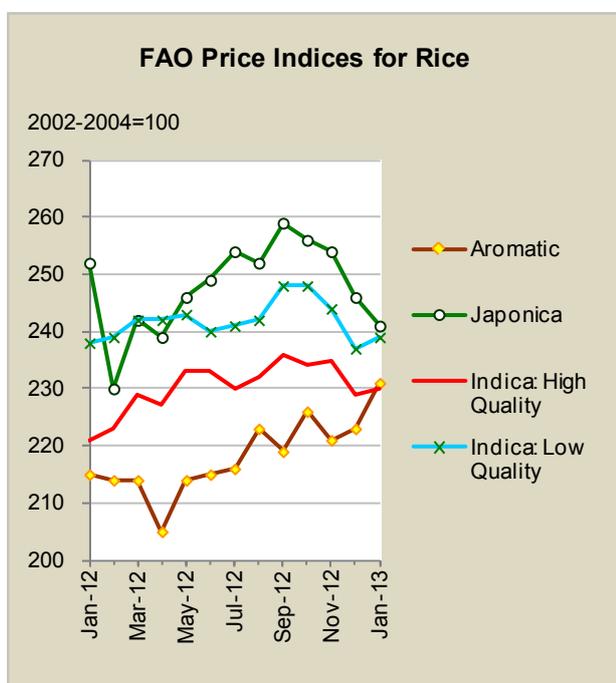
³ India, Pakistan, Thailand, the United States and Viet Nam.

⁴ Defined as the sum of the five major exporters' stocks divided by the sum of the five countries' domestic utilization plus exports.

FAO's forecast of reserves held by **rice importing countries** suggests a likely 5 percent decline in their aggregate carry-over to 27.2 million tonnes. Among the individual countries, the drawn-down is anticipated to affect **Brazil** in particular, a country that has only in recent years advanced to a net-rice exporting position. The sharp production shortfall in 2012 has obliged the country to rely on imports and inventories to maintain a high level of exports, with additional draw-downs associated with Government stock releases geared at curbing pressure on local prices and trimming storage costs to the state. As a result, rice closing stocks in Brazil are forecast to drop from an officially estimated 1.1 million tonnes in 2012 to 650 000 tonnes in 2013. Rice self-sufficiency initiatives are instead behind forecasts of lower inventories in the **Philippines** and **Nigeria**. In the case of the Philippines, efforts to limit imports and growing domestic consumption are expected to push reserves 23 percent below their opening level to 1.5 million tonnes. In Nigeria, the decline is projected to follow the institution of protective measures, which were somewhat bypassed by an accelerated rate of purchases ahead of their implementation. Rice carry-overs are anticipated to end 200 000 tonnes lower in **Bangladesh** to 6.8 million tonnes, reflecting expectations of both limited 2012 production growth and a moderate size of imports in 2013. Moreover, and while counting on record level state reserves of 1.25 million tonnes in September, officials in the country have indicated the intention to raise volumes distributed through welfare schemes during the 2012/2013 fiscal year by a 22 percent margin to 1.7 million tonnes. Production shortfalls are similarly forecast to foster declines in the **European Union**, the **Republic of Korea**, **Madagascar**, **Nepal** and in the **United Republic of Tanzania**. Elsewhere, based on estimates of successive abundant harvest and a still high level of imports, **China (Mainland)** is forecast to close the marketing year with 94.2 million tonnes on reserve, up 11 percent year-on-year.

V. INTERNATIONAL PRICES

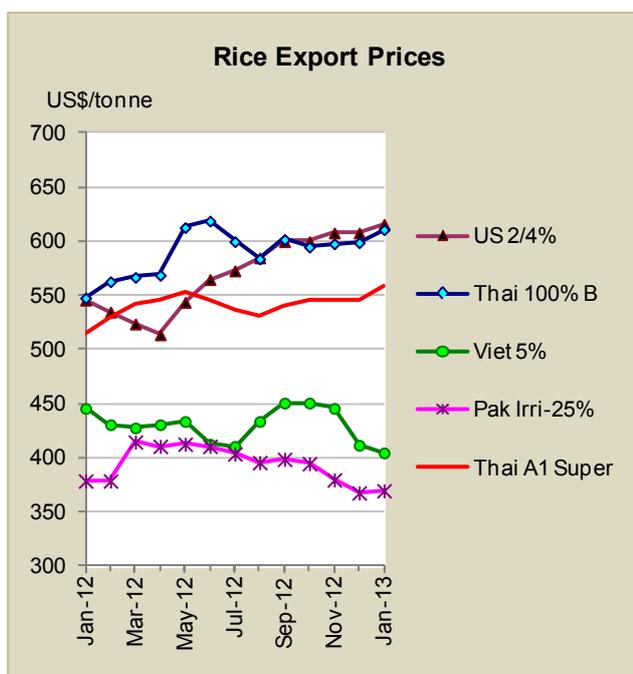
World rice prices soften as demand eases and new supplies from main-crop harvests reach the market



