September 2007

Volume X - Issue No. 3

FAO
Rice Market Monitor
Trade and Markets Division
Food and Agriculture Organization of the United Nations

Contact or enquiries

Facsimile: ++(39-06) 570-54495
Telephone: ++(39-06) 570-54136
E-mail: **Commodity-Queries@fao.org**

Also available on the Internet at the following address:
http://www.fao.org/es/ESC/en/index.html
(click on "*Rice*")

ROUND UP

- Since the last issue of the Monitor, FAO has upgraded its forecasts of **global paddy production** in 2006 and 2007. Much of the 2007 revision reflects improved prospects for India, Indonesia, Myanmar, Nigeria and the United States, while floods, drought and other setbacks worsened the outlook in China, Pakistan, the Philippines and Viet Nam. At the current forecast level, world production would be only marginally higher than in 2006, at 643 million tonnes, equivalent to 429 million tonnes of milled rice.
- Paddy production in **Asia** is expected to be in the order of 585 million tonnes, 3 million tonnes more than in 2006. However, the outlook for individual countries is rather mixed, with large absolute gains anticipated in Bangladesh, China, India, Indonesia and Myanmar while a contraction is foreseen in Japan, the Philippines, Sri Lanka, Turkey and Viet Nam, a consequence of unfavourable weather. Exceptionally wet conditions prevailed in large parts of **Africa**, but it is still too early to make a proper assessment of the related losses and benefits to paddy crops. Based on current prospects, production in the region would reach 22.2 million tonnes, replicating the good 2006 production performance. Output is expected to rise in Chad, Madagascar, Mozambique, Nigeria, Senegal and Tanzania, while it may fall in Egypt as well as in Cote d'Ivoire and Mali. Despite an early start of the hurricane season in **Central America and the Caribbean**, production there is set to remain close to last year's level of 2.4 million tonnes. In **South America**, where the 2007 season is virtually over, paddy production is estimated at 21.6 million tonnes, 4 percent smaller than in 2006, a reflection of low prices and of a late arrival of rainfall at planting time. Smaller crops were harvested across the region, especially in Argentina, Bolivia, Brazil, Ecuador, Peru and Uruguay. By contrast, production prospects are positive in Colombia and Guyana. **In the other regions**, production is anticipated to fall in Australia, the European Union and the United States.
- FAO's forecast of **global rice trade** in 2007 has been lifted to 30.1 million tonnes, 3 percent above last year and a new record. The trade growth would be sustained by increased **imports** by Bangladesh, Indonesia, the Democratic Popular Republic (DPR) of Korea and Nepal, but also by Brazil, Colombia, Cuba, the European Union (EU) and the United States. By contrast, China mainland, the Islamic Republic of Iran, Iraq, Malaysia and the United Arab Emirates are expected to cut purchases**.** Countries in Africa may also import less this year. Much of the rise in global **exports** would be on account of Thailand, the only country holding ample supplies, but also of Cambodia, China, Egypt, India and Myanmar. On the other hand sales by the United States are set to remain close to their 2006 levels, while Argentina, Australia, Brazil, Pakistan, Uruguay and Viet Nam may well cut theirs.
- FAO's first forecast of **trade in calendar 2008** points to another record of 30.6 million tonnes, although prospects are still very tentative. The increase is anticipated to be fuelled by larger **imports** by Bangladesh, China mainland, Iraq, DPR Korea, the Philippines, Nepal and Turkey, which would more than offset smaller deliveries to Afghanistan, Indonesia and Malaysia. On the **export** side, large expected crops in 2007 may enable **Cambodia, India, Myanmar**, **Thailand** and **Viet Nam** to step up rice sales next year.
- Reflecting the improved 2007 production outlook, the forecast of **world rice inventories** at the close of the season has been raised to 107.5 million tonnes, which would be only marginally higher than in 2006. However, the distribution of the reserve is likely to be subject to many changes, country wise, with China, Indonesia and Myanmar building up their reserves, while Australia, Bangladesh, Brazil, Japan, Peru, the Philippines, the United States and Viet Nam are set to reduce their stockpile. At the forecast carry-over level, the rice stock-to-use ratio, an important indicator of global food security, would fall slightly from 24.9 percent in 2006 to 24.8 percent in 2007, sufficient to cover almost three months of the 2008 rice projected consumption of 435 million tonnes.
- **International rice prices** continued to strengthen between July and September 2007, but far less than was the case for the other cereals. Based on the FAO All **Rice Price** Index, rice prices rose by 3.7 percent in the past three months and by 8.7 percent since the beginning of the year, largely influenced by market tightness in the major exporting countries, compounded with a weak US dollar. Although the arrival of freshly harvested supplies over the next three months may put prices under downward pressure, the impact is not expected to be long-lived, as major exporters would still face supply constraints. Among factors influencing trade, the very high freight rates may foster changes in the geographical pattern of trade, by encouraging importers to source their rice from less distant origins.

