



# RICE MARKET MONITOR

Production	1	International Trade	10
Asia	1	Imports	10
Africa	5	Exports	14
Central America and the Caribbean	7	Rice Utilization and Domestic Prices	16
South America	7	Closing Stocks	21
North America, Europe and Oceania	8	International Prices	22
		Rice Policy Developments	24

## ROUND UP

With northern hemisphere countries about to complete the collection of their secondary paddy crops, the 2013 season is virtually over. Based on its latest assessment, FAO has heightened its April estimate of **global paddy production in 2013** by 2.1 million tonnes to 747.0 million tonnes (498.0 million tonnes, milled basis), with much of the revision arising from a better performance than previously anticipated in Asia, especially for Bangladesh, China (Mainland), India, Iraq, Myanmar, Pakistan and Sri Lanka, but also in Western Africa, for Chad and Mali. The resulting 1.5 percent year-to-year increase is above the 1.1 percent growth predicted in April, but still falls short of the long-run pace of 2.0 percent registered since 2000. All of the expansion in 2013 production is estimated to have stemmed from an enlarged paddy area, as yields declined slightly.

Unlike for 2013, FAO's forecast for **global paddy production in 2014** has been downgraded somewhat since April, by 120 000 tonnes, to 750.9 million tonnes (500.7 million tonnes, milled). At that level, it would stand only 0.5 percent, or 3.9 million tonnes, above the revised 2013 estimate. However, even more than usual at this time of the year, the outlook is shrouded with uncertainty, under a looming El Niño, as the impact of the weather anomaly on crops will very much depend on its timing and intensity. For instance, if El Niño resurfaces in the last quarter of the year, it would have limited effects on the main 2014 paddy crops, which, by that time, would have already been harvested. The consequences would be stronger on the 2014 secondary crops in northern hemisphere countries and on the first 2015 crops in southern hemisphere countries, both of which will be planted late in 2014 or in the first part of 2015. Even with this caveat, prospects for the 2014 season were already marred by a slow establishment of the seasonal rains, which renders rainfall performance in the coming months particularly critical. Although little changed globally since April, expectations over production in 2014 have been subject to major offsetting changes at the country level. In particular, the outlook worsened for India, Indonesia, the Philippines and Sri Lanka, but also for Argentina, Australia, Brazil, Colombia, Ecuador and Senegal, reflecting, in most cases, drought or untimely rainfalls. Instead, FAO upgraded its forecasts for crops in China (mainland), but also in Bangladesh, Cambodia, Chad, Egypt, Iraq, the Lao People's Democratic Republic, Mali, Myanmar, Pakistan, Peru, the

Russian Federation, Sierra Leone, the United Republic of Tanzania and Viet Nam.

Across the various regions, Asia is anticipated to garner about 679 million tonnes in 2014, a volume only 0.2 percent, or 1.1 million tonnes, higher than in 2013. Such a meagre growth reflects expectations of a poor season in India, but also in Indonesia, Nepal, Sri Lanka and Thailand, all of which might face year-on-year contractions. By contrast, Bangladesh, China (Mainland), Myanmar, Pakistan, the Philippines and Viet Nam are anticipated to see production expand, often underpinned by additional government support. The outlook is far more positive in Africa, which is anticipated to see production leap by 3.8 percent, or 1 million tonnes, to 28.3 million tonnes (18.5 million tonnes, milled). However, much of the region's expected growth reflects a recovery in Madagascar from its dismal 2013 performance, as crops in the country have benefited this season from adequate precipitation and a reduced incidence of pests. The outlook is also much improved for Eastern Africa, now set to gather 3 percent

## GLOBAL RICE MARKET SUMMARY

	2012-13	2013-14	2014-15	2014-15/ 2013-14
		est.	f'cast	var.
	million tonnes, milled eq.			%
<b>Production</b>	490.9	498.0	500.7	0.5
<b>Supply</b>	690.7	712.1	721.8	1.4
<b>Utilization</b>	477.8	491.5	502.3	2.2
Food use	402.3	410.2	416.2	1.5
Feed use	13.3	13.9	14.4	3.8
Other uses	62.2	67.4	71.7	6.3
<b>Trade</b> <sup>1/</sup>	37.1	39.4	39.8	0.8
<b>Ending stocks</b> <sup>2/</sup>	175.4	181.4	179.7	-0.9
	%			
<b>Global stock-to-use ratio</b>	35.7	36.1	35.1	-
<b>Major exporters' stock-to-disappearance ratio</b> <sup>3/</sup>	28.1	27.6	25.9	-

<sup>1/</sup> Data refer to the calendar year trade (Jan.-Dec.) of the second year shown.

<sup>2/</sup> Stocks carried over in the second year shown.

<sup>3/</sup> Defined as the sum of the five major rice exporters' (India, Pakistan, Thailand, the United States and Viet Nam) stocks divided by the sum of their domestic utilization plus exports.

more than in 2013, with more modest gains anticipated in West Africa. In Latin America and the Caribbean (LAC), production is forecast to reach 28.6 million tonnes (19.1 million tonnes, milled basis) in 2014, which, while some 600 000 tonnes lower than envisaged in April, are still 1.3 percent above the 2013 outcome. Prospects deteriorated, especially for Brazil, but also Argentina, Bolivia, Colombia and Ecuador, where the 2014 main crops have already been harvested. Yet, year-to-year increases in output are still expected in Argentina, Brazil, Cuba, Guyana and Paraguay, while unfavourable rains and/or subdued price expectations are expected to depress output in Bolivia, Colombia, Ecuador, Peru and Uruguay. In Europe, production is predicted to remain stable in the European Union around the 2013 contracted level, as improved yields compensate for a shrinking area, while a recovery is officially expected in the Russian Federation. In North America, the latest forecast by the USDA points to a 19 percent year-on-year recovery, boosted by a 23 percent increase in cultivation, and notwithstanding a late start of the season caused by unseasonable rains and below-average temperatures. In Oceania, official estimates in Australia, which already concluded the season, point to a 29 percent decline from the excellent 2013 turnout, reflecting insufficient irrigation water, which constrained plantings.

FAO has raised its forecast of **global trade in rice in calendar 2014** by about 100 000 tonnes since April. However, behind the relatively small change at the global level lie important revisions to individual country' trade figures. On the import front, deliveries to Bangladesh, Indonesia and the Philippines were raised substantially, while those directed to China (Mainland), Thailand, the United Republic of Tanzania and Viet Nam were lowered. As for suppliers, exports by India, Pakistan and Thailand were forecasted higher, whereas those by Cambodia, the United States and Viet Nam were cut down.

Based on its latest forecast, FAO now projects global trade in rice to reach 39.4 million tonnes in 2014, an outstanding 6 percent increase from the depressed 2013 level and a new record. The 2.3 million tonne expansion would be underpinned by strong import demand, mainly in Asia, where key markets, such as Bangladesh and the Philippines, are stepping up purchases abroad in an attempt to rebuild inventories and/or quell inflationary pressure. On the backdrop of production shortfalls and attractive world prices, purchases by countries located in Africa and Latin America and the Caribbean are also envisaged to rebound strongly, with further gains anticipated in North America, Europe and Oceania. On the export side, Thailand is projected to capture much of demand growth in 2014, reflecting an easing supply situation and competitive prices, following the suspension of the paddy pledging program and large offloads from public warehouses. Larger shipments from Thailand would partly displace deliveries by India, which, nonetheless, are

envisaged to remain large. Similarly, Argentina, Brazil, Egypt, Guyana, Pakistan, Paraguay and Viet Nam, are all expected to expand deliveries over the year, whereas the export outlook for Australia, Cambodia, China (Mainland), the European Union, the Russian Federation and the United States has been dampened by staunch competition for markets and/or by production shortfalls.

**Global rice utilization in 2014/15** is set to expand by 2.2 percent to a new high of 502.3 million tonnes (milled basis), sustained mainly by demand for food but also for other uses (seeds, post harvest losses and non-food industrial uses). The anticipated expansion in food consumption in 2014/15 is in spite of firm retail/wholesale prices across much of Asia (with the exception of Cambodia and Thailand). In several important countries, governments control of retail prices and a widening of subsidized rice distribution will sustain rice consumption. Based on the latest projections of population, the global per caput food rice intake will remain stable around 57.6 kilos per person.

Since the April issue of the RMM, FAO has raised its forecast of **global rice stocks** at the close of marketing years ending in 2014 by almost 1.0 million tonnes, now pointing to a high in global inventories of 181.4 million tonnes. World rice carryovers in 2015 were also assessed more than 200 000 tonnes higher than last reported, at 179.7 million tonnes. The revised forecast still suggests a year-to-year contraction in world rice reserves for the first time in a decade, albeit by a small margin of 0.9 percent. As a result, the world stocks-to-use ratio would pass from an 36.1 percent in 2013/14 to 35.1 percent in 2014/15.

**International rice prices** have been relatively stable in recent months, with the FAO All Rice Price Index (2002-04=100) largely steady since March 2014 around 237 points. This apparent stability masked diverging price trends across the various rice segments and sources. While aromatic prices were largely unvaried over the past three months, Japonica prices dipped between March and July, reflecting easing concerns about the US crop. This compensated for partial recovery in Indica quotations since June, supported by brisk import demand and a tightening of supplies, associated with a temporary suspension of stock sales in Thailand. As a result the benchmark Thai white 100% B export prices recovered somewhat, reaching USD 432 per tonne in July, a level that compared with USD 542 per tonne in July 2013.

## PRODUCTION

*Under climatic uncertainties, the pace of global paddy production forecast to moderate further in 2014*

With the 2013 paddy season now fully concluded, FAO has raised its estimates of global paddy production in 2013 by 2.1 million tonnes to 747.0 million tonnes (498.0 million tonnes). Nearly all of the change reflects improved output prospects for countries in Asia, in particular Bangladesh, China (Mainland), India, Iraq, the Lao People's Democratic Republic, Myanmar, Pakistan and Sri Lanka, although estimates were also raised for several West African countries, namely Chad and Mali. The adjusted production figure would imply a 1.5 percent year-on-year expansion in global output and a new record, above the 1.1 percent growth predicted in April, but still short of the long-run pace of 2.0 percent registered since 2000. The increase rested on a 1.9 percent expansion in area to 163.8 million hectares, while yields declined somewhat to an average of 4.6 tonnes per hectare, reflecting the effects of adverse weather in important Asian producers.

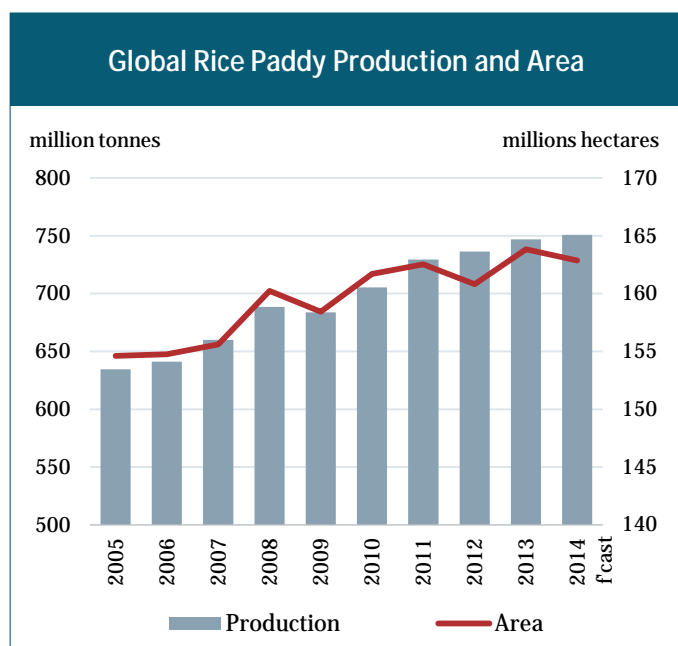
Meanwhile, FAO's forecast of world paddy production over the 2014 season has undergone a 120 000 tonne downward revision since April. At a country level, the decline mostly reflects deteriorated output prospects in India and Indonesia, although Brazil, the Philippines, Senegal and Sri Lanka are all set to harvest smaller crops than previously envisaged. Downward adjustments to production forecasts for these countries were largely offset by improved crop prospects in China (Mainland), but also in Bangladesh, Cambodia, Chad, Egypt, Iraq, the Lao People's Democratic Republic, Mali, Myanmar, Pakistan, Peru, the Russian Federation, Sierra Leone, the United Republic of Tanzania and Viet Nam.

The revised 2014 forecast of 750.9 million tonnes (500.7 million tonnes, milled basis) would imply a further slowdown in the pace of production, with global paddy output now projected to exceed the revised 2013 level by a mere 0.5 percent, or 3.9 million tonnes. The production outlook, indeed, remains clouded by climatic uncertainties arising from the growing probability of an El Niño developing in the second half of the year, which climatic agencies indicates now exceeds 70%. Although its impact on crops would very much depend on the timing and intensity of the phenomenon, various Asian countries have already been beset by a slow establishment of the seasonal rains. This has rendered rainfall performance in the coming months all the more critical in determining the success of the season's main-crops and in ensuring sufficient water availabilities for the irrigated secondary crops, which will be due for planting in the last quarter of the year.<sup>1</sup> Although in the southern hemisphere, the 2014 season has progressed more favorable, with the bulk of the campaign's harvest already collected, weather irregularities could still hinder the development of 2015 main crops. Still and based on current expectations, Asian countries will see a small expansion in paddy output, promoted by the strong assistance provided to the sector by Governments, including measures put in place to mitigate the effects of the potentially adverse climate. More sizeable expansions are anticipated in Africa, North America, Europe and Latin America and the Caribbean, while a drought-induced reduction was already observed in Australia.

## Asia

*Production growth expectations curbed by a slow establishment of the seasonal rains*

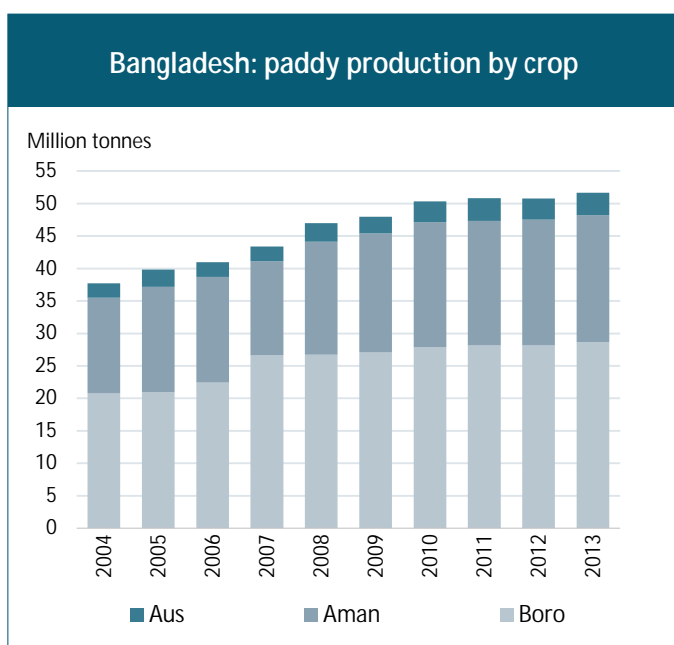
In northern-hemisphere Asia, producers are still busy planting main season crops, while these have already been gathered in countries located south of the Equator, which are now engaged in off-season crop cultivation. FAO's 2014 production forecast for Asia now points to 678.8 million tonnes being gathered in the region (452.8 million tonnes, milled basis), a level that would exceed the 2013 estimate by a mere 0.2 percent, or 1.1 million tonnes. Indeed earlier expectations that the region would witness



<sup>1</sup> The 2014 rice production season normally includes rice from the main paddy crops whose harvests fall in 2014, 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 2014 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 2015. In the case of southern hemisphere countries, production in 2014 normally comprises rice from the main paddy crops assembled in the first part of 2014, plus rice from the secondary crops, generally gathered in the latter part of 2014. This approach to assess rice production is applicable to any given season.

a more pronounced production expansion have been marred by a slow establishment of the seasonal rains. While the final outcome of the season will still depend on the progress of the rains in the months to come, **India, Indonesia, the Lao People's Democratic Republic, Nepal and Sri Lanka**, all look set to incur shortfalls in 2014, as a result of adverse weather. Prospects of reduced margins are also expected to curb production in **Japan and Thailand**. Instead, **China (Mainland)** is expected to record a sizeable expansion, largely on the back of improved growing conditions and on a positive reaction of producers to state support. The outlook is also positive for **Bangladesh, Cambodia, Myanmar, Pakistan, the Philippines and Timor Leste**, whereas current indications point to largely stable outturns in **Malaysia and the Republic of Korea**.

FAO's forecast of 2013 production in **Bangladesh**, where the season has just concluded, has been upgraded by nearly 200 000 tonnes, now pointing to a record output of 51.7 million tonnes (34.4 million tonnes, milled basis). The upward adjustment comes amid improved yield prospects for the April-June harvested Boro crop. Indeed, following favorable climatic conditions and adequate input availabilities, this largest crop of the season is now estimated to have yielded 28.7 million tonnes (19.1 million tonnes, milled basis). The 2 percent increase relative to the 2012 result was primarily thanks to higher yields, although area under Boro paddy also rose to 4.8 million hectares, supported by favorable price prospects.



As to the 2014 season in Bangladesh, it has, by now, reached the Aus-crop harvesting stage, while farmers are concomitantly busy sowing the Aman second crop. Prospects for overall production in 2014 continue to point to a 1.6 percent expansion in output to 52.5 million tonnes

(35.0 million tonnes, milled basis), on expectations that still attractive local prices and official support to farmers will induce a small rise in plantings. On the policy front, after deciding to maintain 2014-15 allocations to agricultural subsidies steady at Taka 90 billion (USD 1.1 billion), officials announced in June that Taka 100 million (USD 1.3 million) would go to support over 100 000 producers engaged in Aman cultivation with seeds and fertilizers.<sup>2</sup> The assistance is geared at compensating farmers for weather related losses incurred the previous season. At the same time, the Government continues to encourage producers to increase cultivation of the rain-fed Aus crop, on concerns over the depletion of groundwater tables associated with cultivation of irrigated Boro rice.