Coinciding with the arrival to the market of the main paddy crops in major northern-hemisphere exporting countries, international rice prices have retreated since October last year. This resulted in a 3.3 percent decline in the FAO All Rice Price Index between October 2012 and January 2013, to a value of 236 points. The price weakness was most felt in the Japonica market, which was characterized by renewed competition and lukewarm buying interest, pushing down the segment's index by 6 percent to 241 points in January. New crop arrivals also tended to ease Indica quotations, with the High Quality Indica Indices, shedding 4 points to 230 points and the Low Quality Indica 9 points to 239 points. By contrast, a strong demand, especially from Near Eastern nations, underpinned the Aromatica price Index by 6 points to 232 points.

From an annual perspective, rice export quotations witnessed declines in all rice market segments in calendar 2012, resulting in the annual FAO All Rice Price Index standing at 238 points, 13 points, or 5.2 percent, below the 2011 average. Prices of Japonica rice varieties subsided most, falling by nearly 10 percent, as large availabilities from Australia, Egypt and the Russian Federation kindled competition for markets. Price slides in the other rice segments were more contained, at 4 percent

for Aromatic rice and 3 percent for, both, the High and Low Quality Indica Sub-Indices. Seen from a source perspective, prices in South America and in Thailand strengthened compared with 2011, counter to the general 2012 falling tendency. In Thailand, the strength was, again, the reflection of the rice pledging programme, which continued to support domestic and export prices in the country by keeping million tonnes of rice in public stocks and away from the market. In Argentina and other South American exporters, thin supplies along with rising costs were behind the firmness of prices in 2012. In most other exporting countries, 2012 rice quotations averaged lower than in 2011, with particularly pronounced declines witnessed in Pakistan and Viet Nam. The price slide was more contained in India.



Returning to price developments since October 2011, support provided by the paddy pledging program in **Thailand**, together with a stronger Baht, have continued to sustain Thai export prices, despite weak buying interest. By 10 January, the pledging scheme was reported to have absorbed 8.8 million tonnes of paddy, twice as much as a year earlier. In January, the benchmark Thai 100% B was quoted at USD 611, up 3 percent from October. With mortgaging pace gathering strength, prices of the fully broken rice witnessed strong rises, as the terms set out by the scheme require that volumes mortgaged contain a specific share of broken. Over the full calendar 2012, the scheme pushed the quotations of the fully broken Thai A1 to USD 540 per tonne, or 16 percent above 2011.

In the **United States**, steady demand from Latin American and Caribbean markets prolonged the upward streak in long-grain quotations, with additional support provided by reports of an unusual sale to the Islamic Republic of Iran, a country that faced difficulties in concluding payments due to international sanctions and has traditionally relied on South Asian or South American origins to source its requirements. In January 2013, prices of the US No.2, 4%, stood at USD 616 per tonne, 3 percent above October values and slightly higher than the comparable 100% B quality in Thailand, underscoring the tendency for high quality Indica quotations to polarize into distinct higher and lower priced segments. In the medium-grain markets, however, tepid demand and renewed competition with Egypt over Near Eastern markets depressed quotations, as reflected by January US N.1/4 medium grain prices being quoted at USD 750 per tonne, 4 percent below October values and the lowest since September 2010.

Prices in **Viet Nam** also tended to lose ground, a reaction to a dearth of major export commitments following the conclusion of large sales to Indonesia in late 2012. Between October and January, quotations of 25% white Indica shed 11 percent of their value, arriving at USD 373 per tonne. With prospects for deliveries in the first quarter of 2013 also subdued, on 27 December 2012, the Vietnam Food Association (VFA) introduced a Minimum Export Price (MEP) of USD 370 per tonne for 35% broken rice, in an attempt to prevent exporters from under-pricing their rice. The measure was followed by an early announcement that VFA affiliated companies would procure 1.0 million tonnes from the winter-spring crop, harvested between April and June, and keep the supplies in stock for a three-month period.