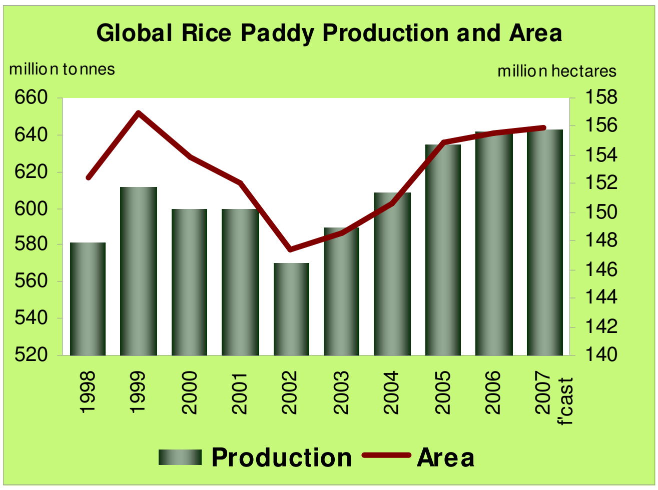
INFORMATION UPDATE AS OF 30 SEPTEMBER 2007

I. PRODUCTION

Paddy production anticipated to end marginally higher in 2007 despite floods in Africa, Asia and Central America and the Caribbean

Based on September forecasts by several international weather predicting centres, "La Niña" conditions developed in August, bringing torrential rains and storms over the west and central Pacific. Niña conditions are set to further develop and possibly strengthen over the last quarter of the year, when many Asian countries in the northern hemisphere will be planting their secondary, irrigated rice crops. The period will also coincide with the sowing of the 2008 main paddy crops in those countries situated along and south of the Equator, such as Argentina, Australia, Brazil, Indonesia, Malaysia and Sri Lanka.

As several governments issued new figures for their 2006 paddy crops, global production last season has been revised upwards to 642 million tonnes, reversing previous estimation of a contraction. The new 2006 aggregate now points to a 1 percent or 7 million tonnes annual increase compared with 2005, with much of the gain concentrated in **Australia, China, Egypt, India** and **Myanmar**. As for the 2007 paddy season, the previous global production outlook has been raised by 5 million tonnes to 643 million tonnes. Prospects for 2007 production improved in the case of **Egypt** (+65 000 tonnes, to 6.665 million tonnes), **India** (+2.0 million tonnes to 140.0 million tonnes), **Indonesia** (+2.0 million tonnes to 55.1 million tonnes), **Myanmar** (+6.3 million tonnes, to 31.5 million tonnes), **Nigeria** (+100 000 tonnes to 4.4 million tonnes) and the **United States** (+401 000 tonnes to 8.7 million tonnes). However, in view of recent floods and other setbacks, the 2007 production outlook was downgraded for **China mainland** (-2.9 million tonnes to 184.0 million tonnes), **Japan** (-350 000 tonnes to 10.0 million tonnes), **Democratic Popular Republic of Korea** (-150 000 tonnes to 2.35 million tonnes), **Pakistan** (-435 000 tonnes to 8.1 million tonnes), **the Philippines** (-1.0 million tonnes to 14.8 million tonnes), **Viet Nam** (-500 000 tonnes to 35.5 million tonnes) and **Bolivia** (-210 000 tonnes to 310 000 tonnes).