There has been only a small adjustment to 2013 production figures for **Cambodia** since the last issue of the RMM, with officials indicating output to have stricken a new high of 9.4 million tonnes (6.0 million tonnes, milled basis). The 1 percent expansion was driven solely by higher yields, which authorities associate to a use of improved seeds, an expansion of irrigation infrastructure and reduced incidence of pest attacks. On the other hand, planting activities of main 2014 season crops progress at fast pace, with over 960 000 hectares already sown by early July, up 13 percent from the previous year. Taking into account the expansion and assuming growing conditions remain conducive for the remainder of the season, FAO now anticipates Cambodia to reap 1 percent more than in 2013, or 9.5 million tonnes (6.1 million tonnes, milled basis).

Semi-official forecasts released by the China National Grains and Oils Information Center put 2014 production in **China (Mainland)** at 207.4 million tonnes (142.1 million tonnes, milled basis), which is 2 percent above a revised estimate for 2013 and nearly 3.0 million tonnes more than previously foreseen by FAO. The predicted increase relies on more upbeat expectations regarding area increases occurring in reaction to the year's rise in Government support prices, as well as anticipation that average yields will recover to a new record of 6.8 tonnes per hectare. Most of the growth would stem from a larger intermediate crop of close to 136.1 million tonnes (93.3 million tonnes, milled basis). Nevertheless, prospects are also positive for the ongoing early-crop harvest at 34.3 million tonnes (23.5 million tonnes) and for the late crop, at 37.0 million tonnes (25.3 million tonnes, milled basis). The expected early rice increase would come notwithstanding excessive rains over southern China, which led to localized flood losses, as well as dry conditions over the Yangtze river valley. Meanwhile, the 2014 state purchasing drive of early rice is set to run from 16 July to 30 September. Chinese officials have announced their intention of boosting state grain reserves

<sup>2</sup>All currency conversions are as of 15 June 2014.



by a further 25 million tonnes this season. This is after vast Government purchases of maize and japonica paddy over previous season are reported to have led to storage shortages, prompting officials to plan for a 50 million tonne expansion in storage capacity by 2015.

In **India**, since its onset over the coast of Kerala on the 6<sup>th</sup> of June, the southwest monsoon has progressed slowly, with rainfall totals by 9 July falling 43% short of normal levels. Plantings of the 2014 main crop have consequently incurred significant delays, as by the 11th of July, 8.6 million hectares were reported sown across the country, well short of the 11.0 million hectares sown in the corresponding period of 2013. Based on the second long-range forecasts issued by the India Meteorological Department in June, under the enhanced possibility of an El Niño developing, the 2014 monsoon season in India is likely to be characterized by below-normal rains, with cumulative precipitation for the June-September period predicted to stand at 93% of the long-period average ( $\pm 4\%$ ). From a regional perspective, north-western India is expected to be most affected by rainfall shortfalls, with precipitation over the region likely to stand at 85% of normal levels. Below-average rains are also anticipated over southern and central India (93% and 94% of the long-period average, respectively), while the outlook calls for a normal rainfall performance over the northeast. With the optimal period to complete plantings fast approaching closure, rainfall performance in July will prove critical in determining the season's success. Indeed, officials indicate a likely revival of the rains during the coming weeks, which could still permit sowing progress to pick up. In the potentially most affected north-western region, which includes the important producing states of Haryana, Punjab and Uttar Pradesh, and where cultivation is predominantly under irrigated conditions, the rainfall shortages could be partly mitigated by increased reliance on irrigation, since, thanks to abundant winter rains, storage levels in major reservoirs across the country were reported to stand well above ten-year averages at the start of the season. Provided water availabilities for irrigation are not compromised by poor rains in the coming months, the Government's confirmation of a 4 percent increase in minimum support prices could also stimulate increased production during the secondary Rabi crop, compensating for possible shortfalls of the main Kharif crop. Officials have further indicated their readiness to embark in a number of drought mitigation measures, which would include extending a diesel subsidy, raising

ceilings on seed assistance, as well as credit support to assist farmers face higher production costs. As a result and pending developments in the coming months, FAO preliminarily forecasts India to produce 157.5 million tonnes (105.0 million tonnes, milled basis) in 2014, which would be 1 percent below the 2013 record performance.

Production forecasts for **Indonesia** have also undergone a substantial revision, following the release of the Government's first forecasting figures in July. Indonesian authorities indicate that 2014 output in the country is likely to incur a 2 percent decline to 69.9 million tonnes (44.0 million tonnes, milled basis), which would be 2.1 million tonnes short FAO's previous prediction, but still the second highest on record. The shortfall would be imputable to area retrenchments, reflecting a shift from rice to other crops, as well as disruptions caused by unseasonable rains, which led to floods. The bulk of the fall, or 954 000 tonnes, would have concentrated in the January-April wet-season harvest, although area-led contractions are also predicted to curb dry-season crops harvested between May and December. Under the specter of a possible El Niño event developing during the second half of 2014, in May, the Indonesian Meteorology, Climatology and Geophysics Agency (BMKG) agency cautioned that the country could endure a prolonged dry-season this year. Although much would depend on its timing and intensity, the possible emergence of the phenomenon could impair the 2014 off-season crops further, but may bear even stronger consequences for 2015 main (wet) season crops, which are planted as of October.

There have been no changes to the production prospects for **Japan** since the last issue of the RMM, with the country forecast to garner 10.6 million tonnes (7.7 million tonnes, milled basis). The 1 percent contraction relative to the 2013 good level would be imputable to area retrenchments, as producers' reaction to less attractive prices.

Similarly, the 2014 crop in the **Republic of Korea** remains forecast to stay largely steady at 5.6 million tonnes (4.2 million tonnes, milled basis), on expectations that continued declines in area planted to paddy will be largely compensated by higher yields. The forecast stands somewhat higher than the Government announced target of 4.15 million tonnes (milled basis), a level that officials predict would still exceed domestic consumption levels

#### INDIA – MINIMUM SUPPORT PRICES (MSP) FOR PADDY (RUPEES/TONNE)

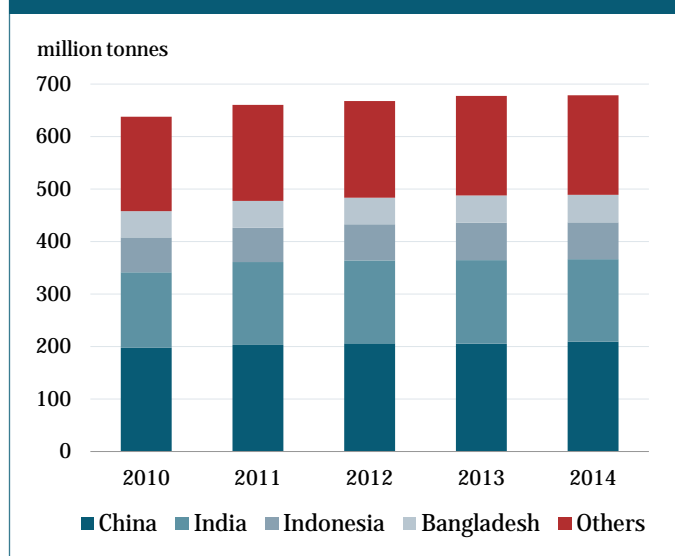
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Common</b>	8,500 <sup>1/</sup>	9,500 <sup>2/</sup>	10,000	10,800	12,500	13,100	13,600
<b>Grade 'A'</b>	8,800 <sup>1/</sup>	9,800 <sup>2/</sup>	10,300	11,100	12,800	13,450	14,000

1/ Subject to an additional incentive bonus of Rs. 500 per tonne.

2/ Subject to an additional incentive bonus of Rs. 500 per tonne.

Source: Ministry of Agriculture, Department of Agriculture & Cooperation.

### Rice Paddy Production in Asia



over the year by 2 percent.

Planting of early season crops is in progress in **Nepal**. FAO's production forecast for the country remains set at 4.8 million tonnes (3.2 million tonnes, milled basis), 5 percent below the 2013 excellent achievement. The 250 000 tonne annual shortfall primarily reflects expectations of lower yields, ensuing from a less ideal growing climate. In 2013, crops in Nepal benefited from improved input availabilities and abundant monsoon rains, with July-September precipitation levels having exceeded their normal bounds by 15%. Although reports suggest that fertilizers supplies are likely to remain adequate this season, the 2014 monsoon is officially predicted to bring normal-to-below normal rainfall over the country. The seasonal rains already set over the country ten days behind normal schedule, on 20 June, causing delays in transplanting activities.

Newly released figures by authorities have raised estimates of 2013 production in **Pakistan** by a further 600 000 tonnes to 10.2 million tonnes (6.8 million tonnes, milled basis). The adjusted estimate would represent an impressive 23 percent output expansion relative to the 2012 contracted level, notwithstanding recurring flood problems and localized pest/disease attacks. The increase was underpinned by favorable price prospects, which fostered a 21 percent expansion in area under paddy to 2.8 million hectares, but yields also struck a record of 3.6 tonnes per hectare. Over the 2014 season, now at crop planting stage, FAO anticipates output in Pakistan to grow by a further 2 percent to 10.4 million tonnes (6.9 million tonnes, milled basis). The expansion is predicted to be supported by additional area expansions, as rice continues to displace less remunerative crops, namely cotton. Officials, moreover, indicate that water

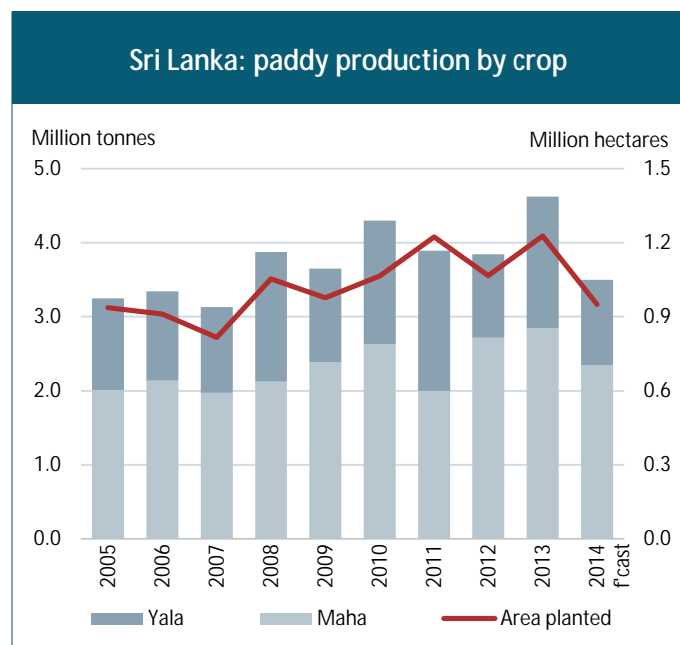
availabilities for irrigation are to remain adequate, notwithstanding expectations of slightly below normal monsoon rains this year.

In the **Philippines**, the 2013 season (July– June) has just closed, with the conclusion of secondary-crop harvests. Production prospects for the country have been downgraded somewhat since the last issue of the RMM. The downward revision rests on lower official yield estimates for January-March harvested crops, which were impacted by combination of bad weather and pest/disease attacks. Nonetheless, part of the losses are officially expected to be compensated by higher output from the April-June crop-round, which would boost off-season production to a record of 8.3 million tonnes (5.4 million tonnes, milled basis). As a result and combined with the expansion in main crop output witnessed notwithstanding storm-related damages, overall 2013 output in the Philippines is officially assessed at a new high of 18.75 million tonnes (12.3 million tonnes, milled basis), up 3 percent from the 2012 estimate.

As for the 2014 season, largely on expectations of continued area expansions promoted by attractive prices and sustained Government support to the sector, FAO foresees production in the Philippines to expand by 1 percent to 19.0 million tonnes (12.4 million tonnes, milled basis). The forecast remains tentative, however, as the season is still at early stages in the country, having also opened this year under the threat of possible El Niño-induced weather anomalies. According to forecasts released by the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA), rainfall performance in the country between July and September this year is likely to remain close to normal bounds. The agency warns, however, that the last quarter of the year could see below average rains, especially over Luzon and Visayas and more generally in the month of December. Weather concerns have already prompted officials to announce a set of measures to mitigate possible negative consequences on crop production. These include cloud-seeding operations, the promotion of water conservation, the facilitation of shallow tube-wells and distribution of drought-tolerant varieties to farmers.

The latest Government assessments of the March-ended Maha harvest in **Sri Lanka** indicate that the season's main crop fell 17 percent short of year-earlier levels to 2.4 million tonnes (1.6 million tonnes, milled basis). The reduction was imputable to the prolonged drought conditions prevailing over the country between September and March, which impacted an estimated 89 000 hectares of paddies, primarily in northern and eastern areas. The unseasonable climate served to further constrain availabilities of seeds and irrigation water for the secondary Yala crop, which is planted between April to

May, prompting authorities to downscale its targeted extension to close to 400 000 hectares, while encouraging producers to shift to cultivation of less water demanding crops. As a result and considering the 38 percent lag in Yala sowings reported by the end of May, overall production in the country is now projected to fall 24 percent below 2013 to 3.5 million tonnes (2.4 million tonnes, milled basis). This is some 250 000 tonnes less than last foreseen by FAO, marking a seven-year output low for the country.



FAO's production outlook for **Thailand** is similarly negative, pointing to a 2 percent year-on-year fall to 37.5 million tonnes (24.8 million tonnes, milled basis). The forecast reduction relies on expectations of farmers reacting to steep falls in producer prices by cutting plantings from the record extensions reached in previous years, thanks to the high producer prices offered under the paddy pledging program. The outlook for the country has been further clouded by climatic adversities, following four-week delays in the onset of the seasonal rains and expectations that rainfall performance will remain below average through July. On the policy front, respite was however provided to farmers with the 17 June completion of all outstanding payments from the paddy pledging scheme, which marked an official closure to the controversial program. Indeed, the new military administration in Thailand has veered away from direct market intervention, announcing that producer assistance during the 2014/15 season would instead hinge around cutting production costs and availing credit. To this end, an agreement was brokered with input manufacturers, to have prices of fertilizers, seeds, pesticides, agricultural equipment and land-leasing costs lowered. The initiative aims to cut average production costs by Baht 432 per rai (USD 83 per hectare). Short-term credit for up to Baht

50 000 (USD 1 540) will, moreover, be availed to paddy producers, while the Bank of Agriculture and Agricultural Cooperatives (BAAC) will cut loan interest rates by 3 percent for a period of six-months.

Despite some planting delays caused by unseasonably cold weather and excessive rains, the 2014 winter-spring harvest in **Viet Nam** concluded in June with favorable results. Output from this first and most important crop of the season is officially assessed at 20.8 million tonnes (13.9 million tonnes, milled basis), up 4 percent owing to yield improvements. On the other hand, current expectations are that plantings of the two remaining crops of the season, including the summer-autumn crop, currently being sown, and the winter crop, will be pressured by the combined effects of low price prospects and the Government's plan to convert paddies to other crops. The latter envisages diverting up to 200 000 hectares to alternative crops such as maize and soybean by 2020, in order to prevent surplus rice production and reduce reliance of imported feedstuffs. Still and considering gains already achieved in winter-spring rice production and the scope for yields of the two other crops to improve from their 2013 weather affected levels, FAO anticipates overall paddy production in Viet Nam to amount to 44.5 million tonnes (29.7 million tonnes, milled basis), which would imply a 1.5 percent expansion from 2013 and an all time high.

## Africa

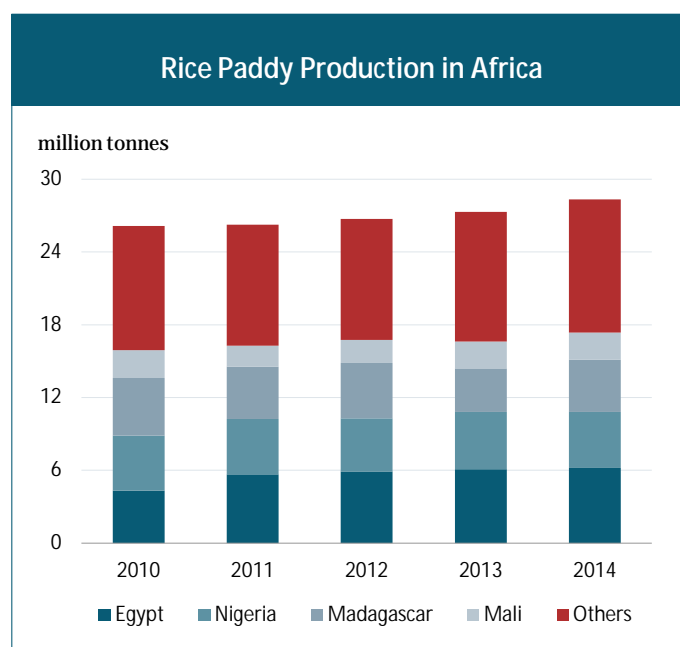
### *Improved prospects for crops in Eastern and Western Africa, raise production forecasts for the continent by 700 000 tonnes*

Countries in Eastern and Southern Africa have, by now, concluded harvesting activities of main paddy crops, while these are already on the ground in Egypt. The season is less advanced in Western parts of the continent, where planting activities are still in progress. Since April, FAO has raised its forecast of paddy production in Africa by 700 000 tonnes to 28.3 million tonnes (18.5 million tonnes, milled basis), a level that would outdo the 2013 record performance by 4 percent, or 1.0 million tonnes. The forecast growth primarily mirrors expectations of a full output recovery in Madagascar, where crops benefited from adequate precipitation and a reduced incidence of pest-attacks. Nevertheless, the outlook is also much improved for Eastern Africa, now set to gather more than in 2013, with further gains also expected in West Africa.

In **Northern Africa**, **Egypt** concluded planting its 2014 crop in June. FAO's production forecast for the country is now set at 6.2 million tonnes (4.3 million tonnes, milled basis), up about 100 000 tonnes from the 2013 estimated level and previous indications. The forecast growth relies on expectations of producers in the country continuing to

favor rice cultivation, in spite of official efforts to promote maize as a substitute and curb rice plantings to save limited water resources.

As the 2013 season has by now come to a full close in **West Africa**, several Governments have issued new assessments of the paddy campaign in their countries. This has resulted in a 300 000 tonne upgrade to the sub-region's estimated output, which is now assessed to have recovered from the 2012 contracted level by 8 percent to an all-time high of 13.7 million tonnes (8.7 million tonnes, milled basis). At a country level, the growth was mainly imputable to exceptional turnouts in **Chad, Mali and Nigeria**, although **Cote d'Ivoire, Gambia, Guinea, Guinea Bissau, Mauritania, Sierra Leone and Togo** also closed the season with favorable results. By contrast, much as a result of erratic weather conditions, output fell in **Benin, Burkina Faso, Ghana, Liberia, Niger and Senegal**.