The arrival Kharif-crop supplies also weighed on prices in **India**, although the pressure applied by new-crop arrivals was somewhat counter-balanced by prospects of an overall smaller harvest, coupled with an upbeat pace of purchases under the public procurement program. Accordingly, 25% Indian broken was quoted at USD 398 in January, down 3 percent from October. In the Basmati segment, a fast pace of deliveries provided support to Indian quotations, which have risen 6 percent since October to USD 1 152 per tonne. By contrast, pressure from competition, coupled with a depreciating Rupee, tended to depress quotations in **Pakistan**. The most evident decline was registered in the low quality Indica market, where 25% broken prices dropped by 6 percent to USD 370 per tonne, whilst the fall was in the order of 4 percent in the case of Basmati quotes to USD 900 per tonne.

Looking forward to the coming months, international rice export prices are expected to be influenced by the progress of secondary paddy crops in major northern-hemisphere countries, as well as by the main crop harvests along and south of the equator. However, as new crop supplies from these harvests are not anticipated to enter the market until the second quarter of the year, buying decisions in major importing countries are expected to play an important role in determining the direction of global rice prices. In this context, national price developments will likely be decisive. On the export side, much uncertainty still surrounds Thai official decisions to release supplies from mounting public reserves, while, in India, the announced intention to keep non-basmati rice exports unhindered has provided more assurance over availability in the coming months. Developments in other cereal markets as well as currency factors will need also to be monitored.

FAO Rice Price Indices (2002-2004=100)					
	All	Indica		Japonica	Aromatic
		High quality	Low quality		
2008	294	296	287	314	251
2009	253	229	196	341	232
2010	229	211	212	264	231
2011	251	237	250	274	227
2012	238	230	242	248	217
2012 January	235	221	238	252	215
February	229	223	239	230	214
March	235	229	242	242	214
April	233	227	242	239	205
May	238	233	243	246	214
June	238	233	240	249	215
July	239	230	241	254	216
August	240	232	242	252	223
September	245	236	248	259	219
October	244	234	248	256	226
November	242	235	244	254	221
December	236	229	237	246	223
2013 January	236	230	239	241	232
2012 January	235	221	238	252	215
2013 January	236	230	239	241	232
% Change	0.7	4.3	0.5	-4.2	7.6

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 broken. The Sub-Index for Aromatic Rice follows movements in prices of Basmati and Fragrant rice.

EXPORT PRICES FOR RICE														
	Thai White 100% B Second grade	Thai Parboiled 100%	U.S. Long Grain 2,4%	Thai 5%	Viet 5%	Argentina max 10%	India 25%	Pak 25%	Thai 25%	Viet 25%	Thai A1 Super 1/	U.S. California Medium Grain 2/	Pak Basmati Ordinary	Thai Fragrant 100%
	<i>(US \$/tonne, f.o.b.)</i>													
2008	695	722	782	682	614	584	345	498	603	553	506	913	1 077	914
2009	587	619	545	555	432	459	...	351	460	384	329	1 019	937	954
2010	518	532	510	492	416	499	...	372	444	387	386	764	881	1 045
2011	565	563	577	549	505	475	409	433	511	467	464	855	1 008	1 054
2012	588	594	567	573	432	488	391	396	560	397	540	790	914	1 091
2012														
January	548	531	546	531	446	475	390	379	529	410	515	816	950	1 087
February	563	570	535	547	431	475	395	379	542	395	530	816	950	1 110
March	567	614	524	551	428	472	379	415	551	387	543	788	950	1 120
April	569	608	514	552	431	470	384	411	553	384	546	772	825	1 091
May	613	622	544	602	434	470	379	412	580	388	554	780	881	1 078
June	619	615	565	609	413	470	382	411	579	369	545	783	931	1 062
July	600	584	572	588	411	470	394	404	564	379	536	788	931	1 062
August	584	601	585	568	434	482	391	396	552	407	532	799	935	1 069
September	602	605	600	585	451	485	405	399	566	421	540	794	875	1 093
October	594	600	600	578	450	505	410	395	565	420	544	785	935	1 111
November	598	603	608	582	446	540	396	380	567	418	545	783	907	1 111
December	599	580	608	583	412	540	390	368	568	384	546	772	900	1 098
2013														
January	611	603	616	595	404	540	398	370	579	373	558	750	900	1 171
2012 January	548	531	546	531	446	475	390	379	529	410	515	816	950	1 087
2013 January	611	603	616	595	405	540	398	370	579	373	558	750	900	1 171
% Change	11.7	13.5	12.7	12.0	-9.4	13.7	1.9	-2.3	9.5	-9.0	8.3	-8.1	-5.3	7.7