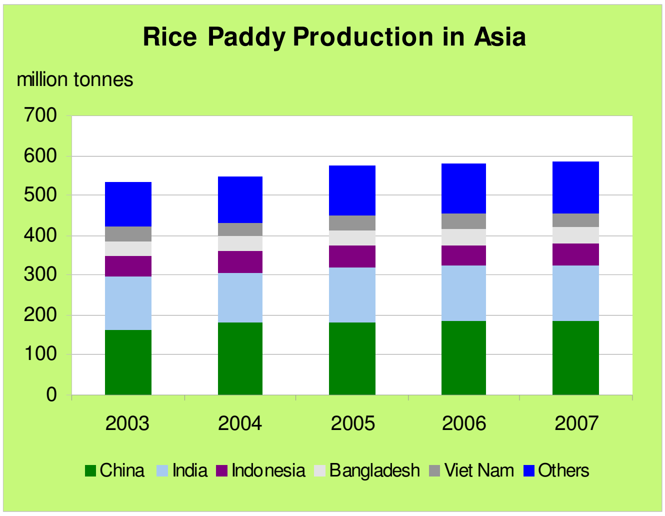


At the current forecast of 643 million tonnes, global paddy production in 2007 would be marginally higher than the revised estimate for the 2006 season. Much of the expected increase would be concentrated in Asia, although prospects within the region are rather mixed. Paddy production in Africa is now forecast to match the favourable result of the 2006 season, pending more accurate assessments of the damage and benefit caused by above-normal precipitation and floods on paddy crops. By contrast, the outlook is negative in all the other major regions, namely North America, Latin America and the Caribbean, Europe and Oceania, which may all incur some drop in paddy production.

A. ASIA

Mixed crop prospects

The 2007 paddy season is about to reach the critical period in Asia when several of the major producing countries (Bangladesh, China, India, Pakistan, the Philippines and Thailand) will be harvesting their main paddy crops, while making land preparation for the secondary rice crops. In several cases, these "dry season", irrigated, secondary crops have grown to become the most important within a season, as the timeline of their cultivation and intensive use of inputs permit to achieve much higher yields than those obtained under the rainfed/flooded rice crops grown over the rainy period.



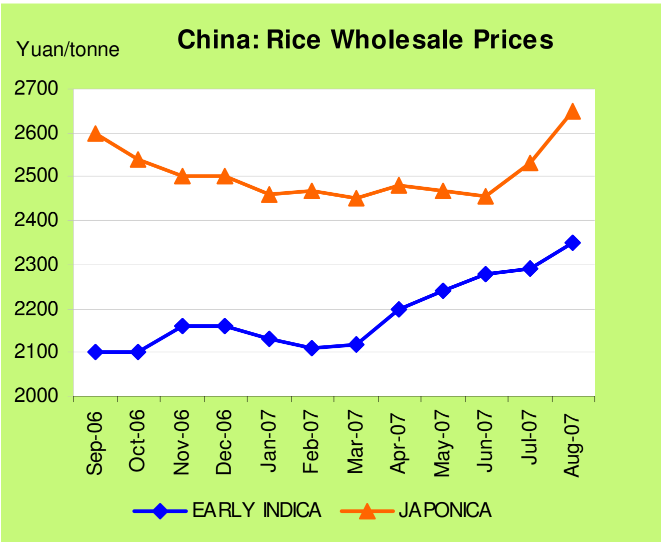
Based on the current forecasts, production in Asia could be in the order of 585 million tonnes in 2007, only 3 million tonnes, or 0.5 percent above 2006. This gain would be fuelled by large absolute increases foreseen in **China, India, Indonesia** and **Myanmar**, compensating for anticipated lower outputs in **Japan, the Philippines, Sri Lanka, Turkey** and **Viet Nam.**

The weather and rainfall patterns have been excellent in **Afghanistan** this year. As a result paddy output is forecast to outdo the positive 2006 outcome of 539 000 tonnes and reach 552 000 tonnes.

The **Bangladesh** authorities recently issued new estimates of the three paddy crops harvested last season, showing a larger output from irrigated Boro crop than previously anticipated. The revision reversed the previous view of a decline in Bangladesh's paddy production in 2006. Based on latest figures of the Aus, Aman and Boro crops, production last year reached 26.9 million tonnes of milled rice, equivalent to 40.3 million tonnes of paddy, or 800 000 tonnes more than the previous paddy estimate and a new record. As for the 2007 paddy season, the country has been battered since June 2007 by torrential monsoon rains, which have caused floods and landslides, hitting an estimated 10 million people in 39 districts. To alleviate the situation of the stricken populations, the Government extended the operation of the Vulnerable Group Feeding Programme for five months, between August and December, corresponding to the lean season, to also benefit the flood victims. It is also reported to have initiated a post-flood rehabilitation programme and to have stepped up purchases of both local and imported rice to reconstitute public food reserves. Based on preliminary official estimates, about 854 000 ha of paddy fields were lost to the floods, and another 582 000 ha partially damaged by mid August. Despite the losses, FAO's raised its 2007 production forecast to 40.5 million tonnes, to bring it into line with the revised 2006 estimate. The new 2007 production forecast would be slightly above output last season. Indeed, much of the recently incurred losses are expected to be recouped over the coming months, with government assistance. For instance, to enable farmers to replant their crops, the government allocated about US$ 15 million, two thirds of which to cover free fertilizer and seed distribution to small farmers engaging in the Aman crop. The current production forecast also assumes further gains under the irrigated Boro crop, which now supplies more than half of total output.