As to the 2014 season, it is still at early stages in West Africa, with planting of main paddy crops still underway in most countries. All combined, the sub-region is now forecast to gather 13.9 million tonnes of paddy (8.8 million tonnes, milled basis) in 2014, on expectations of sustained expansions in area planted to paddy, promoted by Government assistance and increased investment in the sector. The forecast remains tentative, however, reflecting lingering weather-related uncertainties. Indeed, seasonal predictions by climatic agencies warn of a potentially weaker performance of rains between June and September compared to the previous season, which may bear negative implications for the predominantly rainfed crops. This particularly concerns western parts of the sub-region, which may witness dry-spells and an erratic arrival or withdrawal of the seasonal rains.

In 2013, officials in the **Gambia** announced plans to impose a full ban on rice imports by 2016, when they expect the country to be fully self-sufficient in rice. Strategies to bolster production in the country in recent years have taken the form of inputs distribution and the promotion of NERICA varieties under programs such as the *Back-to-the-Land* initiative. Under the more recently formulated *Vision 2016 Rice Self-sufficiency Agenda*, officials are looking to promote large-scale cultivation of rice, multi-cropping, as well infrastructural improvements. FAO currently anticipates the country to outdo the record 2013 season performance, garnering 72 000 tonnes (47 000 tonnes, milled basis).

Steps to cut reliance on rice imports have also been announced by the Government of **Ghana**, which is now aiming to raise its self-sufficiency level to 118 percent by 2018, when production is targeted to reach 1.2 million tonnes. The endeavor, which would require the country to maintain a 20 percent annual production growth rate over the coming years, envisages efforts to boost the production and distribution of improved seeds, the rehabilitation and expansion of irrigation systems and the development of water harvesting structures. Officials indicate that ongoing support programs, including the provision of subsidized inputs and agricultural equipment to farmers and the *Youth-in-Agriculture* program will also continue, as will Government procurement through the National Food Buffer Stock Company (NAFCO), which targets to absorb 20 000 tonnes of paddy this year. Assuming growing conditions prove conducive, FAO anticipates output in Ghana to recover fully from the 2013 weather affected outcome, reaching 480 000 tonnes (288 000 tonnes, milled basis).

In **Guinea**, the April-launched 2014 season has progressed under good climatic conditions, with abundant rains received over most parts of the country. Assuming the favorable climate prevails throughout the season, the country is projected to outdo the record 2013 season performance by 2 percent, collecting 2.1 million tonnes (1.4 million tonnes, milled basis). The forecast growth would mark the fifth consecutive season of un-interrupted gains in the country. It is primarily expected to reflect continued expansion in area planted to paddy, facilitated by the Government's subsidized inputs program.

FAO has upgraded its estimates of 2013 production in **Mali** by 200 000 tonnes since April, on Government assessments indicating an overall harvest of 2.2 million tonnes (1.5 million tonnes, milled basis). The revised figure would imply a 16 percent year-on-year expansion, notwithstanding a late and overall erratic performance of the seasonal rains, and stand second only to the 2010 record. Assuming a normal unfolding of the season and considering the official assistance provided to the sector,



FAO anticipates 2014 production in Mali to meet the official target for the year, amounting to 2.3 million tonnes (1.5 million tonnes, milled basis). In order to assist farmers reach the year's production goal, the Government of Mali has announced it will rehabilitate 25 000 hectares under irrigation and purchase 25 000 tonnes of local produce for state interventions stocks. Producers in the country will also benefit from lower prices of Government subsidized fertilizers, after these were lowered by 12 percent to FCFA 11 000 (USD 23) per 50 kilos this year.

Elsewhere in the sub-region, **Nigeria** is forecast to harvest 4.6 million tonnes (2.8 million tonnes, milled basis), 2 percent less than the 2013 high, largely on expectations of a less favorable climate. A return to normal growing conditions, after the exceptional seasonal turnouts the previous year, may also result in output contractions in **Chad** and **Mauritania** to 350 000 tonnes and 185 000 tonnes (240 000 and 111 000 tonnes, milled basis), respectively. By contrast, current indications point to further gains in **Cote d'Ivoire**, **Guinea Bissau**, **Sierra Leone** and **Togo**, while output in **Benin**, **Burkina Faso**, **Liberia**, **Niger** and **Senegal** is similarly expected to recover from their 2013 weather-depressed levels.

In *Eastern Africa*, reversing earlier expectations of a contraction, the **United Republic of Tanzania** is now anticipated to harvest to 2.1 million tonnes (1.4 million tonnes, milled basis), 200 000 tonnes more than foreseen earlier and 4 percent above 2013 levels. Production prospects for the country were bolstered by a generally favorable rainfall performance between March and May this year, which eased concerns over early season dryness. This is even as rainfall shortages persist over northwestern regions of the country, while floods have inflicted damage to coastal areas. Production gains in Tanzania in recent years have primarily relied on area extensions, even though average yields have consistently exceeded 2.0 tonnes per hectare since 2010, compared with 1.7 tonnes per hectare in 2005. Officials have associated such a success to increased availability of irrigation infrastructure, subsidized inputs, as well as to the growing adoption of improved seed varieties, including SARO 5, a semi-aromatic high yielding strain. Elsewhere in the sub-region, production prospects are less favorable for **Rwanda**, which may see output depressed by erratic rains and reported shortages of inputs, whereas production in **Kenya** is expected to remain largely stable at the 2013 record level of 147 000 tonnes (95 000 tonnes, milled basis).

In *Southern Africa*, where most countries have by now concluded main-crop harvests, the latest figures confirm the overall positive turnout of the season. This would be particularly the case of **Madagascar**, where crops have benefited from favorable growing conditions, in the form of adequate precipitation, limited cyclone damage, as well

as enhanced locust control measures. As a result, the country is foreseen to harvest 4.3 million tonnes (2.9 million tonnes, milled basis) this season, 19 percent more than in 2013, when erratic rains and pest-attacks severely constrained output. Reflecting localized losses caused by excessive rains and ensuing floods, forecasts of 2014 production in **Mozambique** continue to point to a 3 percent year-on-year decline to 340 000 tonnes (227 000 tonnes, milled basis), which would still be an above-average performance. Elsewhere, Government officials indicate that the 2014 season closed favorably in both **Malawi** and **Zambia**. In the former, larger plantings and higher yields, under favorable weather conditions, are assessed to have boosted production by 5 percent to 131 000 tonnes (85 000 tonnes, milled basis). Under similar circumstances, output in Zambia grew by 11 percent to 50 000 tonnes (33 000 tonnes, milled basis).

## Central America and the Caribbean

### *Paddy production to outdo the 2013 excellent result by 2 percent*

Most countries in Central America and Caribbean opened the 2014 paddy season in June, a period that coincides with the start of the hurricane season over the Atlantic. Based on forecasts released by the National Oceanic and Atmospheric Administration (NOAA) Climate Prediction Center (CPC), 2014 is likely to see near normal-to-below normal hurricane activity, under the possible suppressing influence of an El Niño event. While the prediction would generally bode well for paddy crops in the sub-region, much of which are susceptible to damages from storms, prospects of a possible El Niño developing have also raised concerns in various countries over potential rainfall shortfalls and irregularities. Pending more evidence of the resurgence, timing and intensity of the weather phenomenon, FAO forecasts Central America and Caribbean to produce 2.9 million tonnes of paddy (1.9 million tonnes, milled basis) in 2014, up 2 percent from a revised estimate for the year earlier.

At a country level, given predictions of a normal unfolding of the seasonal rains, production in **Cuba** might reach 700 000 tonnes (467 000 tonnes, milled basis). This is up from a revised estimate of 673 000 tonnes (449 000 tonnes, milled basis) for 2013, with much of the expansion expected to be assisted by investments undertaken as part of the country's self-sufficiency drive. Despite delays in the onset of the seasonal rains, **Nicaragua** is likewise expected to replicate the good 2013 performance, now assessed at 428 000 tonnes (278 000 tonnes, milled basis), down 32 000 tonnes from previous estimates, but still an above average turnout. Production prospects are similarly positive for **Mexico**, on expectations of area expansions, with positive price prospects and assistance to the sector also expected to underpin a 1 percent rise in output in the

**Dominican Republic** to 830 000 tonnes (548 000 tonnes, milled basis). Elsewhere, the outlook is positive for **Costa Rica**, while prospects for production in **Panama** point to a third consecutive season decline, constrained by import competition and prospects of low remuneration.

## South America

### *Higher yields to sustain a 1 percent production expansion in South America*

The 2014 season is well advanced in South America, where most countries have already concluded the season's main crop harvest. FAO's production forecast now points to 25.6 million tonnes (17.2 million tonnes, milled basis) being gathered in the sub-region, 550 000 tonnes lower than envisaged in April, but 1 percent above the 2013 performance. At a country level, **Brazil**, the leading producer in the region, is expected to drive the season's growth, thanks to more attractive producer prices, but especially due to higher yields, boosted by an overall conducive climate. Output in both **Guyana** and **Paraguay** is envisaged to continue on a fast expansionary path, with further gains anticipated in **Argentina**, **Chile**, and **Venezuela**. By contrast, erratic weather is anticipated to depress production in **Bolivia**, **Ecuador**, **Peru** and **Uruguay**, with low price prospects also constraining output in **Colombia**.

The production outlook for **Argentina** has changed only marginally since April, with officials indicating that the May-ended harvest amounted to 1.6 million tonnes (1.1 million tonnes, milled basis). The 1 percent year-on-year expansion was supported by larger plantings, facilitated by ample supplies of water for irrigation, as above-average temperatures and unseasonable rains over some producing regions depressed yields somewhat to an average of 6.6 tonnes per hectare.

FAO's estimate of 2014 production in **Bolivia** remains negative, much as a result of disruptions to planting activities caused by unseasonable rains and subsequent

floods. Following area cuts resulting from the erratic climatic conditions, output in the country is predicted to decline to 350 000 tonnes (240 000 tonnes, milled basis). This is down from a revised production low of 360 000 tonnes (248 000 tonnes, milled basis) in 2013, when the sector was hindered by a combination of low price prospects and unfavorable weather.

The 2014 crop harvest has virtually concluded in **Brazil**. Since April, CONAB has downgraded its production forecast for the country by nearly 600 000 tonnes to 12.18 million tonnes (8.2 million tonnes, milled basis), a level that would still imply a 3 percent yield-driven production expansion from 2013. The revision primarily mirrors less buoyant yield expectations for Rio Grande do Sul, where a portion of plantings were completed outside of the recommended period, and where a hot climate and high daytime/nighttime temperature differentials subsequently impacted crops. The largest southern producing state is, however, still assessed to have ended the season positively, reaping a total of 8.1 million tonnes (5.4 million tonnes, milled basis). A larger area coverage, stimulated by attractive prices and good water availabilities for irrigation made this growth possible. Particularly positive results are also reported in north-eastern regions of the country, which are now set to account for much of the country's output growth thanks to exceptionally good yields, which made up for sustained cuts in area under paddy.

The season is less advanced in **Colombia**, where the main crop is presently being gathered. FAO anticipates output in the country to fall 2 percent short of the good 2013 performance to 2.7 million tonnes (1.8 million tonnes, milled basis). The contraction mirrors prospects of area cuts driven by lower producer prices, after these were pressured by the bumper 2013 harvest, competition with imports and problems in marketing produce. To assist the sector face the excess supply situation, in March 2013, the Colombian Government instituted floor/ceiling prices for paddy under the storage incentive program and subsequently extended a Pesos 100 000 (USD 53) per tonne marketing assistance payment to producers. In March 2014, new floor prices of Pesos 840 000-976 000

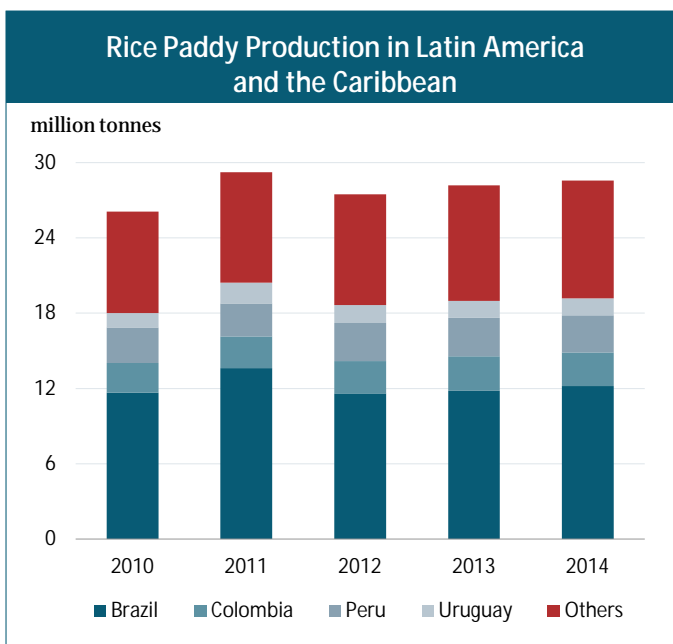
**BRAZIL: PADDY PRODUCTION BY REGION IN 2013 AND 2014 <sup>1/</sup>**

Region	Area (000 ha)			Yields (Mt/ha)			Production (000 Mt)		
	2013	2014	Var %	2013	2014	Var %	2013	2014	Var %
<b>Brazil</b>	<b>2,400</b>	<b>2,396</b>	<b>-0.1</b>	<b>4.93</b>	<b>5.08</b>	<b>3.2</b>	<b>11,820</b>	<b>12,184</b>	<b>3.1</b>
North	292	278	-4.9	3.53	3.53	0.0	1,030.2	979.7	-4.9
Northeast	588	540	-8.2	1.27	1.70	33.9	747.3	918.9	23.0
Centre-West	225	244	8.3	3.42	3.52	3.0	770.8	859.1	11.5
South East	45	35	-22.0	3.11	2.59	-16.5	138.5	90.2	-34.9
South	1,250	1,300	4.0	7.31	7.18	-1.7	9,132.9	9,336.2	2.2

1/ For Brazil: 2012/13 and 2013/14 paddy seasons

Source: CONAB – Crop 2013/2014 - Tenth Assessment – July 2014

(USD 445-517) per tonne were approved, with authorities also agreeing to extend a Pesos 100 000 payment to entities purchasing up to 1.2 million tonnes of green paddy in order to ensure their enforcement.



FAO has lowered forecasts of 2014 production **Ecuador** by over 100 000 tonnes, now pointing to a 4 percent contraction to 1.5 million tonnes (900 000 tonnes, milled basis). The downgrade follows erratic winter weather, in the form of dry-spells and excessive precipitation, which may negatively impact average yields. Moreover, and although part of the losses could be compensated by increases of the summer crop, field reports suggest a continued incidence of pests and disease attacks, which have been associated with relentless plantings and excessive use of agro-chemicals.

By contrast, FAO anticipates another exceptional seasonal performance in **Paraguay**. Notwithstanding losses in late-planted crops from excessive rains and floods, output this season is assessed to have exceeded the 2013 record performance by 13 percent, reaching 680 000 tonnes (476 000 tonnes, milled basis). As in previous years, the expansion is estimated to have relied on larger plantings stimulated by a growing export industry, as well as the increased adoption high yielding varieties.

After two consecutive record performances, **Peru** may experience a 3 percent contraction in 2014 to 3.0 million tonnes (2.0 million tonnes, milled basis), as dry conditions over main producing areas limited water supplies for irrigation, curbing plantings. This year's unseasonable climate has provided further ammunition to the Peruvian Government's long-standing position to encourage a shift away from rice cultivation in northern coastal areas that face water constraints and increased soil salinity problems. Under a new medium-term plan, officials have announced

that, in order to conserve water resources, they will promote quinoa cultivation as an alternative in the important rice growing regions of Piura and Lambayeque.

The production outlook for **Uruguay** has been upgraded by close to 20 000 tonnes since April, now pointing to a 1 percent area driven contraction. The revised figure of 1.35 million tonnes (944 million tonnes, milled basis) would imply a third consecutive season of declines and fall well short of the 1.6 million tonnes record achieved in 2011. A 3 percent area retrenchment, resulting from excessive rains at planting time and sustained competition with other crops, were behind the subdued performance, further compounding on the high production costs that have limited the sector's performance in recent years. In recognition of the growing difficulties faced by the rice industry in Uruguay, this year, authorities established a USD 40 million trust fund to assist producers service debts and to finance productive activities in the forthcoming season. The fund, the third to be instituted in the country since 2003, is expected to help producers face an accumulated debt of close to USD 150 million and will be financed through a 2 percent tax on rice exports, starting from 1 April 2014.

FAO has upgraded estimates of 2013 production in **Venezuela** by 65 000 tonnes, based on official figures which indicate a more pronounced output recovery than previously envisaged. On the whole, 1.0 million tonnes (704 000 tonnes, milled basis) are reported to have been gathered in the country, up 22 percent year-on-year and the highest since 2009. The expansion was made possible by a combination of favorable growing conditions, area expansion in high yielding states, reduced incidence of pest attacks, as well as incentives provided to the sector. These included consecutive increases to direct government payments to producers, first introduced in 2013 and last set at Bolívars 4.7 per kilo (USD 746 per tonne). As to the 2014 season, it is well underway, with the first summer crop harvest concluded in May and sowing activities of winter crops already underway. FAO's production outlook for Venezuela points to another positive seasonal outturn, with 1.03 million tonnes (721 million tonnes, milled basis) predicted to be gathered. The forecast assumes growing conditions remain normal for the remainder of the season, although concerns exist over the impact of prolonged dry conditions over the country, as well as persistent constraints in the availability of inputs and machinery.

## North America, Europe and Oceania

### *Prospects of improved margins to support a 1.6 million tonne production recovery in the United States*

In **North America**, despite unseasonable rains and below-average temperatures causing initial planting delays in southern producing states, 17 percent of crops in the **United States** were reported headed by 6 July, slightly ahead of the 5-year average, with 69 percent also judged in good/excellent condition. Based on the USDA's June acreage report, a total of 1.2 million hectares came under paddy in the country in 2014, up 22 percent year-on-year. The increase was mostly driven by an expanded coverage of long-grain rice, amid less competition with crops such as maize and soybeans, as well as a more propitious climate. Nevertheless and despite some shortfalls in short-grain acreage, area under medium-grain rice is also assessed to have grown by 3 percent, supported larger plantings in Arkansas, which offset retrenchments in drought-stricken California. As a result, and notwithstanding some anticipated productivity losses, reflective of lower output in high-yielding California, overall production in the United States is officially forecast to stage a 1.6 million tonne annual recovery to 10.25 million tonnes (7.2 million tonnes, milled basis).