Sources: Livericeindex.com, Thai Department of Foreign Trade (DFT) and other public sources.

1/ White broken rice. 2/ No. 1, maximum 4-percent broken, sacked, California mill.

... = unquoted

Note: Please note that data may have been subject to revision due to temporary unavailability and/or late publishing of weekly price quotations.

TABLE 1: WORLD PADDY PRODUCTION

	2007-2009	2010	2011	2012	Annual Change		2012 Forecast	
	Average		Estimate	Forecast	2012 over 2011		Previous	Revision
	<i>million tonnes</i>				<i>million tonnes</i>		<i>million tonnes</i>	
						%		
WORLD	675.9	702.2	724.5	730.2	5.7	0.8	728.7	1.5
Developing countries	651.1	675.2	699.6	704.4	4.8	0.7	703.0	1.4
Developed countries	24.7	27.0	24.9	25.8	0.9	3.5	25.7	0.1
ASIA	612.9	635.1	656.4	662.2	5.8	0.9	660.6	1.6
Bangladesh	46.1	50.3 G	50.7 G	50.7	0.0	0.0	51.3	-0.6
Cambodia	7.2	8.2 G	8.8 G	9.3 G	0.5	6.0	8.7	0.6
China	192.5	197.2	202.5	205.7	3.2	1.6	206.5	-0.7
of which China (Mainland)	191.0	195.8 G	201.0 G	204.3 G	3.3	1.6	205.0 G	-0.7
India	142.5	144.0 G	156.5 G	150.0	-6.5	-4.1	150.0	-
Indonesia	60.6	66.5 G	65.8 G	69.0 G	3.2	4.9	68.6 G	0.4
Iran, Islamic Rep. of	2.4	2.3 G	2.3	2.4	0.1	4.3	2.4	-
Japan	10.8	10.6 G	10.5 G	10.6 G	0.1	1.4	10.5	0.1
Korea Rep. of	6.3	5.8 G	5.6 G	5.4 G	-0.2	-3.8	5.5 G	-0.1
Lao PDR	2.9	3.1 G	3.0 G	3.1	0.1	3.4	3.1	-
Malaysia	2.4	2.5 G	2.7 G	2.7	0.0	1.3	2.7	-
Myanmar	31.0	30.8	30.0	30.0	0.0	0.0	30.0	-
Nepal	4.3	4.5 G	5.1 G	4.5 G	-0.6	-11.2	4.8	-0.3
Pakistan	9.7	7.2 G	9.2 G	9.4	0.2	1.8	9.4	-
Philippines	16.4	16.7 G	17.0 G	18.0 G	1.0	6.2	18.0	0.0
Sri Lanka	3.6	4.3 G	3.9 G	4.2 G	0.4	9.3	4.2 G	-
Thailand	31.9	36.0 G	35.3 G	37.8 G	2.5	7.1	36.0	1.8
Viet Nam	37.9	40.0 G	42.3 G	43.7 G	1.3	3.2	43.4 G	0.3
AFRICA	22.9	25.2	25.4	26.4	1.1	4.3	26.4	0.1
North Africa	6.6	4.4	5.7	6.6	0.8	14.8	6.6	-
Egypt	6.6	4.3 G	5.7 G	6.5 G	0.8	14.9	6.5 G	-
Western Africa	9.6	12.9	12.2	13.1	0.9	7.1	12.7	0.4
Côte d'Ivoire	0.7	0.7 G	0.7 G	0.7	0.0	3.9	0.7	-
Guinea	1.5	1.6 G	1.8 G	1.9 G	0.1	7.0	1.7	0.2
Mali	1.6	2.3 G	1.7 G	2.4 G	0.6	35.8	1.9	0.5
Nigeria	3.4	4.5 G	4.6 G	4.2	-0.4	-8.0	4.7	-0.5
Sierra Leone	0.7	1.0 G	1.0 G	1.1 G	0.1	10.0	1.3	-0.2
Central Africa	0.5	0.5	0.5	0.5	-0.1	-9.8	0.5	-
Eastern Africa	1.8	2.2	2.0	1.7	-0.4	-17.3	2.0	-0.3
Tanzania	1.3	1.7 G	1.5 G	1.1 G	-0.3	-22.8	1.5	-0.4
Southern Africa	4.4	5.2	4.8	4.5	-0.2	-5.1	4.5	-
Madagascar	4.0	4.8 G	4.3	4.0	-0.3	-7.0	4.0	-
Mozambique	0.2	0.3 G	0.3 G	0.3 G	0.1	26.3	0.3 G	-
CENTRAL AMERICA & CAR	2.6	2.8	2.8	2.8	0.0	-1.5	2.7	0.1
Cuba	0.5	0.5 G	0.6 G	0.5	0.0	-7.3	0.5	-
Dominican Rep.	0.8	0.9 G	0.8 G	0.9	0.0	1.8	0.9	-
SOUTH AMERICA	24.1	23.4	26.4	24.5	-1.8	-6.9	24.7	-0.2
Argentina	1.2	1.2 G	1.7 G	1.6 G	-0.2	-10.2	1.6 G	0.0
Brazil	12.0	11.7 G	13.6 G	11.6 G	-2.0	-14.8	11.6 G	-
Colombia	2.7	2.4 G	2.5 G	2.6 G	0.0	1.4	2.6 G	-
Ecuador	1.6	1.7 G	1.5 G	1.4	-0.1	-5.3	1.4	-
Peru	2.7	2.8 G	2.6 G	2.9 G	0.3	10.7	2.9	0.0
Uruguay	1.3	1.1 G	1.6 G	1.4 G	-0.2	-13.3	1.4 G	-
NORTH AMERICA	9.4	11.0	8.4	9.0	0.7	7.9	9.0	0.0
United States	9.4	11.0 G	8.4 G	9.0 G	0.7	7.9	9.0 G	0.0
EUROPE	3.8	4.4	4.4	4.3	-0.1	-3.3	4.3	0.0
EU	2.8	3.1 G	3.2 G	3.1 G	-0.1	-4.1	2.9	0.2
Russian Federation	0.8	1.1 G	1.1 G	1.1 G	0.0	-0.3	1.2	-0.2
OCEANIA	0.1	0.2	0.7	1.0	0.2	29.5	1.0	0.0
Australia	0.1	0.2 G	0.7 G	0.9 G	0.2	30.2	1.0 G	0.0