Largely reflecting a large expansion in plantings, production in **Cambodia** is expected to strike a new record of 6.55 million tonnes, up from 6.26 million tonnes in 2006, and unchanged from the previous forecast. This optimistic outlook comes in spite of reports, in August, of some 10 000 ha of paddy fields lost to floods in the North West region and of brown rice hoppers attacks.

Since the beginning of the year, **China** (mainland) has been hit first by drought, which affected 22 out of 31 provinces, including the important rice producing Heilongjiang and Jiangxi, followed in the summer by floods, which extended over half of the country. According to the Ministry's estimate, 11 million ha were affected, 1.7 million hectares more than in 2006. Despite such news of heavy losses, China's semi-official forecast for production in 2007 has remained buoyant, with the National Grain and Oils Information Centre predicting a 2.5 percent annual increase to 186.5 million tonnes. However, in the light of the reported setbacks and of further news of damage from rice plant hoppers in Sichuan, FAO has revised downward its previous forecast of China's production in 2007 from 186.9 million tonnes to 184.0 million tonnes. At that level, the sector would still experience an increase from the 182.6 million tonnes harvested in 2006. The fact that the supply/demand situation might not be as ample as inferred by the favourable production figures of the National Grains and Oils Information Centre is illustrated by the tendency for wholesale rice prices to rise, a trend particularly evident since June. Since the beginning of the year, the price increase has been in the order of 10 percent for early Indica rice and of 8 percent for Japonica rice. Although the price rises are less than those observed for livestock, they are above the general inflation rate of 6-7 percent.



Source: China National Grain and Oils information Centre

While planting of the 2007 main paddy Kharif crop has been progressing in **India**, India's Ministry of Agriculture released the fourth advanced estimate of paddy production in 2006 at 92.76 million tonnes, on a milled rice basis, equivalent to 139.1 million tonnes of paddy. This was substantially above the previous government estimate of 136.6 million tonnes, overturning previous expectation of a production decline last year. If the final production estimate, still to be released, confirms those numbers, the 2006 paddy season would have been the second best in terms of output after the 2001 bumper season.

Returning to the 2007 paddy season, India's Meteorological Department reported that, as of 5th September 2007, normal to above-normal rainfall in 31 out of the 36 meteorological sub-divisions and below normal in five of them only. Moreover, monsoon activity, which usually fades by end August, has proceeded into September, facilitating the late planting of short-duration rice varieties beyond July, the normal closing month for sowing. As a result, by 21 September 2007, the area under rice, at 36.315 million hectares, exceeded the 36.165 million hectares planted by that time last year. FAO's forecast of production for India in 2007 now stands at 140 million tonnes, equivalent to some 93.3 million tonnes of milled rice, matching the 2001 record and 1 percent above the current 2006 estimate. However, there is some concern regarding the outcome of the main Kharif crop, the first estimate of which, by the Ministry of Agriculture, has been set at 80.15 million tonnes, somewhat above the 80.11 million tonnes harvested in 2006. Indeed, several of the most important rice producing provinces, including Haryana, Madhya Pradesh, Punjab, Uttar Pradesh and West Bengal, have suffered either from drought or flooding, with some also reporting a shift of producers towards cotton. The abundance of rains, on the other hand, may underpin plantings over the secondary irrigated Rabi crop and result in a positive overall 2007 output level, especially if the government intention to raise the minimum price by Rupees 400 per tonne this season is confirmed. If implemented, the minimum paddy support prices in 2007 would be Rupees 6 850 (US$ 174) per tonne for common rice and Rupees 7 150 (US$ 181) per tonne for Grade A varieties. The move might be necessary to enable the public procurement agencies to compete successfully with private traders in securing supplies from millers. Government purchases since September 2006 have lagged behind the exceptionally high levels of the previous marketing year, when low wheat supplies fostered a shift of procurement towards rice. Over the 2006/07 (Oct-Sept) marketing year, rice purchases for the Central pool amounted, as of 31 August, to about 25.0 million tonnes, down from 27.3 million tonnes in 2005/06. Looking at the medium term, the country's federal cabinet was reported to have pledged Rupees 49 billion (US$ 1.2 billion) to a National Food Security Mission, to support an expansion in wheat, rice and pulse production over the next four years, Rupees 17.2 million of which were especially earmarked for rice.