In **Europe**, most countries in the **European Union** concluded crop planting activities by May. The latest indications from the major producing countries call for little or no growth in the EU area coverage this year: in Italy, farmers are expected to sow 216 000 hectares, while in Spain plantings are foreseen to remain largely steady around 113 000 hectares. Even though area retrenchments are seen taking place in Greece, France and Portugal, as farmers shift to more profitable crops, these falls are expected to be largely offset by yield recoveries, after these were hit last season by excessive rains and cold temperatures. Consequently, overall output in the region is predicted to remain stable around the 2013 contracted level at 2.9 million tonnes (1.7 million tonnes, milled

basis). Conversely, official expectations are that the **Russian Federation** will see production regaining ground, with 1.0 million tonnes (687 000 tonnes, milled basis) expected to be gathered, up 10 percent from 2013, owing to both area and yield improvements.

In **Oceania**, ABARES has downgraded its assessment of the May-ended harvest in **Australia** by 82 000 tonnes, based on a smaller estimate of area under paddy. Constrained by insufficient water supplies for irrigation, plantings are gauged to have fallen by 33 000 hectares compared to 2013. The retrenchment was responsible for a 29 percent year-on-year production decline to 825 000 tonnes (550 000 tonnes, milled basis), arresting a five-year-long recovery in the sector, from successive years of drought.

## INTERNATIONAL TRADE

### *Spurred by abundant availabilities and attractive prices, world trade in rice to expand to a new record of 39.4 million tonnes in 2014*

FAO has raised its forecast of global trade in rice in calendar 2014 to 39.4 million tonnes (milled basis), which is some 140 000 tonnes more than reported in the previous issue of the RMM. Behind the relatively stable forecast lie important revisions to country trade figures. Among importers, the largest upward revision concerned Bangladesh, Indonesia and the Philippines, while import projections were lowered for China (Mainland), Thailand, the United Republic of Tanzania and Viet Nam. On the supply side, more buoyant export forecasts have been drawn for India, Pakistan and Thailand, whereas the export outlook tended to deteriorate in the case of Cambodia, the United States and Viet Nam.

At 39.4 million tonnes (milled basis), world trade in rice in 2014 would hit a new record, surpassing the 2013 depressed level by 6 percent. The 2.3 million tonne expansion in global deliveries is projected to be underpinned by strong import demand, mainly in Asia, where key markets are rebuilding inventories and/or

USA – 2014 RICE PLANTINGS: AREA BY CLASS AND STATE <sup>1/</sup> (000 HA.)

	2013				2014			
	Long Grain	Medium Grain	Short Grain <sup>2/</sup>	All	Long Grain	Medium Grain	Short Grain <sup>2/</sup>	All
<b>Total</b>	<b>721</b>	<b>268</b>	<b>19</b>	<b>1,007</b>	<b>943</b>	<b>277</b>	<b>13</b>	<b>1,233</b>
Arkansas	386	49	0	435	558	77	0	636
California	2	208	18	229	2	186	12	200
Louisiana	160	9	-	169	174	10	-	184
Mississippi	51	-	-	51	69	-	-	69
Missouri	64	1	-	64	85	2	-	87
Texas	57	1	-	59	55	2	-	57

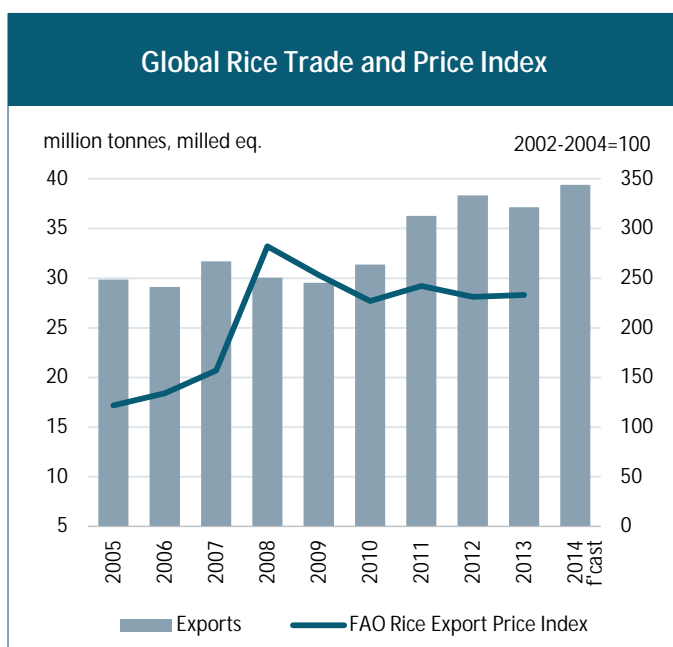
1/ Released June 30, 2014.

2/ Includes sweet rice.

Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, USDA.



quelling inflationary pressure. On the backdrop of production shortfalls and attractive world prices, purchases by countries located in Africa and Latin America and the Caribbean are also envisaged to stage a pronounced recovery, with further gains anticipated in North America, Europe and Oceania. On the export side, Thailand is projected to capture much of this growth, reflecting an easing supply situation and competitive prices, following the suspension of the paddy pledging program and large public stock releases. Larger shipments from Thailand would partly displace deliveries by **India**, which are nonetheless envisaged to remain large. Similarly, **Argentina, Brazil, Egypt, Guyana, Pakistan, Paraguay** and **Viet Nam**, are all expected to expand deliveries over the year, whereas the export outlook for **Australia, Cambodia, China (Mainland), the European Union, the Russian Federation** and **the United States** has been dampened by staunch competition for markets and/or production shortfalls.



## Imports

*A rebound in import demand from the Philippines, Indonesia and Nigeria to support growth in trade in rice in 2014*

FAO's latest forecasts point to global trade in rice expanding to a new record of 39.4 million tonnes over the course of calendar 2014. From a regional perspective, much of the increase in world imports is expected to concentrate in **Asia**, where aggregate deliveries are predicted to reach 18.4 million tonnes, up 9 percent from the 2013 reduced level. Within the region, the largest increase is now seen taking place in the **Philippines**, amid concerted efforts by the Government to rebuild inventories and contain inflation. These have entailed

sourcing 1.3 million tonnes from Viet Nam since November 2013, with officials recently announcing plans to acquire an additional 200 000 tonnes for delivery by September this year. Combined with expectations of larger private sector imports, both through the Minimum Access Volume (MAV) quotas opened for the year and through unofficial channels, given the incentives provided by high local prices, such efforts are now expected to sustain a 1.1 million tonne year-on-year rise in imports by the country to 1.8 million tonnes. If confirmed, the volume of purchases would be the largest since 2010 and follow years of steady output gains and domestic price stability, as the country strode to fulfill its self-sufficiency ambitions.

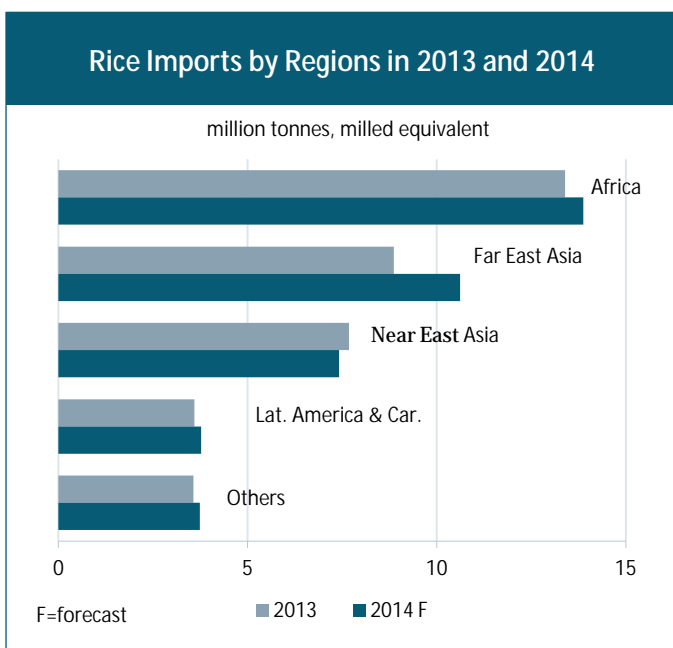
Self-sufficiency in rice remains at the centre of Philippines' policy agenda, even though recent official statements would have the Government abandoning a specific timeframe to achieve this goal. Nonetheless, the country recently secured an extension of quantitative restrictions on rice imports until 30 June 2017. Under the decision, which still requires approval by the WTO General Council, the Philippines will raise Minimum Access Volumes (MAV) to 805 200 tonnes, up from the 350 000 tonne volume set under the 2006 extension of the WTO special treatment. These quantities will be subject to a lower tariff rate of 35 percent (40 percent previously), while out-of-quota rates will remain at 50 percent. Out of the 805 200 tonnes, 755 000 tonnes are to be allocated under country-specific quotas to seven trading partners,<sup>3</sup> with the National Food Authority retaining the first right to import MAV volumes.

Consistent with the fast pace of deliveries registered to date, forecasts of 2014 imports by **Bangladesh** have also been raised to 600 000 tonnes, up from a 2013 revised estimate of 213 000 tonnes. The expansion comes notwithstanding anticipated production gains and is attributable to private sector purchases stimulated by attractive prices abroad. On the policy front, the Government anticipates to concentrate on domestic rather than imported rice purchases to meet its obligations under the public distribution system. These would namely encompass 2.74 million tonnes of foodgrains, including 1.6 million tonnes of rice, to be distributed to vulnerable groups in the fiscal year ending in June 2015. In a bid to ensure sufficient supplies in local markets, authorities have, nevertheless, renewed the restrictions imposed on exports of non-aromatic rice for a further year.

In line with the deteriorated production outlook, FAO has also upgraded forecasts of 2014 purchases by **Indonesia** to

<sup>3</sup> Namely: Australia (15 000 tonnes), China (50 000 tonnes), El Salvador (4 000 tonnes), India (50 000 tonnes), Pakistan (50 000 tonnes), Thailand (293 100 tonnes) and Viet Nam (293 100 tonnes), with remaining volumes (50 000 tonnes) part of an omnibus quota.

1.2 million tonnes (comprising both private sector purchases and imports by the state enterprise Bulog), up 500 000 tonnes from the 2013 estimate. Bulog was reported to have received preliminary approval by authorities to bring-in 500 000 tonnes this year, amid increasing concerns over the negative production impact that a potential El Niño emergence might have on the country. Under the revised import regulations issued in Indonesia this year, private sector imports are restricted to rice for use by processing industries, specialty rice and/or rice for dietary purposes. Imports by the private sector are also to be subject to traders being registered with the Ministry of Trade and acquiring recommendation by the Ministry of Industry or Agriculture. Bulog, meanwhile, retains the sole right to import medium quality rice (with up to 25% broken), for use in price stabilization operations, in emergency situations and/or for public subsidized distribution. Under the “rice for the poor” (Raskin) program, the state agency is to distribute 2.8 million tonnes of rice to 15.5 million household in 2014, at a subsidized price of Rupiah 1 600 (USD 0.13) per kilo.



Among the other major buyers in the Far East, current expectations are that deliveries to **Japan** will remain in the order of 700 000 tonnes, marginally above year-earlier levels. **Malaysia** is also expected to step-up its volume of purchases by 12 percent from the reduced level officially reported for 2013 to 1.0 million tonnes in 2014, while in the case of **Nepal** these are foreseen to rise by 13 percent to 450 000 tonnes in order to meet needs of a growing population. **Sri Lanka** is likely to step up imports even more, following the introduction this year of a host of measures to ensure the availability of supplies at affordable prices. These include the suspension of duties and charges on imported rice, the instatement of retail price ceilings, and state plans to import 100 000 tonnes

for domestic sale through Government outlets. As a result, deliveries to the country are forecast to pass from a mere 23 000 tonnes in 2013 to 150 000 tonnes this year.

A strengthening of import demand is also expected to concern most countries in the Asian Near East. For instance, **Iraq** is forecast to take 2 percent more or 1.4 million tonnes to meet growing consumption needs. Under similar circumstances, deliveries to **Saudi Arabia** are foreseen to rise to 1.4 million tonnes, with **Kuwait** and **Yemen** all envisaged to step-up purchases over the course of 2014. In the case of **Turkey**, consignments are predicted to exceed year-earlier levels by 11 percent to 250 000 tonnes, with the increase facilitated by the renewal through September 2016 of tariff-free import allocations for the Turkish Grain Board (TMO), as part of Government efforts to keep domestic prices in check.

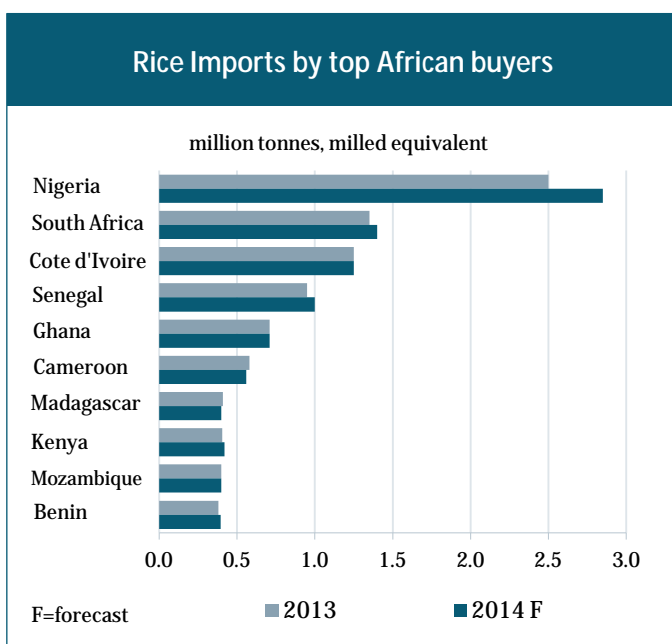
Rising purchases in these countries are expected to more than outweigh reductions elsewhere in Asia. For instance, current expectations are that official deliveries to **China (Mainland)** will see a small reduction, in the order of 2 percent, to 2.2 million tonnes in 2014. Ahead of crop harvesting activities, imports in the first five months of the year remained large, at 1.1 million tonnes, given that, supported by the government's high producer price policy, domestic prices remain above outside offerings. At that level, however, imports lagged 6 percent behind the pace of purchases at the same time in 2013. Whether the decline mirrors a reduction in demand, or a re-routing of deliveries to unofficial channels remains unclear. Nevertheless, cross-border trade with Viet Nam was reported to have been temporarily disrupted this year by rising tensions between the two countries over the South China Sea.

After successive years of large purchases from abroad, FAO also anticipates deliveries to the **Islamic Republic of Iran** to fall 400 000 tonnes short of year-earlier highs to 1.5 million tonnes. Purchases by the **Republic of Korea** are similarly expected to come down to a more normal level of 450 000 tonnes. This is after the country expedited two year's worth of Minimum Market Access commitments in 2013. The Government of the Republic of Korea has yet to announce its final decision on whether to pursue tariffication or seek the renewal of the WTO Special Treatment on rice. Officials are understood to veer towards the former option, given the steep concession they may have to make to continue applying quantitative limits on rice imports. A decline in inflows to 300 000 tonnes, most of which unofficial and in the form of paddy, is also seen taking place in **Thailand**, in the aftermath of steep falls in domestic prices following the suspension of the paddy-pledging scheme. Given current expectations of ample domestic availabilities, combined with weaker demand for export, inflows into **Viet Nam** are similarly foreseen to plunge by 25 percent to 450 000 tonnes.

FAO's latest forecasts of consignments to **Africa** points to 13.9 million tonnes being delivered to the region, up 4 percent year-on-year and nearly 100 000 tonnes more than previously envisaged. Most of the growth is expected to concentrate in West Africa, which might take-in a combined 8.3 million tonnes over the course of the year. Within the sub-region, forecasts of imports by **Burkina Faso, Ghana and Senegal** have been raised, in line with the less favorable 2013 harvest results reported in these countries. **Benin, Liberia and Niger** are also anticipated to require greater imports, relative to 2013 levels, to make up for production shortfalls. Despite larger availabilities, rising domestic consumption needs are also expected to lead **Mali and Togo** to step-up purchases from abroad, partly offsetting anticipated declines in **Chad, Gambia, Guinea, Mauritania and Sierra Leone**. A good seasonal turnout is similarly anticipated to keep imports by **Cote d'Ivoire** at the 2013 subdued level of 1.3 million tonnes, while the need to refurbish stockpiles, combined with expectations of lower import duties, could propel consignments to **Nigeria** by 14 percent year-on-year to 2.9 million tonnes. The Nigerian Government has, however, yet to officialise the announced reduction on import tariffs on rice. Reports suggest that the revised regime, which would have received preliminary approval, will entail the application of a lower levy of 20 percent to importers possessing rice processing facilities and operating verifiable backward integration programs, a measure intended to stimulate investment in the local processing industry. This special rate would be well down from the 100 percent levy in place since January 2013, being applied on top of an import tariff of 10 percent, which would be set to remain in place. Import levies applied on shipments by "pure traders" (i.e. those not possessing such facilities) would instead attract a higher levy of 60 percent (on top of the 10 percent duty), being further subject to a

quantitative ceiling. Pending the issuance of the revised rice tariff regime, Nigerian officials have declared that in order to lessen demurrage charges on importers, rice shipments awaiting clearance on ports, as of 13 June 2014, will be permitted to clear customs upon presentation of a letter of indemnity to the Nigeria Customs Service. This would permit them to pay the new tariff rates once these are announced.