FOOTNOTES:

The 2012 paddy production season normally includes rice from the main paddy crops whose harvests fall in 2012, to which rice from all subsequent secondary crops, if any, is added. In the case of northern hemisphere countries, production in 2012 comprises the main rice crop, 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 2013. In the case of southern hemisphere countries, production in 2012 normally comprises rice from the main paddy crops assembled in the first part of 2012, plus rice from the secondary crops, generally gathered in the latter part of 2012. This approach to assess rice production is applicable to any given season.

Totals computed from unrounded data.

G Official figure.

TABLE 2: WORLD RICE IMPORTS (MILLED BASIS)

	2008-2010	2011	2012	2013	Annual Change		2013 Forecast	
	Average		Estimate	Forecast	2013 over 2012		Previous	Revision
	<i>million tonnes</i>				<i>million tonnes</i>	%	<i>million tonnes</i>	
WORLD	30.3	36.3	37.8	37.0	-0.8	-2.2	37.5	-0.5
Developing countries	25.6	31.6	32.8	31.8	-1.0	-3.0	32.5	-0.7
Developed countries	4.7	4.7	5.0	5.2	0.2	3.0	5.0	0.2
ASIA	14.2	18.1	17.9	17.3	-0.6	-3.1	17.5	-0.2
Bangladesh	0.8	1.5 G	0.3	0.6	0.3	76.5	0.5	0.1
China	1.0	1.2	3.0	2.6	-0.4	-11.9	2.3	0.3
of which China (Mainland)	0.3	0.6 G	2.4 G	2.0	-0.4	-15.4	1.7	0.3
Indonesia	0.5	2.9	1.5	1.1	-0.4	-26.7	1.5	-0.4
Iran, Islamic Rep. of	1.2	1.1 G	1.5 G	1.3	-0.2	-15.4	1.5	-0.2
Iraq	1.0	1.3	1.4	1.4	0.0	3.7	1.4	-
Japan	0.6	0.7 G	0.6	0.7	0.1	9.4	0.7	-
Malaysia	1.1	1.0 G	1.1	1.2	0.0	4.5	1.2	-
Philippines	2.2	1.2	1.1	1.0	-0.1	-9.1	0.8	0.2
Saudi Arabia	1.0	1.3	1.3	1.4	0.1	3.8	1.4	-
United Arab Emirates	0.5	0.7	0.6	0.7	0.0	4.7	0.7	-
AFRICA	9.7	11.8	13.0	12.5	-0.4	-3.3	12.7	-0.2
Côte d'Ivoire	0.9	1.1	1.2	1.3	0.1	4.2	1.3	-
Nigeria	2.0	2.4	2.8	2.5	-0.3	-10.7	2.6	-0.1
Senegal	0.8	0.8 G	0.9	0.8	-0.1	-11.1	1.0	-0.2
South Africa	0.8	0.9	1.2	1.2	0.0	0.0	1.0	0.2
CENTRAL AMERICA & CAR	2.1	2.2	2.2	2.3	0.1	2.7	2.4	-0.1