Elsewhere in the continent, **Kenya** is expected to step up purchases by 4 percent to 420 000 tonnes in 2014, in order to meet growing consumption needs. Kenya, along with other member of the East African Community (EAC), have made recursive use of exemptions on the block's Common External Tariff (CET) of 75 percent on rice. Exceptions approved this year foresee rice imports into the country continuing to accrue a 35 percent tariff until June 2015, unless this charge falls short of USD 200 per tonne, in which case the latter will apply. This compares to a 35 percent ad-valorem rate applicable until 30 June 2014, which was, however, subject to a lower alternate specific tariff of USD 100 per tonne. Conversely, and based on favorable harvest results, forecasts point to **the United Republic of Tanzania** cutting imports to 95 000 tonnes, down from a revised estimate of 121 000 tonnes for 2013. The reduction would also reflect official decisions to forgo the renewal of tariff waivers approved the previous year in order to quell inflationary pressure. Less favorable duty concessions have also been announced in **Rwanda**, where imported rice will attract a 45 percent tariff rate (or USD 200 per tonne, whichever is higher) until June 2015. This is lower than the 75 percent EAC CET rate, to which the country also adheres, but higher than the 30 percent concessional tariff applied the previous year. FAO currently foresees imports by Rwanda to remain largely stable and in the order of 33 000 tonnes. Among the other major buyers in the continent, forecasts of 2014 imports by **South Africa** continue to point to deliveries growing by an additional 4 percent to 1.4 million tonnes, while, in the case of **Madagascar**, these are foreseen to amount to 400 000 tonnes. Given the fast pace of imports into the country seen to date, the forecast stands some 60 000 tonnes above previous expectations, but it would still imply a 3 percent annual decline, consistent with the positive seasonal turnout in the country and reduced price differentials between local and imported rice.



On aggregate, countries in **Latin America and the Caribbean** are projected to raise their level of purchases by 5 percent to 3.8 million tonnes. The large part of this volume, or 2.1 million tonnes, is expected to be destined to Central American and Caribbean countries. Of these, **Haiti** is forecast to absorb 20 000 tonnes more than in 2013, or 350 000 tonnes. The expansion will be partly facilitated by the renewal of an import agreement with Viet Nam, which will see 200 000 tonnes of rice delivered

annually to Haiti at preferential rates. Consecutive poor harvests are also envisaged to require **Costa Rica** to raise imports by 12 percent to 95 000 tonnes, while **Panama** is envisaged to step-up purchases by 15 000 tonnes to 86 000 tonnes, also to make-up for output shortfalls. Traditionally an importer of paddy, Panama has seen a rapid expansion of milled rice purchases since 2012, both from South American countries, such as Brazil, Guyana and Uruguay, but also from the United States, with whom it entered into a free trade agreement in late 2012. The Government, however, appears to have heeded the sector's call for a restraint in such inflows, having announced in July the extension of a subsidy to local rice millers to assist them meet newly introduced ceilings on retail prices, increased efforts by the state to acquire local produce, as well as a commitment that imports would henceforth be carried out through the Agricultural Marketing Institute and on a paddy basis.

A rising trend in milled rice consignments has also led the Government of Costa Rica to initiate a safeguard investigation on imports of selected classes of milled rice. The local industry in **Mexico** has been similarly vocal against competition with non-traditional Asian providers. Mexico has historically relied on the United States to supply its near total rice import needs, the bulk of which in the form of paddy. However, milled consignments from Uruguay have made steady headway since 2011, with both Pakistan and Viet Nam also shipping sizeable amounts in 2013. Although phytosanitary concerns brought Pakistani consignments to Mexico to a halt in mid-2013, prospects of growing imports from Viet Nam and Thailand have more recently prompted the local industry to call for the reinstatement of imports duties on rice, which had been lifted in 2008 to contain increases in local prices. FAO currently anticipates imports by Mexico to remain largely stable over the course of 2014, at 670 000 tonnes.

Forecasts of rice purchases of South American countries stand at 1.7 million tonnes. Compared to figures released in April, **Bolivia** is now foreseen to take-in a total of 70 000 tonnes, consistent with the deteriorated production outlook and fast pace of deliveries registered to date. **Colombia** is similarly envisaged to take in more, or 250 000 tonnes, while, in the case of **Peru**, a drought-induced output shortfall is projected to sustain a 14 percent rise in imports to 200 000 tonnes. By contrast, current expectations are that larger domestic availabilities will permit **Brazil** to cut its purchases by 5 percent to 700 000, while deliveries to **Venezuela** may amount to 300 000 tonnes. The forecast level would be close to a revised estimate for 2013, the bulk of which originated in South American countries, primarily Guyana, which provided the supplies under the PetroCaribe accord. The 2014 renewal of the agreement foresees Guyana

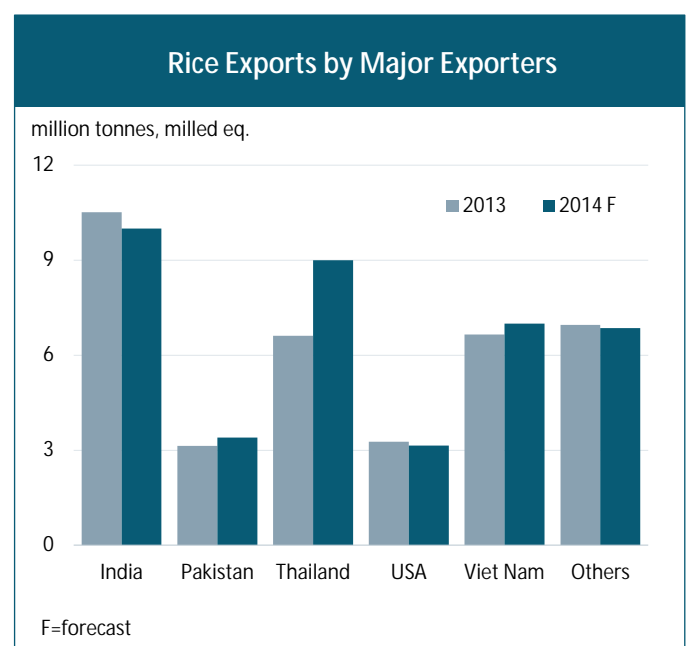
delivering 150 000 tonnes of paddy and 50 000 tonnes of milled rice to Venezuela over the year.

In **Europe**, import forecasts for the **European Union** remain at 1.3 million tonnes, up 6 percent from 2013. Officials indicate that in the first five months of 2014, the region had seen inflows totaling 614 000 tonnes, 9 percent more than in the corresponding period in 2013, with all of the increase attributable to greater deliveries from countries benefiting from duty concessions under the Everything-but-Arms agreement. The local industry, meanwhile, remains steadfast in its calls for the region to instate safeguard measures against such imports. Elsewhere, the **Russian Federation** is seen taking delivery of 230 000 tonnes, up 5 percent from 2013, while the USDA has raised its import forecasts for the **United States** somewhat to a high of 730 000 tonnes.

## Exports

### *Thailand set to meet much of the expansion in 2014 rice deliveries*

Based on the latest figures, global trade in rice in 2014 is set to rise to 39.4 million tonnes, establishing a new record. From an export perspective, the expansion is anticipated to be captured mostly by **Thailand**, where the suspension of the paddy pledging program and a fast pace of government stock releases have permitted quotations to return to competitive levels. Export prospects are similarly positive for **Argentina, Brazil, Egypt, Guyana, Pakistan, Paraguay** and also for **Viet Nam**, although, for the latter, less so than previously envisaged, given prospects of staunch competition, in particularly for Asian and African markets. Among the major other suppliers,





deliveries by **India** are foreseen to suffer most from the pronounced upturn of Thai supplies to the market, although ample availabilities are still expected to keep exports by the country large. **Australia, Cambodia, China (Mainland), the European Union, the Russian Federation and the United States** are similarly foreseen to end the year with fewer deliveries, on account of production shortfalls and/or uncompetitive prices.

Forecast of 2014 deliveries by **Cambodia** have been downgraded to 900 000 tonnes, now pointing to a 200 000 tonne year-on-year contraction in shipments relative to a revised 2013 estimate. The deteriorated outlook reflects expectations of reduced border trade with Thailand and Viet Nam, on prospects of large harvests and falling prices in the two countries. The pace of direct milled rice deliveries by Cambodia has, nevertheless, held ground, amounting to 178 000 tonnes in the first half of the year, about 1 percent above the respective 2013 level. Meanwhile, in its bid to assist the sector reach the 1.0 million tonne export target by 2015, the Cambodian Government has renewed credit assistance to the industry this year, while also approving a reduction in customs processing fees and value added taxes on entities supplying rice for export.

Exports by **China (Mainland)** are likewise anticipated to drop by 27 percent to 350 000 tonnes, primarily on account of weaker import demand by the Republic of Korea. Reflecting cuts in shipments to the latter, but also to Japan, its other important japonica destination, China's rice exports have lagged significantly behind last year's level. A total of 58 000 tonnes were delivered by the country between January and May this year, which compares to 242 000 tonnes in the corresponding period in 2013.

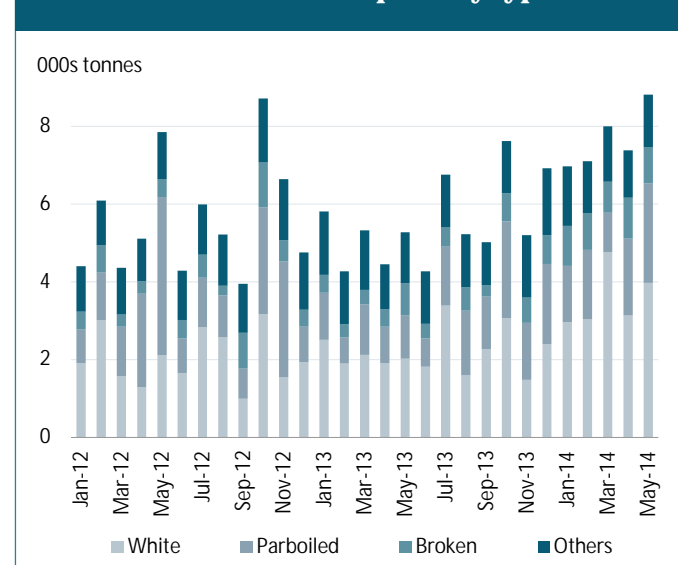
FAO has raised its forecast of 2014 exports by **India** by 500 000 tonnes since April to 10.0 million tonnes, consistent with prospects of strong demand by its traditional South Asian outlets, but also a still upbeat speed of deliveries in the first five months of the year. The revised level would, however, continue to suggest a likely 5 percent retrenchment in sales by the country, amid expectations of increased competition and weaker demand in key markets. Most noteworthy amongst these is the Islamic Republic of Iran, where a slow-down in Indian basmati deliveries has been associated with the imposition of stronger import regulations by Iranian authorities. These namely regard import certification requirements, as well as lower thresholds of acceptable presence of heavy metals in consignments.

In line with more buoyant output figures, the export outlook for **Pakistan** now stands at 3.4 million tonnes for 2014, implying a 8 percent year-on-year expansion. The

projected level assumes, however, that ample supply availabilities will permit exports by the country to regain ground over the remainder of the year. This is after cumulative deliveries in the first five months of 2014 fell 3.5 percent short of year-earlier levels to 1.6 million tonnes, weighed by a combination of an appreciating Rupee, weaker Chinese demand and protracted power shortages. The latter are reported to have considerably strained export activities over the month of June. On this backdrop, the industry has called for more Government engagement, in particular, seeking assistance with electricity costs and a single-window facility to handle export formalities.

Following the suspension of the paddy pledging program and in the aftermath of large public stock releases, consignments by **Thailand** progressed at an exceptionally upbeat pace in the first five months of the year, surging 52 percent above year-earlier levels to 3.8 million tonnes. The upturn was reflective of the considerable weakening of Thai export quotations witnessed over the past year, which have supported strong sales of white and parboiled rice, but also of broken, the export volume of which nearly doubled over the period. The export environment has deteriorated somewhat since May, amid a tightening of availabilities in the aftermath of a suspension of Government stocks releases by the new military administration, as well as logistical disruptions caused by the mass exodus of immigrants fearing a clampdown on illegal labor in the country. The suspension of public stock offloads came as authorities sought to stabilize domestic prices in support of farmers, while carrying an inspection of government warehouses to reveal quantities remaining in store from the paddy pledging program. Officials have, however, allowed some releases from state warehouses under pre-existing sales agreements, while deliveries under a government-to-government commitment with

**Thailand: rice exports by type**



China have also proceeded. Consequently and considering recent announcements that sales of public stocks are likely to resume by August, FAO now anticipates Thailand to deliver a total of 9.0 million tonnes in 2014, up 300 000 tonnes from April projections and 36 percent above the subdued 2013 turnout.

The export outlook has, instead, deteriorated for **Viet Nam**, on account of difficulties competing with Thailand, which have caused deliveries from Viet Nam in the first half of the year to trail behind year-earlier levels by 6 percent to 3.35 million tonnes. Although the country has been able to secure delivery for a combined 1.0 million tonnes to the Philippines since April, exporters supplying the state-trading company awarded in the deal were reported to have faced difficulties in meeting the terms of the export agreement, amid fears of financial losses due to low prices and stringent quality requirements. China (Mainland) remains Viet Nam's largest outlet, both officially and through unrecorded border trade. Yet, Vietnamese deliveries to China have been partly displaced by a return of competitively priced Thai supplies this year, with unofficial flows to China also temporarily disrupted by rising tension over the South China Sea. In this context, reports suggest that Vietnam would be studying whether to abolish the minimum export price system, while official calls have also been issued to relevant agencies to step-up promotional activities and search for export opportunities in traditional and new markets. As a result, and assuming the country is able to meet the 3.6 million tonne export target for the second half of the year, a feat likely dependent on whether it is able to capture the expected revival in demand from Indonesia and the Philippines, Viet Nam is now envisaged to export 7.0 million tonnes in 2014. This level would stand 350 000 tonnes above the official volume reported for 2013, but some 200 000 tonnes less than previously envisaged.

Looking at non-Asian suppliers, there have been no policy developments in **Egypt**, with exports of milled rice remaining restricted, notwithstanding earlier announced plans by officials to consider lifting the ban and a recent 20 000 tonne exception approved for Jordan. As a result, forecasts of exports by Egypt remain set at 450 000 tonnes, some 50 000 tonnes above the year-earlier estimate, mostly comprised of unofficial outflows, as well as broken rice, not subject to restrictions. Among the other major suppliers of Japonica rice, **Australia** is now foreseen to see exports fall by 5 percent to 440 000 tonnes, in line with lower output figures, while officials in the **European Union** also envisage tighter supply availabilities to prompt a 43 percent retrenchment in the region's deliveries to 100 000 tonnes. Poor 2013 harvest results may likewise cause deliveries by the **Russian Federation** to contract for the second consecutive season to 110 000 tonnes.

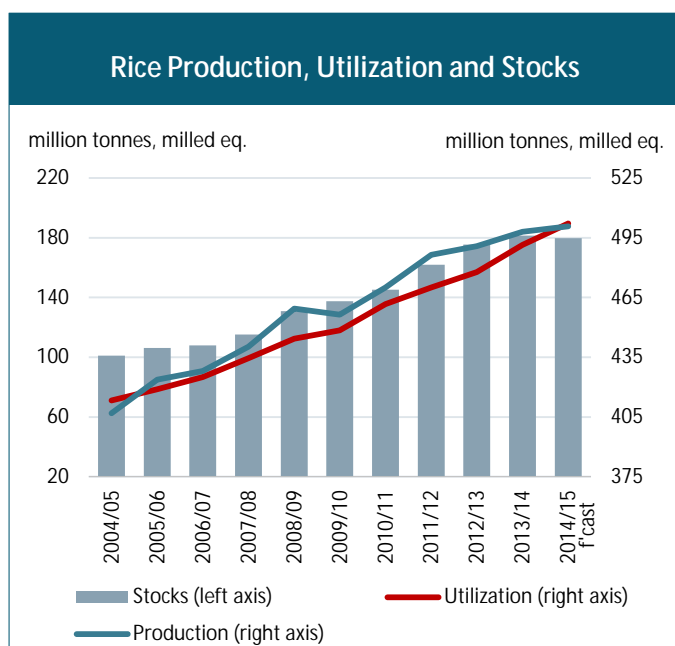
The USDA has downgraded its forecast of 2014 shipments by the **United States** by 200 000 tonnes to 3.15 million tonnes, based on a slower pace of sales to markets in Latin America and the Caribbean, Far East and Africa. The revised figure would imply a 4 percent year-on-year contraction in US deliveries, consistent with a tighter supply situation and high prices relative to competing origins.

Export prospects are more positive for South American suppliers. Improved supply situations are envisaged to boost 2014 sales by both **Argentina** and **Brazil** to 640 000 tonnes and 900 000 tonnes, respectively. Export progress in both countries has been positive to date. In the case of Argentina, cumulative exports by May outdid their year-earlier levels by 44 percent reaching 292 000 tonnes, buoyed by a surge in sales to Iraq, which more than compensated for cuts in deliveries to Brazil. Increased shipments to Latin American countries, in particular Cuba and Venezuela, were, instead, behind a 34 percent rise in deliveries by Brazil during the same period to 375 000 tonnes. Record-breaking crops are also expected to boost exports by both **Guyana** and **Paraguay**, while, based on higher expected output, **Uruguay** is now envisaged to face a less pronounced shortfall in deliveries to 870 000 tonnes.

## RICE UTILIZATION AND DOMESTIC PRICES

*Public subsidized distribution programs and efforts to contain inflationary pressure assist rise in Asian food consumption in 2014/15*

Based on the latest figures, global rice utilization in 2014-15 is set to expand to a new high of 502.3 million tonnes (milled basis). A 1.5 percent expansion in world food consumption to 416.2 million tonnes would account for the bulk of this growth. Nevertheless, larger volumes are set to be destined to all other use categories, including a combined 71.7 million tonnes to seeds, post-harvest losses and non-food industrial uses, with a separate 14.4 million tonnes consumed as animal feed. Based on the latest projections of population growth for the year, the forecast expansion in food consumption would sustain a small increase in the **global per caput food use** figure to 57.6 kilos per person. **Developed nations'** intake is projected to increase by about 1 percent to 12.5 kilos per person in 2014/15, while in **developing countries** it would remain largely unvaried at an average of 68.4 kilos per person.



In the case of *Asia*, the anticipated expansion in rice consumption in 2014/15 is in spite of retail/wholesale prices remaining firm across much of the region (with the exception of **Cambodia** and **Thailand**). Indeed, rice consumption is often being sustained by public subsidized distribution programs and enhanced steps to quell the effects of inflationary pressure. For instance, in **India**, officials have announced that they will intensify anti-hoarding operations and release up to 5.0 million tonnes of rice from Government reserves through the Targeted Public Distribution System. This is while the National Food Security Act is being progressively implemented in the country. In **Bangladesh**, authorities intend to step-up grain distribution during the 2014/15 fiscal year by 7 percent to 2.74 million tonnes. In **Indonesia**, efforts to avoid leakages and ensure beneficiary households receive rations at the intended subsidized price of Rupiah 1 600 (USD 0.13) per kilo, have entailed the use of Social Protection Card (KPS) to distribute Raskin rice to the 15.5 million eligible households. In the **Philippines**, the National Food Authority has been tasked with continuing its increased pace of subsidized sales throughout the lean season. It is also to step up imports to dampen the increases in domestic rice quotations. On the backdrop of a sharp drought-induced reduction in local output, efforts to quell inflationary pressure in **Sri Lanka** have also involved trade facilitating measures, including the suspension of duties and charges on imports, as well as a state import plan of 100 000 tonnes, to be distributed at controlled prices.