Cuba	0.5	0.5	0.5	0.5	0.0	0.0	0.5	-
Mexico	0.6	0.7 G	0.7	0.7	0.0	2.9	0.7	0.0
SOUTH AMERICA	1.1	1.1	1.6	1.6	0.0	-0.2	1.6	0.0
Brazil	0.6	0.6 G	0.7 G	0.7	0.0	-2.7	0.9	-0.2
NORTH AMERICA	1.0	1.0	1.0	1.1	0.1	6.1	1.1	-
United States	0.6	0.6 G	0.7 G	0.7 G	0.0	7.7	0.7 G	-
EUROPE	1.7	1.6	1.7	1.8	0.1	4.2	1.8	0.0
EU 1/	1.2	1.2	1.3	1.4	0.1	3.8	1.4	-
Russian Federation	0.2	0.2 G	0.2	0.2	0.0	5.6	0.2	0.0
OCEANIA	0.5	0.5	0.5	0.4	0.0	-8.7	0.4	-

FOOTNOTES:

Totals computed from unrounded data.

1/ Excluding intra-trade.

G Official figure.

TABLE 3: WORLD RICE EXPORTS (MILLED BASIS)

	2008-2010	2011	2012	2013	Annual Change		2013 Forecast	
	Average		Estimate	Forecast	2013 over 2012		Previous	Revision
	<i>million tonnes</i>				<i>million tonnes</i>	%	<i>million tonnes</i>	
WORLD	30.3	36.3	37.8	37.0	-0.8	-2.2	37.5	-0.6
Developing countries	26.4	32.1	33.2	32.4	-0.9	-2.7	33.1	-0.7
Developed countries	3.9	4.1	4.6	4.6	0.1	1.2	4.5	0.2
ASIA	23.7	28.4	29.4	28.7	-0.7	-2.2	29.5	-0.8
Cambodia	1.0	1.0	1.2	1.3	0.1	8.3	1.3	-
China	0.9	0.6	0.3	0.3	0.0	3.3	0.5	-0.2
of which China (Mainland)	0.8	0.5 G	0.3 G	0.3	0.0	7.5	0.5	-0.2
India	2.6	4.8 G	9.2	7.5	-1.7	-18.5	7.7	-0.2
Myanmar	0.7	0.8 G	0.7	0.7	0.0	0.0	0.7	-
Pakistan	3.1	3.1 G	2.9	3.3	0.4	13.8	3.3	-
Thailand	9.3	10.7 G	6.9 G	7.7	0.8	11.6	8.0	-0.3
Viet Nam	5.9	7.1 G	7.7 G	7.5 G	-0.2	-2.8	7.6	-0.1
AFRICA	0.6	0.2	0.5	0.8	0.3	69.3	0.8	0.0
Egypt	0.5	0.1	0.4	0.7	0.3	89.2	0.7	-
SOUTH AMERICA	2.3	3.7	3.6	3.0	-0.6	-16.9	2.9	0.1
Argentina	0.4	0.8 G	0.7	0.6	-0.2	-21.4	0.6	-
Brazil	0.5	1.3 G	1.2	0.9	-0.3	-25.0	0.9	-
Guyana	0.2	0.3 G	0.3	0.3	0.0	3.2	0.3	0.0
Uruguay	0.8	0.9 G	0.9	0.8	-0.1	-11.1	0.8	-
NORTH AMERICA	3.4	3.2	3.3	3.5	0.2	4.5	3.4	0.1
United States	3.4	3.2 G	3.3 G	3.5 G	0.2	4.5	3.4 G	0.1
EUROPE	0.3	0.4	0.6	0.5	-0.1	-22.1	0.4	0.1
EU 1/	0.2	0.3	0.3	0.3	-0.1	-16.7	0.3	-
Russian Federation	0.1	0.1 G	0.3	0.2	-0.1	-27.3	0.2	0.1
OCEANIA	0.0	0.3	0.4	0.5	0.1	22.0	0.5	-
Australia	0.0	0.3 G	0.4	0.5	0.1	22.0	0.5	-

FOOTNOTES:

Totals computed from unrounded data.

1/ Excluding intra-trade.

G Official figure.

TABLE 4: END OF SEASON STOCKS (MILLED BASIS) 1/

	2008-2010	2011	2012	2013	Annual Change		2013 Forecast	
	Average		Estimate	Forecast	2013 over 2012		Previous	Revision
	<i>million tonnes</i>				<i>million tonnes</i>	%	<i>million tonnes</i>	
WORLD	127.6	144.5	159.9	171.1	11.2	7.0	169.8	1.4
Developing countries	123.5	139.6	155.3	166.8	11.4	7.4	165.3	1.5
Developed countries	4.1	4.9	4.6	4.4	-0.2	-4.4	4.5	-0.1
ASIA	119.9	136.5	152.7	165.3	12.6	8.2	163.7	1.6
Bangladesh	5.1	6.9	7.0	6.8	-0.2	-2.9	7.1	-0.3
Cambodia	1.5	1.7	1.7	1.8	0.1	5.9	1.6	0.2
China	64.3	75.6	84.7	94.4	9.7	11.4	93.9	0.5
of which China (Mainland)	64.1	75.4	84.5	94.2	9.7	11.5	93.7	0.5
India	21.4	21.5	24.0	22.5	-1.5	-6.3	22.3	0.2
Indonesia	3.6	5.3	6.2	6.3	0.1	1.6	6.3	-
Iran, Islamic Rep. of	0.3	0.2	0.5	0.5	0.0	0.0	0.5	-
Japan	2.3	2.7	2.6	2.7	0.1	3.8	2.7	-
Korea Rep. of	1.1	1.7	1.5	1.4	-0.1	-6.7	1.4	-
Lao PDR	0.3	0.3	0.3	0.3	0.0	-1.0	0.3	-
Malaysia	0.2	0.2	0.2	0.3	0.1	27.3	0.3	-
Myanmar	5.5	4.8	3.9	2.9	-1.0	-25.6	2.9	-
Nepal	0.3	0.2	0.3	0.2	-0.1	-41.2	0.2	-
Pakistan	0.8	0.3	0.6	0.5	-0.1	-10.7	0.5	-
Philippines	2.8	3.0 G	1.9 G	1.5	-0.4	-22.5	1.5	0.0
Sri Lanka	0.2	0.4	0.3	0.3	0.0	8.0	0.3	-
Thailand	5.4	7.8	13.0	18.2	5.2	40.0	17.2	1.0
Viet Nam	4.1	2.9	2.9	3.7	0.7	25.0	3.6	0.1
AFRICA	2.9	2.9	3.1	2.6	-0.5	-15.9	3.2	-0.6
Egypt	1.2	0.6	0.6	0.6	0.0	0.0	1.3	-0.7
Nigeria	0.3	0.4	0.7	0.3	-0.4	-53.8	0.4	-0.1
CENTRAL AMERICA & CAR	0.4	0.4	0.4	0.3	-0.1	-14.5	0.3	0.0
Dominican Rep.	0.1	0.1	0.1	0.1	0.0	-16.7	0.1	-
SOUTH AMERICA	2.7	2.5	1.8	1.4	-0.4	-24.8	0.9	0.5
Argentina	0.1	0.0	0.0	0.0	0.0	-14.3	0.0	-
Brazil	1.6	1.7 G	1.1 G	0.7	-0.5	-41.9	0.2	0.5
Ecuador	0.1	0.1	0.1	0.0	0.0	-25.0	0.0	-
Peru	0.3	0.3	0.3	0.3	0.0	11.5	0.3	0.0
NORTH AMERICA	1.1	1.6	1.3	1.0	-0.3	-25.7	1.1	-0.1
United States	1.0	1.5 G	1.3 G	1.0 G	-0.3	-26.5	1.0 G	-0.1
EUROPE	0.5	0.6	0.5	0.5	0.0	-1.5	0.6	0.0
EU	0.5	0.5 G	0.5 G	0.5 G	0.0	-2.7	0.5 G	0.0
Russian Federation	0.0	0.1	0.0	0.0	0.0	20.0	0.1	0.0
OCEANIA	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.0
Australia	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
GOVERNMENT STOCKS								
Bangladesh	0.6	0.6 G	1.2	1.0	-0.2	-16.7	1.3	-0.3
India	13.4	20.4 G	23.4 G	21.5	-1.9	-8.0	21.5	-
Japan	0.9	0.8 G	0.7	0.7	0.0	0.0	0.7	-
Korea Rep. of	0.7	0.9	0.8	0.7	-0.1	-7.5	0.7	-
Philippines	1.5	1.5 G	0.6 G	0.4	-0.2	-32.2	0.4	-