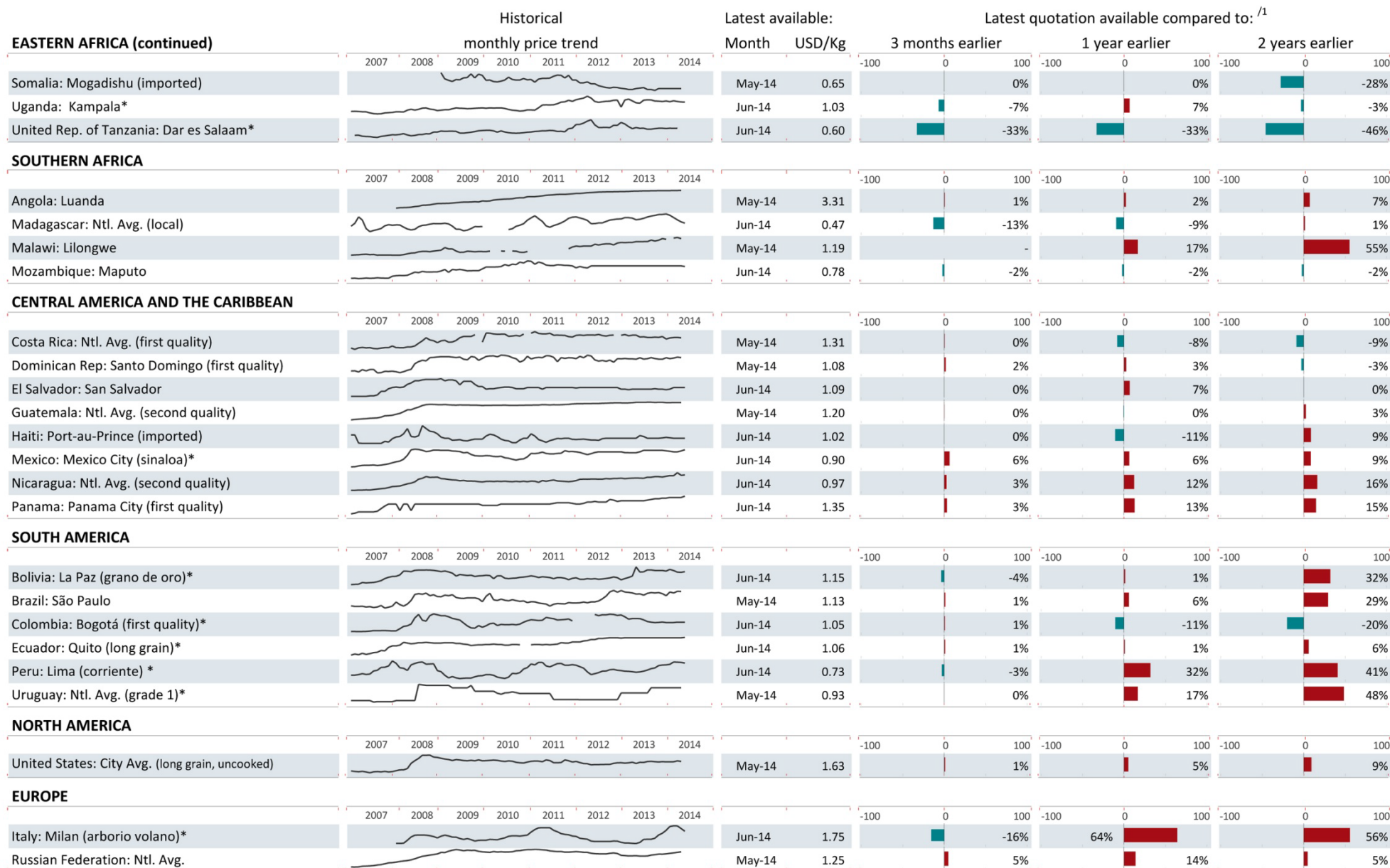
Meanwhile, quotations have assumed the opposite direction through much *Africa*, where, aside from **Uganda** and **Malawi**, domestic prices have generally weakened relative to year-earlier levels. On the other hand, price developments have been mixed in *Latin America and the Caribbean*, with quotations in **Costa Rica**, **Haiti** and

**Colombia** tending to subside, while these strengthened in **Brazil**, **El Salvador**, **Nicaragua**, **Panama**, **Peru** and **Uruguay**. In *North America and Europe*, prices have also edged higher in the **United States**, **Italy** and the **Russian Federation**.

## DOMESTIC RICE PRICES IN SELECTED COUNTRIES







<sup>/1</sup> Quotations in the month specified in the third 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; Korea Agricultural Marketing Information Service (KAMIS); Japan Ministry of Agriculture, Forestry and Fisheries; U.S. Bureau of Labor Statistics (BLS); Associazione Industrie Risiere Italiane (AIRI). Please note that prices shown are comparable over time, but not across countries, as they may refer to different stages of the marketing chain (e.g. retail versus wholesale prices), different rice types (e.g. aromatic versus non-aromatic) or different qualities of rice (e.g. fully broken versus 5% broken).

## CLOSING STOCKS

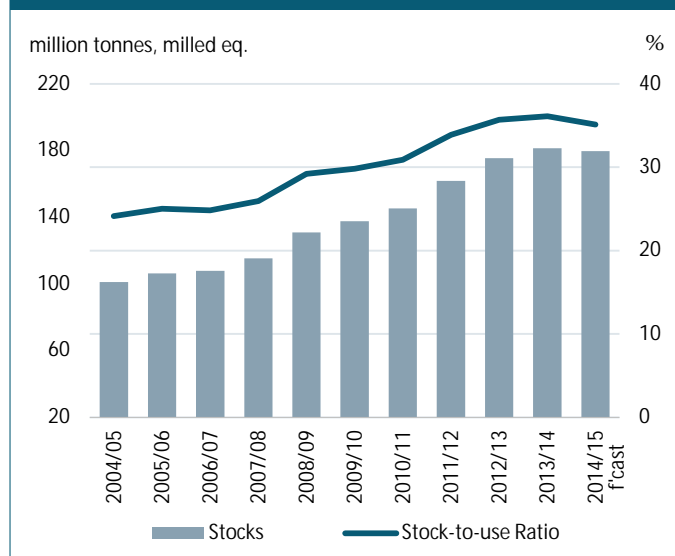
*World rice reserves to contract for the first time in a decade*

Since the April issue of the RMM, FAO has raised its forecast of **global rice stocks at the end of the 2013/14 marketing year** by 1.0 million tonnes, now pointing to a high in global inventories of 181.4 million tonnes. Upward adjustments to stock figures for Bangladesh, Myanmar, Pakistan and Sri Lanka accounted for most of the revision, consistent with upward adjustments to production figures reported in these countries. Nevertheless, expectations of a slower pace of deliveries were also behind upgrades in the case of Cambodia, the United States and Viet Nam, whereas estimates were cut mainly for Brazil but also Thailand, given more buoyant export prospects for the country, combined with expectations of a smaller crop.

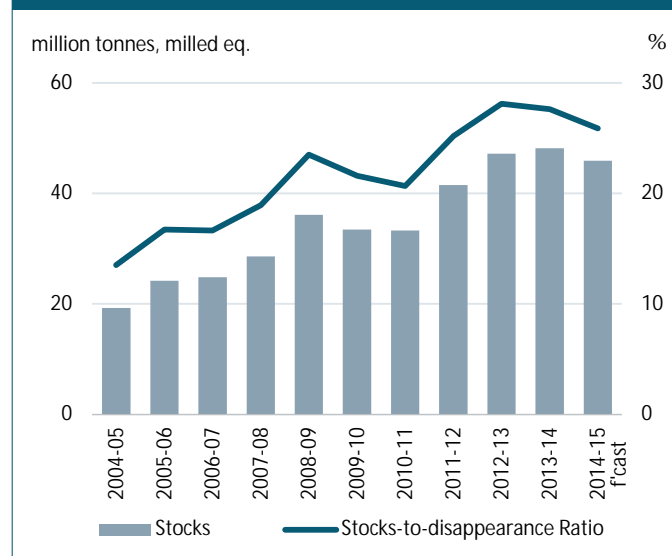
**World rice carryovers in 2014/15** are also assessed 300 000 tonnes higher than last reported at 179.7 million tonnes. The revised forecast would, however, continue to suggest a contraction in world rice reserves for the first time in a decade, albeit by a small margin of 0.9 percent. This would result in the **world stocks-to-use ratio** passing from an estimated 36.1 percent in 2013/14 to 35.1 percent in the current year. **Developing countries** are expected to account for all of this cut, drawing reserves down by 1 percent to 175.0 million tonnes, while **developed nations** refurbish their inventories by 4 percent to 4.7 million tonnes.

From a trade perspective, rice exporters are predicted to drive much of the projected draw-down. Among them, the **five major rice origins**<sup>4</sup> look set to close their marketing years with 5 percent less, or 45.9 million tonnes. This would result in their **stock-to-disappearance ratio**<sup>5</sup> easing somewhat from the 28.1 percent and 27.6 percent highs attained in 2012-13 and 2013-14, respectively, to 25.9 percent in 2014/15. The decline primarily reflects expectations of draw-downs in **Thailand** and **India**. Against the backdrop of production shortfalls and an accelerating pace of exports, rice carryovers in **Thailand** are predicted to be trimmed by 5 percent to 17.5 million tonnes. The reduction is expected to be associated with the gradual disposal of the vast Government stocks accumulated through consecutive runs of the paddy pledging program. After 3.5 million tonnes were offloaded through open tenders between January and May this year, public stocks releases in Thailand were temporarily brought to halt in late May, as the new administration launched a country-wide inspection of public granaries to ascertain the size and estate of supplies remaining in store. Early indications from this survey point to Government warehouses currently holding up to 18.0 million tonnes, with officials pointing to a three-year span required to dispose of the hefty state reserves. In **India**, current expectations are that the combined effects of a smaller 2014 harvest and heightened needs for the public distribution system will curb reserves by 9 percent to 21.0 million tonnes. In this vein, already in June, the Indian Government announced that it would raise allocations to the public distribution system by an additional 5.0 million tonnes. The supplies are to be distributed to vulnerable

Global Closing Stocks and Stocks-to-use Ratio



Stocks held by the five major rice exporters and stock-to-disappearance ratio



<sup>4</sup> India, Pakistan, Thailand, the United States and Viet Nam.

<sup>5</sup> Defined as the sum of the five major exporters' stocks divided by the sum of the five countries' domestic utilization plus exports.

groups by March 2015, or until the National Food Security Act is fully enacted. To date, eleven states were reported to have implemented the Act, which will expand subsidized distribution to up to 75 percent of India's rural population and 50 percent of urban dwellers, requiring 61.4 million tonnes of foodgrains for the purpose. Conversely and given expectations good seasonal turnouts, both **Pakistan** and **Viet Nam** are projected to end their individual marketing years with larger inventories of 800 000 tonnes and 5.4 million tonnes, respectively. In spite of an projected revival in exports, officials also anticipate the pronounced output recovery in the **United States** to foster a 20 percent reconstitution of inventories to 1.3 million tonnes.

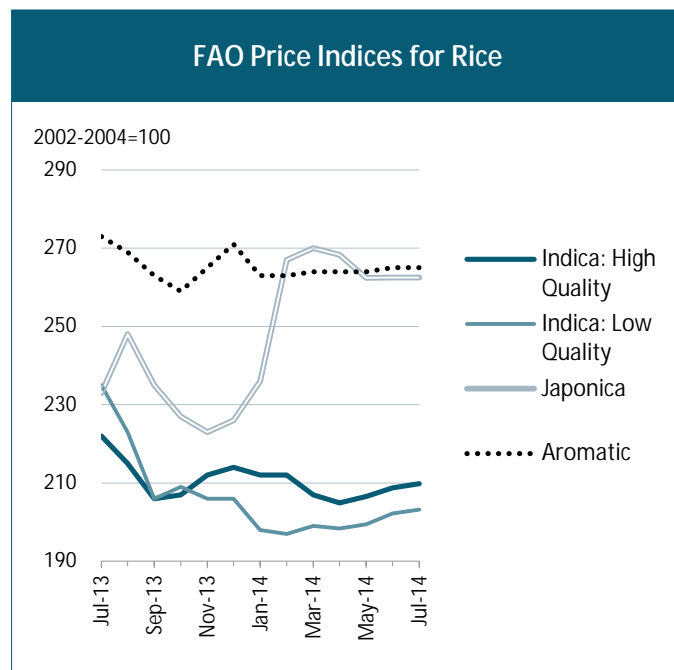
Based on the latest figures, aggregate reserves held by rice importing countries in 2014/15 are also set to edge 4 percent lower relative to their opening levels at 28.8 million tonnes. Within the group, after a spate of state purchases from abroad, the **Philippines** is envisaged to see rice carry-overs rise for a second consecutive season to 2.5 million tonnes. A declining trend in domestic consumption, in the context of still abundant harvests and imports, are also envisaged to lead to refurbishments in both **Japan** and the **Republic of Korea**, with a favorable seasonal turnout also underpinning reserves in **Brazil** to 781 000 tonnes. Conversely, in line with the deteriorated production outlook for the country, and in the context of an output shortfall and strong domestic demand, forecasts of inventories held by **Indonesia** have been cut to 5.3 million tonnes, implying a 1.1 million tonne draw-down from 2014. In spite of expectations of a surge in imports, **Sri Lanka**, too, is predicted to need a drawdown from reserves to meet consumption needs, given drought induced production shortfalls. Negative seasonal turnouts are similarly behind expectations of reserve cuts in **Peru**, **Nepal** and **Nigeria**, whereas, **Bangladesh** is forecast to meet domestic demand without tapping into rice inventories, given prospects of ample domestic availabilities, coupled with purchases from abroad.

## INTERNATIONAL PRICES

*FAO All Rice Price Index little changed since March, amid diverging trends across the various rice market segments*

The FAO All Rice Price Index (2002-2004=100) averaged 237 points in the second week of July, only about a point under its March value and marginally below its position a year earlier. The small decline reflected a weakening of medium-grain prices, which, after posting four months of consistent gains, began subsiding in April, amid an easing of concerns over supply shortfalls in the United States. This is reflected in the Japonica sub-index, which shed 7 points over the period to arrive at a July value of 263 points. With aromatic prices remaining largely unvaried over the past three months, the recent weakness in the

medium-grain segment served to counteract a partial recovery in indica quotations. Supported by brisk import demand and a tightening of supply availabilities, the higher and lower quality Indica sub-indices strengthened by 1-2%, reaching 210 and 203 points in July, respectively. As a result of these trends, the January-July average of the All Rice Price Index remains close to 1 percent below its respective value in 2013, with the general stability masking significant falls in indica quotations, seen against a strengthening of medium grain prices.



Among the major rice origins, pressured by a fast pace of Government stock sales and offseason crop arrivals, export quotations in **Thailand** continued to slide through April, when the benchmark white 100% B rice hit another 74-month low of USD 408 per tonne. Declines were, however, later tamed by uncertainties over access to public reserves and the eventual suspension of all Government stock releases, as the new military administration began inspecting public warehouses to ascertain quantities still held in store from the paddy pledging program. The initiative followed reports that 3.0 million tonnes were unaccounted for in public granaries, but was also in line with authorities' goal to stabilize domestic producer prices. Although some limited releases have since taken place to allow exporters to complete pre-existing orders, the abrupt tightening of supply availabilities arising from the standstill in public stock releases came at a time of reviving buying interest, being further compounded by logistical disruptions associated with the mass exodus of immigrants fearing a clampdown on illegal labor in the country. These factors resulted in reversal in Thai rice export quotations in June, although the upsurge was insufficient to counteract the losses posted in previous months by a significant margin. As a

result, Thai white 100% B was still quoted 20 percent below year-earlier values in July, at USD 432 per tonne.

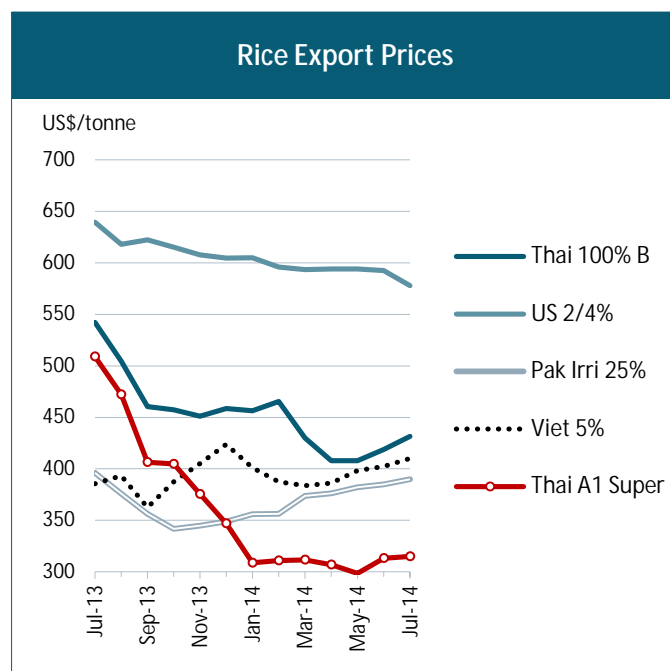
In the **United States**, quotations of US N.2 4% long grain remained largely unvaried until June, when tepid offshore demand and expectations of a large forthcoming harvest began weighing on quotations. Despite this recent easing, the price differential between U.S. and Thai supplies remains significant, with US N.2 4% quoted 147 US dollars above the comparable Thai 100% B quality. Prices have tended to retreat in the Japonica segment, however, amid signs that production shortfalls ensuing from a severe drought in California could be offset by larger medium-grain crops in other US southern producing states. Yet, at USD 1 025 per tonne, July prices of US N.1/4 medium grain remained quoted 38 percent above year earlier levels.