FOOTNOTES:

Totals computed from unrounded data.

1/ Data refer to carry-overs at the close of national crop seasons ending in the year shown.

G Official figure.

TABLE 5: RICE SUPPLY AND UTILIZATION IN MAIN EXPORTING COUNTRIES

	Opening Stocks	Production	Imports 1/	Total Supply	Domestic Use	Exports 1/	Closing Stocks
<i>thousand tonnes, milled basis</i>							
CHINA ^{2/}							
2010-11	70 666	135 156	1 157	206 978	130 847	556	75 575
2011-12 est.	75 575	138 810	2 965	217 350	132 356	329	84 665
2012-13 f'cast	84 665	140 994	2 611	228 270	133 575	340	94 355
INDIA							
2010-11	21 400	95 980 G	100	117 480	91 144	4 836 G	21 500
2011-12 est.	21 500	104 319 G	100	125 919	92 719	9 200	24 000
2012-13 f'cast	24 000	100 000	100	124 100	94 100	7 500	22 500
PAKISTAN							
2010-11	1 045	4 822 G	60	5 927	2 614	3 063 G	250
2011-12 est.	250	6 160 G	60	6 470	3 010	2 900	560
2012-13 f'cast	560	6 270	60	6 890	3 090	3 300	500
THAILAND							
2010-11	6 350	23 835 G	400	30 585	12 079	10 706 G	7 800
2011-12 est.	7 800	23 375 G	750	31 925	12 025	6 900 G	13 000
2012-13 f'cast	13 000	25 044 G	400	38 444	12 544	7 700	18 200
UNITED STATES							
2010-11	1 184 G	7 593 G	621 G	9 398	4 637	3 247 G	1 514 G
2011-12 est.	1 514 G	5 866 G	650 G	8 030	3 427	3 300 G	1 303 G
2012-13 f'cast	1 303 G	6 356 G	700 G	8 359	3 951	3 450 G	958 G
VIET NAM							
2010-11	3 450	26 684 G	600	30 734	20 722	7 112 G	2 900
2011-12 est.	2 900	28 231 G	600	31 731	21 091	7 720 G	2 920
2012-13 f'cast	2 920	29 122 G	550	32 592	21 442	7 500 G	3 650

FOOTNOTES:

Data refers to national crop years: October-September for China and India, November-October for Pakistan, Thailand and Viet Nam and August-July for the United States.

Totals computed from unrounded data.

1/ Rice trade data refer to the calendar year of the second year shown.

2/ Including Taiwan province.

G Official figure