After posting losses through the first quarter of the year, quotations in **Viet Nam** reversed their downward trajectory mid-way through April, underpinned by the award of an 800 000 tonne tender by the Philippines that month and the completion of a month-and-a-half long stockpiling program for winter-spring crops. Vietnamese quotations have firmed further since then, under the combined effects of a higher minimum export price for 25% broken, sales to China across borders and seasonal tightness ahead of the summer-autumn harvest. The strengthening resulted in Vietnamese quotations exceeding those of Thailand in the lower quality segment consistently since March.

Indica export quotations in **Pakistan** have posted further gains ahead of the 2014 season harvest. Barring regular sales to key African markets, the increase was notwithstanding weak buying interest, being primarily underpinned by a strengthening Rupee. The undertone was softer in the fragrant segment however, which saw sluggish demand and overall ample availabilities drive a 1 percent decline in Pakistani basmati quotations to USD 1 350 per tonne. Indica prices edged higher in **India**, with support provided mostly by a stronger Rupee, which outweighed pressure applied on prices by Rabi arrivals and slowing of export demand.

International rice export prices are expected to be influenced by the progress of main paddy crops in northern hemisphere countries in the months to come. As such, climatic events affecting the development of these crops and/or setting the stage for subsequent ones to be planted, such as the pattern of the monsoon over Asia or the possible emergence of an El Niño event, will likely remain at the forefront of attention. Given successive years of bountiful harvests and consequent stock replenishments, exporters are expected to count on sufficient availabilities to meet local needs and export demand. Nevertheless, import decisions will still need to

be seen against the timing of fresh crop arrivals, which are not due to enter the market until September/October. In this context, stockholding policies in exporting countries will need to be monitored, in particular in Thailand. Authorities have already announced that the standstill in Government stock releases in the country is likely to end in August. Yet, given their commitment to stabilize domestic prices to farmers, authorities are expected to moderate their pace of sales considerably. As usual, currency movements affecting the competitiveness of major exporters are also expected to play an important role, as do developments in other cereal markets.



FAO Rice Price Indices					
	All	Indica		Japonica	Aromatic
		High quality	Low quality		
		2002-2004 = 100			
2010	227	206	212	252	229
2011	242	232	250	258	220
2012	231	225	241	235	222
2013	233	219	226	230	268
2013 July	237	222	235	233	273
August	238	215	223	248	269
September	226	206	206	235	263
October	224	207	209	227	259
November	224	212	206	223	265
December	227	214	206	226	271
January	227	212	198	236	263
February	237	212	197	267	263
March	238	207	199	270	264
April	237	205	198	268	264
2014 May	235	207	199	262	264
June	236	209	202	263	265
July*	237	210	203	263	265
2013 Jan.-Jul.	237	225	238	229	270
2014 Jan.-Jul.	235	209	200	261	264
% Change	-0.7	-7.5	-16.0	14.1	-2.2

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.

\* Two weeks only.



EXPORT PRICES FOR RICE														
	Thai White 100% B Second grade	Thai Parboiled 100%	U.S. Long Grain #2, 4%	Thai 5%	Viet 5%	Uru 5% 1/	India 25%	Pak 25%	Thai 25%	Viet 25%	Thai A1 Super 2/	U.S. California Medium Grain #1, 4%	Pak Basmati 3/	Thai Fragrant 4/
<i>(US \$/tonne, f.o.b.)</i>														
2009	587	619	545	555	432	530	...	351	460	384	329	1 068	937	954
2010	518	532	510	492	416	559	...	372	444	387	386	737	881	1 045
2011	565	563	577	549	505	546	409	433	511	467	464	821	1 060	1 054
2012	588	594	567	573	432	584	391	396	560	397	540	718	1 137	1 091
2013	534	530	628	518	391	598	402	371	504	363	483	692	1 372	1 180
2013														
July	542	547	639	525	386	604	428	396	521	352	509	742	1 405	1 175
August	505	515	618	489	393	601	388	376	484	362	472	739	1 398	1 139
September	460	466	622	444	362	602	376	356	428	340	406	696	1 324	1 127
October	457	446	615	440	388	601	386	342	425	362	405	686	1 310	1 149
November	451	454	608	437	405	596	379	345	408	375	376	660	1 385	1 176
December	459	466	604	451	424	604	382	349	399	398	347	686	1 411	1 163
2014														
January	456	459	605	450	401	602	373	356	377	380	309	774	1 396	1 146
February	466	467	596	459	388	599	378	356	382	368	311	1 065	1 348	1 158
March	430	428	594	422	384	581	381	374	366	358	312	1 100	1 362	1 170
April	408	417	594	395	386	581	381	376	352	356	307	1 081	1 350	1 172
May	408	418	594	389	398	596	384	382	347	364	298	1 025	1 350	1 166
June	419	428	592	397	402	611	385	385	356	365	313	1 025	1 350	1 164
July*	432	434	578	410	410	610	385	390	364	365	315	1 025	1 350	1 170
2013 Jan.-Jul.	582	573	638	565	388	596	416	384	557	360	542	690	1 377	1 202
2014 Jan.-Jul.	431	436	593	417	396	597	381	374	363	365	309	939	1 358	1 164
% Change	-25.9	-23.9	-7.0	-26.1	2.0	0.3	-8.4	-2.6	-34.8	1.5	-42.9	36.0	-1.4	-3.1

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

1/ Long grain white rice, fob fcl. 2/ White broken rice. 3/ Basmati ordinary up to May 2011. Super kernel white basmati 2% from June 2011 onwards.

4/ Hom Mali rice, grade A.

... = unquoted

\* Two weeks only.

## RICE POLICY DEVELOPMENTS

Area	Date	Policy Instrument	Description
Bangladesh	Jun-14	Budgetary allocations, production support, Government procurement, food subsidies	As part of its 2014/2015 budgetary allocations, decided to maintain allotments to agricultural subsidies steady at Taka 90 billion (USD 1.1 billion), while continuing credit and input assistance programs and the distribution of high yielding seed varieties. Additional provisions include the continuation of efforts to expand storage infrastructure, as well as efforts to intensify agricultural research and the development/use of organic technology and genetic engineering. The rice import target for the 2014/2015 fiscal year (July-June) was set at 200 000 tonnes, while a further 1.4 million tonnes of rice are to be locally procured by the government. Distribution of foodgrains is to be raised 7 percent above the revised target for 2013/14 to 2.74 million tonnes, of which 1.6 million tonnes are expected to be rice.
Bangladesh	Jun-14	Production support	Announced that Taka 100 million (USD 1.3 million) would be allocated to provide seed and fertilizer assistance to over 100 000 producers of Aman paddy incurring weather related losses the previous season.
Bangladesh	Jun-14	Export duty	As part of its 2014/2015 budgetary allocations, announced that it would impose a 10 percent export duty on rice bran.
Bangladesh	Jun-14	Export ban	Renewed the ban on non-aromatic rice exports, effective until 30 June 2015.
Cambodia	Apr-14	Customs processing fees	Decided to remove custom's processing fees charged on rice exports, effective 1 May 2014.
China (Mainland)	Jun-14	Stock-holding policy, Government procurement	Announced that it would raise state grain reserves by 25 million tonnes, maintaining the equivalent of six month's worth of domestic grain consumption in store. The Government is additionally to expand storage capacity by 50 million tonnes by 2015.
Colombia	Apr-14	Production support	Decided to extend a Pesos 100 000 (USD 53) per tonne assistance package for up to 1.2 million tonnes of green paddy to entities purchasing supplies between 10 April and 15 November 2014 at the minimum purchasing prices established in March 2014.
Ghana	Apr-14	Production target, production support	Announced it aims to be fully self-sufficient in rice by 2018, when paddy production is targeted to reach 1.2 million tonnes, which would imply a 20 percent annual production growth rate over the coming years. In addition to ongoing support programs, the strategy envisages efforts to boost production and distribution of improved seeds, the rehabilitation and expansion of irrigation systems, as well as the development of water harvesting structures, among others.
India	Jun-14	Food subsidies	Announced that the Government would release 5.0 million tonnes of rice from state granaries and take steps to prevent hoarding, in an effort to keep local prices in check. The supplies are to be distributed to Below Poverty Line (BPL) and Above Poverty Line (APL) families through the Targeted Public Distribution System between July and March 2015, or until the National Food Security Act is implemented.

Area	Date	Policy Instrument	Description
India	Jun-14	Support prices	Raised minimum producer support prices by 4 percent to Rupees 13 600 (USD 227) per tonne of common varieties and to Rupees 14 000 (USD 234) per tonne of Grade A paddy.
India	Jun-14	Export restrictions	Announced that it would henceforth exempt Bhutan from any ban or quantitative restriction on exports of non-basmati rice, as well as milk powder, wheat, edible oil and pulses.
Indonesia	Apr-14	Import regulation	Issued new rice import regulations: imports of medium quality rice (with up to 25% broken) are to be conducted solely by the state enterprise BULOG, for public subsidized distribution, price stabilization and/or in emergency situations, subject to authorization by the Ministry of Trade and provided that these are conducted outside the main crop harvest period. Private sector imports of other types of rice, including rice for use by processing industries (provided it is not produced domestically), specialty rice and/or rice for dietary purposes, will be permitted to traders recognized by the Ministry of Trade as Producer/Importer of Rice or as Registered Importer, upon recommendation by the Ministry of Industry or Agriculture. Further provisions of the regulation include country of origin and varietal verification procedures, as well as packaging and labeling requirements.
Kenya	Jun-14	Import tariff	Renewed exemptions to the 75 percent rice import duty applicable under the Common External Tariff of the East African Community. Rice imports will accrue a tariff of 35 percent (or USD 200 per tonne, whichever is higher) for a period of one year, effective 1 July 2014. This compares to a 35 percent ad-valorem rate applicable until 30 June 2014, subject to a lower alternate specific tariff of USD 100 per tonne.
Liberia	Apr-14	Production support	Suspended import tariffs on agricultural equipment, seeds, live animals for breeding and other goods employed in agriculture, in an effort to stimulate production growth and raise the country's food self-sufficiency level.
Liberia	Apr-14	Import tariff	Renewed import tariff exemptions on semi/wholly milled and broken rice so as to keep local prices in check.
Nigeria	Jun-14	Import tariffs	Pending the issuance of the revised rice tariff regime, declared that rice shipments awaiting clearance on ports, as of 13 June 2014, would be allowed to clear customs upon presentation of a letter of indemnity to the Nigeria Customs Service. The latter is meant to prevent further demurrage charges, allowing importers to settle payments of the new tariff rates once these are officially announced.
Panama	Jul-14	Price controls	Set maximum retail prices for twenty-two basic food products for a period of six months, effective 7 July 2014. In the case of high quality rice, price ceilings were set at Balboas 0.88 (USD 0.86) per kilo.
Panama	Jul-14	Price controls	Announced that it would extend a Balboa 0.08 (USD 0.08) per pound subsidy to rice processors to assist them comply with recently introduced ceilings on retail prices.
Peru	May-14	Production adjustment program	Announced that under a new program, the Government would promote quinoa cultivation as an alternative to rice in northern coastal areas that face water constraints and increased soil salinity problems.
Philippines	Jun-14	Food subsidies	Approved a set of measures to temper increases in domestic rice quotations. Further to importing an additional 200 000 tonnes of rice, 20 000 tonnes of smuggled rice confiscated by the Bureau of Customs are to be availed to the National Food Authority (NFA) for distribution. The NFA is to continue its increased pace of subsidized sales throughout the lean season, while anti-hoarding activities are also to be stepped-up.

Area	Date	Policy Instrument	Description
Philippines	Jun-14	Import quota	Received approval from the WTO Council for Trade in Goods to extend quantitative restrictions on rice imports until 30 June 2017. The draft decision, which still requires approval by the WTO General Council and is subject to annual revision, foresees the Philippines to raise the rice Minimum Access Volumes (MAV) to 805 200 tonnes starting on 1 July 2014, up from the 350 000 tonne volume set under the 2006 extension of the special treatment. Of this volume, 755 000 tonnes are to be allocated as country-specific quotas to seven trading partners, namely Australia (15 000 tonnes), China (50 000 tonnes), El Salvador (4 000 tonnes), India (50 000 tonnes), Pakistan (50 000 tonnes), Thailand (293 100 tonnes) and Viet Nam (293 100 tonnes), with remaining quantities (50 000 tonnes) part of an omnibus quota. The in-quota tariff rate is to be lowered from 40% to 35%, while out-of-quota rates will remain set at 50%. The National Food Authority will retain the first right to import MMA volumes, taking into account increased private sector participation.
Philippines	Jun-14	Import quota	Announced that as a repeat order of rice purchased through the 15 April tender, the Government would import an additional 200 000 tonnes from Viet Nam in order to stabilize domestic prices.
Rwanda	Jun-14	Import tariff	Renewed exemptions to the 75 percent rice import duty applicable under the Common External Tariff of the East African Community. Rice imports are to accrue a tariff of 45 percent (or USD 200 per tonne, whichever is higher) for a period of one year, effective 1 July 2014. This compares with a 30 percent concessional tariff applied the previous year.
Senegal	Jun-14	Production support	Announced that the Government would settle FCFA 11.5 billion (USD 24 million) worth of debt accrued by rice and tomato farmers, in addition to providing agricultural equipment and undertaking infrastructural improvements.
Sri Lanka	Apr-14	Price controls	Set maximum retail prices for rice at Rupees 77 (USD 0.6) in the case of a kilo of Samba rice (excepting Keeri Samba and Suduru Samba), at Rupees 68 (USD 0.52) per kilo of White Nadu, Rupees 66 (USD 0.51) for Red Nadu and White Raw and at Rupees 60 (USD 0.46) per kilo of Red Raw rice.
Sri Lanka	Apr-14	Import tariff, tax policy	Removed the Rupees 20 per kilo (USD 153 per tonne) duty levied on rice, together with other applicable charges, including the Port and Airport Development Levy, Value Added Taxes and the Nation Building Tax. A lower rate of Rupees 5 per kilo (USD 38 per tonne) will instead apply for imported paddy, husked, semi/wholly milled and/or broken rice, effective 10 April 2014.
Sri Lanka	Jun-14	Import quota	Announced that the Government would import 100 000 tonnes of rice for sale at controlled prices in order to counter increases in domestic quotations.
Thailand	May-14	Government procurement	Instructed relevant government agencies to ready Baht 90 billion (USD 2.8 billion) to settle all overdue payments to farmers participating in the 2013/14 main-crop round of the paddy pledging scheme within a month's time.
Thailand	Jun-14	Production support	Approved new set of support measures to replace the paddy pledging program during the 2014/15 season. Following an agreement with input manufacturers, prices of fertilizers, seeds, pesticides, agricultural equipment and land-leasing costs are to be lowered, so as to reduce average production costs by Baht 432 per rai (USD 2 700 per hectare). Farmers will be availed with short-term credit for up to Baht 50 000 (USD 1 541), while the Bank of



Area	Date	Policy Instrument	Description
			Agriculture and Agricultural Cooperatives (BAAC) will cut loan interest rates by 3 percent for a period of six-months. Additional credit assistance will be provided to cooperatives and farmer organizations to encourage improved production methods, as well as to purchase, distribute and develop rice products. Officials committed to stabilizing producer prices at Baht 8 000-9 000 (USD 247-277) per tonne, while continuing crop insurance programs for farmers affected by natural disasters and the agricultural zoning program.
Thailand	Apr-14	Stock release	Put 438 000 tonnes of rice from government stocks on sale through two tenders held on 10 April 2014.
Thailand	Apr-14	Stock release	Conducted a tender for 213,000 tonnes of fragrant and 5 percent broken rice from government stocks through the Agricultural Futures Exchange of Thailand (AFET), on 23 April 2014.
Thailand	May-14	Stock release	Opened bids for 450 000 tonnes of rice from government stocks through an open tender held on 14 May 2014. A separate tender of 220 000 tonnes was conducted through the Agricultural Futures Exchange of Thailand (AFET) the same day, but was subsequently cancelled due to low bidding prices.
Thailand	May-14	Stock release	Halted sales from government stockpiles, in a bid to ease downward pressure on domestic quotations. Public inventory releases are not expected to be resumed until an inspection of government warehouses is completed, giving a clear picture of actual quantities held in store.
Thailand	Jul-14	Stock release	Announced that following the completion of a nation-wide survey of rice stored in public warehouses in August, the Government was likely to resume rice stock sales that same month.
Turkey	Apr-14	Import quota, import tariffs	Authorized the Turkish Grain Board (TMO) to import 200 000 tonnes of rice, free of duties, by 1 September 2016.
Venezuela	Apr-14	Price controls	Following the January 2014 passage of the Fair Price Law (Ley Orgánica de Precios Justos), set retail prices at Bolívares 9.5 (USD 1.5) per kg of Type I rice, at Bolívares 8.82 (USD 1.4) per kg of Type II rice and at Bolívares 8.38 in the case of a kilo of Type III rice (USD 1.3).
Vietnam	Apr-14	Minimum export prices	Raised minimum export prices for 25 percent broken rice by USD 20 to USD 375 per tonne, effective 18 April 2014.

TABLE 1: WORLD PADDY PRODUCTION

	2009-2011	2012	2013	2014	Annual Change		2014	
	Average		Estimate	Forecast	2014 / 2013		Previous	Revision
	million tonnes					%	million tonnes	
<b>WORLD</b>	706.2	736.3	747.0	750.9	3.9	0.5	751.0	-0.1
Developing countries	680.4	710.4	721.7	724.3	2.7	0.4	724.9	-0.6
Developed countries	25.8	25.8	25.4	26.6	1.2	4.9	26.1	0.5
<b>ASIA</b>	638.5	667.7	677.7	678.8	1.1	0.2	679.5	-0.7
Bangladesh	49.7	50.8 G	51.7 G	52.5	0.8	1.6	52.0	0.5
Cambodia	8.2	9.3 G	9.4 G	9.5	0.1	1.2	9.4	0.1
China	198.9	205.9	205.3	209.2	3.9	1.9	206.2	2.9
of which China (Mainland)	197.3	204.2 G	203.6 G	207.4 G	3.8	1.9	204.5	2.9
India	145.2	157.9 G	159.4 G	157.5	-1.9	-1.2	160.5	-3.0
Indonesia	65.5	69.1 G	71.3 G	69.9 G	-1.4	-2.0	72.0	-2.1
Iran, Islamic Rep. of	2.7	2.8 G	2.9	3.0	0.1	1.7	3.0	-
Japan	10.6	10.7 G	10.8 G	10.6	-0.2	-1.5	10.6	-
Korea Rep. of	6.0	5.4 G	5.6 G	5.6	0.0	-0.3	5.7	-0.1
Lao PDR	3.1	3.5 G	3.4 G	3.3	-0.1	-3.4	3.2	0.1
Malaysia	2.5	2.6 G	2.6 G	2.6	0.0	0.5	2.7	-0.1
Myanmar	31.4	27.7 G	28.8 G	29.5	0.7	2.5	29.0	0.5
Nepal	4.5	4.5 G	5.0 G	4.8	-0.2	-4.9	4.8	-
Pakistan	8.9	8.3 G	10.2 G	10.4	0.2	2.0	9.8	0.6
Philippines	16.4	18.1 G	18.8 G	19.0	0.2	1.3	19.3	-0.3
Sri Lanka	3.9	3.8 G	4.6 G	3.5	-1.1	-24.3	3.8	-0.3
Thailand	35.5	38.0 G	38.1 G	37.5	-0.6	-1.6	37.5	-
Viet Nam	40.5	43.7 G	43.9 G	44.5	0.6	1.5	44.2	0.3
<b>AFRICA</b>	25.3	26.7	27.3	28.3	1.0	3.8	27.7	0.7
<b>North Africa</b>	5.2	6.0	6.2	6.3	0.1	1.6	6.1	0.2
Egypt	5.2	5.9 G	6.1	6.2	0.1	1.6	6.0	0.2
<b>Western Africa</b>	11.9	12.7	13.7	13.9	0.1	1.1	13.6	0.3
Côte d'Ivoire	0.7	0.7 G	0.8 G	0.8	0.0	4.1	0.8	-
Guinea	1.6	1.9 G	2.1 G	2.1	0.0	2.3	2.1	-
Mali	2.0	1.9 G	2.2 G	2.3	0.0	1.7	2.0	0.3
Nigeria	4.2	4.4 G	4.7	4.6	-0.1	-2.1	4.6	-
Sierra Leone	1.0	1.1 G	1.3 G	1.3	0.0	3.5	1.2	0.1
<b>Central Africa</b>	0.5	0.5	0.5	0.6	0.0	1.9	0.5	0.0
<b>Eastern Africa</b>	2.6	2.3	2.6	2.7	0.1	3.3	2.5	0.2
Tanzania	2.1	1.7 G	2.0 G	2.1	0.1	4.4	1.9	0.2
<b>Southern Africa</b>	5.0	5.1	4.2	4.8	0.7	16.6	4.8	0.0
Madagascar	4.5	4.6 G	3.6 G	4.3	0.7	19.1	4.3	-
Mozambique	0.3	0.3 G	0.4 G	0.3	0.0	-3.2	0.3	-
<b>CENTRAL AMERICA &amp; CAR.</b>	2.8	2.8	2.9	2.9	0.1	1.9	3.0	-0.1
Cuba	0.5	0.6 G	0.7 G	0.7	0.0	4.1	0.8	-0.1
Dominican Rep.	0.9	0.8 G	0.8 G	0.8	0.0	0.7	0.8	-
<b>SOUTH AMERICA</b>	25.1	24.7	25.3	25.6	0.3	1.2	26.2	-0.6
Argentina	1.4	1.6 G	1.6 G	1.6 G	0.0	1.3	1.6	-0.1
Brazil	12.6	11.6 G	11.8 G	12.2 G	0.4	3.1	12.8 G	-0.6
Colombia	2.6	2.6 G	2.8	2.7	0.0	-1.8	2.8	-0.1
Ecuador	1.6	1.6 G	1.6	1.5	-0.1	-3.8	1.7	-0.1
Peru	2.8	3.0 G	3.1 G	3.0	-0.1	-3.3	2.8	0.2
Uruguay	1.4	1.4 G	1.4 G	1.3 G	0.0	-0.8	1.3	0.0
<b>NORTH AMERICA</b>	9.8	9.1	8.6	10.3	1.6	19.0	9.7	0.6
United States	9.8	9.1 G	8.6 G	10.3 G	1.6	19.0	9.7 G	0.6
<b>EUROPE</b>	4.4	4.4	4.0	4.1	0.1	2.1	4.0	0.0
EU	3.2	3.1 G	2.9 G	2.9	0.0	-0.1	3.0	-0.1
Russian Federation	1.0	1.1 G	0.9 G	1.0 G	0.1	10.2	0.9	0.1
<b>OCEANIA</b>	0.3	0.9	1.2	0.8	-0.3	-28.3	0.9	-0.1
Australia	0.3	0.9 G	1.2 G	0.8 G	-0.3	-28.9	0.9 G	-0.1

## NOTES:

The 2013 paddy production season normally includes rice from the main paddy crops whose harvests fall in 2013, to which rice from all subsequent secondary crops, if any, is added.

Totals computed from unrounded data.

G Official figure.

TABLE 2: WORLD RICE IMPORTS

	2009-2011	2012	2013	2014	Annual Change		2014	
	Average		Estimate	Forecast	2014 / 2013		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
<b>WORLD</b>	32.3	38.3	37.1	39.4	2.3	6.3	39.3	0.1
Developing countries	27.7	33.3	31.8	33.9	2.1	6.6	33.8	0.1
Developed countries	4.6	5.0	5.3	5.6	0.2	4.4	5.5	0.1
<b>ASIA</b>	15.6	18.1	16.9	18.4	1.5	8.9	18.3	0.0
Bangladesh	0.8	0.1 G	0.2 G	0.6	0.4	181.7	0.4	0.2
China	1.1	3.0	2.7	2.8	0.0	1.3	3.3	-0.5
of which China (Mainland)	0.4	2.4 G	2.2 G	2.2	0.0	-2.0	2.7	-0.5
Indonesia	1.4	1.8 G	0.7	1.2	0.5	71.4	1.1	0.1
Iran, Islamic Rep. of	1.2	1.5 G	1.9 G	1.5	-0.4	-20.9	1.5	-
Iraq	1.2	1.5	1.4	1.4	0.0	2.1	1.5	0.0
Japan	0.7	0.6 G	0.7 G	0.7	0.0	1.4	0.7	-
Malaysia	1.0	1.0 G	0.9 G	1.0	0.1	12.4	1.1	-0.1
Philippines	1.8	1.3	0.7	1.8	1.1	157.1	1.2	0.6
Saudi Arabia	1.1	1.3	1.4	1.4	0.0	0.7	1.4	-
United Arab Emirates	0.6	0.7	0.7	0.7	0.0	0.0	0.7	-
<b>AFRICA</b>	10.3	13.6	13.4	13.9	0.5	3.6	13.8	0.1
Côte d'Ivoire	1.0	1.3	1.3	1.3	0.0	0.0	1.3	-
Nigeria	2.1	3.0	2.5	2.9	0.4	14.0	2.8	0.1
Senegal	0.7	1.2	1.0	1.0	0.1	5.3	1.0	0.1
South Africa	0.8	1.3 G	1.4	1.4	0.0	3.7	1.4	-
<b>CENTRAL AMERICA &amp; CAR.</b>	2.1	2.0	2.1	2.1	0.0	2.1	2.2	-0.1
Cuba	0.5	0.4 G	0.4	0.4	0.0	-2.5	0.4	-
Mexico	0.6	0.6 G	0.7 G	0.7	0.0	-0.6	0.7	-
<b>SOUTH AMERICA</b>	1.2	1.7	1.5	1.7	0.1	8.8	1.7	0.0
Brazil	0.7	0.7 G	0.7 G	0.7	0.0	-5.4	0.7	-
<b>NORTH AMERICA</b>	1.0	1.0	1.1	1.2	0.1	7.6	1.1	0.1
United States	0.6	0.6 G	0.7 G	0.7 G	0.1	8.1	0.7 G	0.0
<b>EUROPE</b>	1.6	1.5	1.7	1.8	0.1	4.9	1.8	0.0
EU 1/	1.2	1.2 G	1.2 G	1.3 G	0.1	5.5	1.3 G	-
Russian Federation	0.2	0.2 G	0.2 G	0.2	0.0	5.4	0.2	-
<b>OCEANIA</b>	0.5	0.5	0.5	0.5	0.0	0.6	0.5	-

## NOTES:

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.

TABLE 3: WORLD RICE EXPORTS

	2009-2011	2012	2013	2014	Annual Change		2014	
	Average		Estimate	Forecast	2014 / 2013		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
<b>WORLD</b>	32.4	38.3	37.1	39.4	2.3	6.1	39.3	0.1
Developing countries	28.3	33.8	32.8	35.3	2.5	7.7	35.1	0.3
Developed countries	4.1	4.5	4.3	4.1	-0.3	-6.0	4.3	-0.2
<b>ASIA</b>	25.1	30.0	29.4	31.6	2.2	7.4	31.5	0.1
Cambodia	1.0	1.0	1.1	0.9	-0.2	-18.2	1.3	-0.4
China	0.7	0.3	0.5	0.4	-0.1	-24.8	0.5	-0.2
of which China (Mainland)	0.6	0.3 G	0.5 G	0.4	-0.1	-26.8	0.5	-0.2
India	3.1	10.4 G	10.5 G	10.0	-0.5	-4.8	9.5	0.5
Myanmar	0.8	0.6 G	0.5	0.6	0.0	1.9	0.6	-
Pakistan	3.2	2.8 G	3.1 G	3.4	0.3	8.5	3.3	0.1
Thailand	9.4	6.7 G	6.6 G	9.0	2.4	36.1	8.7	0.3
Viet Nam	6.7	7.7 G	6.7 G	7.0	0.3	5.2	7.2	-0.2
<b>AFRICA</b>	0.6	0.5	0.5	0.6	0.1	10.9	0.6	0.1
Egypt	0.4	0.4	0.4	0.5	0.1	12.5	0.5	-
<b>SOUTH AMERICA</b>	2.8	3.5	3.1	3.3	0.3	8.2	3.2	0.1
Argentina	0.6	0.6 G	0.5 G	0.6	0.1	21.4	0.6	0.1
Brazil	0.8	1.1 G	0.8 G	0.9	0.1	9.8	0.9	0.1
Guyana	0.3	0.3 G	0.3 G	0.4	0.1	22.7	0.4	-
Uruguay	0.9	1.0 G	0.9 G	0.9	0.0	-2.3	0.8	0.0
<b>NORTH AMERICA</b>	3.4	3.3	3.3	3.2	-0.1	-3.7	3.4	-0.2
United States	3.4	3.3 G	3.3 G	3.2 G	-0.1	-3.7	3.4 G	-0.2
<b>EUROPE</b>	0.3	0.5	0.3	0.2	-0.1	-25.2	0.2	0.0
EU 1/	0.2	0.2 G	0.2 G	0.1 G	-0.1	-42.5	0.1 G	-
Russian Federation	0.1	0.3 G	0.1 G	0.1	0.0	-4.3	0.1	-
<b>OCEANIA</b>	0.1	0.5	0.5	0.4	0.0	-4.6	0.5	0.0
Australia	0.1	0.5 G	0.5 G	0.4	0.0	-4.6	0.5	0.0

## NOTES:

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.



TABLE 4: END OF SEASON STOCKS 1/

	2010-2012	2013	2014	2015	Annual Change		2014	
	Average		Estimate	Forecast	2015 / 2014		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
<b>WORLD</b>	148.2	175.4	181.4	179.7	-1.7	-0.9	180.5	0.9
Developing countries	143.6	170.9	176.9	175.0	-1.9	-1.1	176.1	0.8
Developed countries	4.6	4.5	4.6	4.7	0.2	4.0	4.4	0.2
<b>ASIA</b>	140.3	168.0	174.8	173.2	-1.6	-0.9	173.8	1.0
Bangladesh	6.5	6.6	6.7	6.8	0.1	1.5	6.4	0.3
Cambodia	1.7	2.1	2.4	2.5	0.1	4.2	2.0	0.4
China	77.0	94.1	99.9	102.1	2.2	2.2	99.9	-
of which China (Mainland)	76.8	94.0	99.8	102.0	2.2	2.2	99.8	-
India	22.0	23.9	23.0	21.0	-2.0	-8.7	23.0	-
Indonesia	5.3	6.5	6.4	5.3	-1.1	-17.2	6.4	-
Iran, Islamic Rep. of	0.3	0.6	0.6	0.5	0.0	-1.8	0.6	-
Japan	2.6	2.6	2.7	2.7	0.0	1.1	2.7	0.0
Korea Rep. of	1.6	1.7	1.8	1.8	0.1	5.1	1.7	0.0
Lao PDR	0.3	0.4	0.5	0.5	0.0	-2.0	0.5	0.0
Malaysia	0.3	0.3	0.2	0.2	0.0	-2.5	0.2	0.0
Myanmar	5.7	3.3	2.3	1.9	-0.4	-15.6	1.7	0.6
Nepal	0.2	0.4	0.5	0.4	-0.1	-11.1	0.5	-
Pakistan	0.7	0.4	0.7	0.8	0.1	14.3	0.4	0.3
Philippines	2.8	2.2 G	2.4	2.5	0.1	4.2	2.4	-
Sri Lanka	0.3	0.1	0.3	0.1	-0.2	-67.6	0.2	0.1
Thailand	8.9	17.5	18.5	17.5	-1.0	-5.4	19.3	-0.8
Viet Nam	3.1	4.3	4.9	5.4	0.4	9.2	4.8	0.1
<b>AFRICA</b>	3.0	3.1	3.0	2.8	-0.2	-6.0	2.9	0.1
Egypt	0.7	0.6	0.6	0.6	0.0	0.0	0.6	-
Nigeria	0.4	0.4	0.5	0.4	-0.1	-11.1	0.5	-
<b>CENTRAL AMERICA &amp; CAR.</b>	0.3	0.3	0.3	0.3	0.0	2.2	0.3	0.0
Dominican Rep.	0.1	0.1	0.1	0.1	0.0	6.7	0.1	-
<b>SOUTH AMERICA</b>	2.6	2.2	1.6	1.6	0.0	-2.7	1.9	-0.3
Argentina	0.0	0.0	0.1	0.1	0.0	-44.4	0.1	0.0
Brazil	1.7	1.4 G	0.7 G	0.8 G	0.1	7.7	1.1 G	-0.4
Ecuador	0.1	0.1	0.1	0.1	0.0	-33.3	0.1	-
Peru	0.3	0.4	0.4	0.3	-0.1	-16.9	0.4	-
<b>NORTH AMERICA</b>	1.4	1.2	1.1	1.3	0.2	19.5	1.0	0.2
United States	1.3	1.2 G	1.1 G	1.3 G	0.2	20.4	0.9 G	0.1
<b>EUROPE</b>	0.6	0.6	0.5	0.5	0.0	1.1	0.5	-
EU	0.5	0.5 G	0.4 G	0.4	0.0	0.0	0.4 G	-
Russian Federation	0.0	0.1	0.0	0.0	0.0	14.3	0.0	-
<b>OCEANIA</b>	0.0	0.0	0.1	0.1	-0.1	-49.6	0.1	0.0
Australia	0.0	0.0	0.1	0.1	-0.1	-53.8	0.1	0.0
<b>GOVERNMENT STOCKS</b>								
Bangladesh	0.7	0.7 G	0.9	0.9	-0.1	-5.6	0.7	0.2
India	20.7	23.8 G	22.8	20.0	-2.8	-12.3	18.0	4.8
Japan	0.8	0.9	0.8	0.8	0.0	0.0	0.8	-
Korea Rep. of	0.8	0.7 G	0.8	0.8	0.0	-2.5	0.9	-0.1
Philippines	1.4	0.7 G	0.8	1.1	0.3	37.5	0.7	0.1

## NOTES:

Totals computed from unrounded data.

G Official figure.

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

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>							
<b>CHINA <sup>2/</sup></b>							
2012-13	84 672	141 143	2 726	228 540	133 922	518	94 100
2013-14 est.	94 100	140 715	2 761	237 576	137 276	390	99 910
2014-15 f'cast	99 910	143 367	2 761	246 038	143 378	540	102 120
<b>INDIA</b>							
2012-13	23 500	105 241 G	100	128 841	94 482	10 509 G	23 850
2013-14 est.	23 850	106 290 G	100	130 240	97 240	10 000	23 000
2014-15 f'cast	23 000	105 005	100	128 105	98 755	8 350	21 000
<b>PAKISTAN</b>							
2012-13	750	5 536 G	60	6 346	2 862	3 135 G	350
2013-14 est.	350	6 798 G	60	7 208	3 108	3 400	700
2014-15 f'cast	700	6 937	60	7 697	3 397	3 500	800
<b>THAILAND</b>							
2012-13	13 000	25 156 G	550	38 706	14 593	6 613 G	17 500
2013-14 est.	17 500	25 228 G	300	43 028	15 528	9 000	18 500
2014-15 f'cast	18 500	24 825	300	43 625	16 125	10 000	17 500
<b>UNITED STATES</b>							
2012-13	1 303 G	6 336 G	675 G	8 314	3 887	3 271 G	1 156 G
2013-14 est.	1 156 G	6 115 G	730 G	8 001	3 794	3 150 G	1 057 G
2014-15 f'cast	1 057 G	7 227 G	670 G	8 954	4 181	3 500 G	1 273 G
<b>VIET NAM</b>							
2012-13	2 940	29 165 G	600	32 705	21 753	6 652 G	4 300
2013-14 est.	4 300	29 254 G	450	34 004	22 104	7 000	4 900
2014-15 f'cast	4 900	29 682	450	35 032	22 482	7 200	5 350

**FOOTNOTES:**

Data refers to national marketing 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.

G Official figure.

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

2/ Including Taiwan province.

The FAO Rice Market Monitor (RMM) provides an analysis of the most recent developments in the global rice market, including a short-term outlook. Current and previous issues of the RMM can be consulted at:  
**<http://www.fao.org/economic/RMM>**.

Monthly updates of selected rice export prices are available on the FAO Rice Price Update at:  
**<http://www.fao.org/economic/RPU>**.

A collection of major rice policy developments starting in January 2011 is available at:  
<http://www.fao.org/economic/est/est-commodities/commodity-policy-archive/en/?groupANDcommodity=rice>.

To subscribe to the FAO Rice Price Update and the FAO Rice Market Monitor, please send an e-mail to [rice-network@fao.org](mailto:rice-network@fao.org) with "subscribe" in the subject line.

Use of material subject to credit given to source:  
FAO Rice Market Monitor  
Trade and Markets Division  
Food and Agriculture Organization of the United Nations