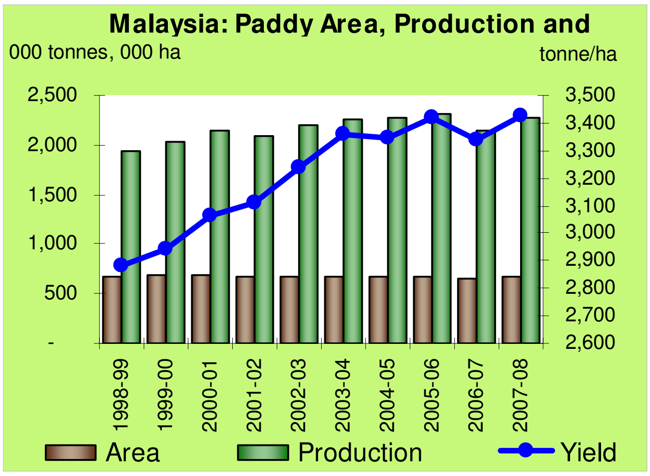
In **Indonesia**, the Ministry of Agriculture recently released the second of the three crop estimates it produces every year, which provided a more optimistic outlook of paddy production in 2007, at 55.127 million tonnes. This is substantially above the first official forecast of 53.1 million tonnes and represents a 1.1 percent increase from the 54.5 million tonnes harvested in 2006. Much of the gain is set to originate in South Sulawesi, Aceh, South and North Sumatra, Bengkulu and South Kalimantan, while a decline is foreseen in Java. The increase, stemming from a greater use of high quality seeds and a lower incidence of floods and diseases, was not sufficient to meet the official production target of 58.18 million tonnes. Nonetheless, it should enable Bulog, the public agency responsible for stabilizing prices, to increase its local rice purchases for its programme of distribution to vulnerable groups. Meanwhile, prices in the country, which have been on the rise since mid-2005, fell between March and May, coinciding with the bulk harvest period.

In the **Islamic Republic of Iran**, growing conditions have been excellent this season, which, together with continued government support, is anticipated to give a further boost to paddy production to 3.5 million tonnes, the highest on record and 6 percent over the bumper 2006 paddy season. As part of the effort to reach rice self-sufficiency, the country has extended the area under hybrid rice and is, reportedly testing genetically modified-rice varieties.

Paddy crops in **Japan** are approaching the harvesting stage, with five prefectures already about to complete that phase. As of 15 August, the very-early crops already gathered were rated as "very bad" (crop index[1] inferior to 90 percent) to "bad" (crop index in a 91- 94 percent range), reflecting damage caused by the passage of a typhoon in July. In 19 other prefectures, grain maturing is reported to be progressing satisfactorily, although, in some cases, the number of grains per plant was found below normal. Finally, the late rice crops, cultivated in 27 prefectures, were assessed as "normal" (crop index of 99-101 percent), despite a lack of sunshine in a few localized areas where the crops were appraised as "slightly bad" (crop index of 95-98 percent). The crop outlook further deteriorated in mid-September when a typhoon hit the north-eastern region of Tohoku, one of the most important rice producing regions, flooding paddy fields about to be harvested. Awaiting an assessment of the damage, FAO has lowered the production forecast from an official 10.35 million tonnes to 10.0 million tonnes, which would represent a 7 percent contraction from last season.

Over the first two weeks of August, the southern part of the **Democratic Republic of Korea** was battered by torrential rains and floods, which were reported to have affected rice crops at a critical stage of their development, resulting in an 11 percent loss to standing crops. As a consequence, prospects for production in 2007 have deteriorated and now stand at 2.35 million tonnes, down from an earlier 2.5 million tonne forecast and slightly below the 2.478 million tonnes officially estimated for 2006.

Like its neighbour, **the Republic of Korea** was hit by heavy rainfall at the beginning of August, with negative consequences on paddy crops. However, pending more information on the damage, FAO has maintained its previous production forecast at 6.2 million tonnes, which is 2 percent less than the output gathered in 2006. In July, the government agreed to procure 430 000 tonnes domestically under the Public Storage System for Emergency programme, for the constitution of the national rice reserve. This is well below the 504 000 tonnes and the 719 000 tonnes procured in 2006 and 2005 respectively. The purchasing price has been temporarily kept at the 2006 level of won 48 450 per 40 kg for unhusked rice (US$ 1300 per tonne).



So far, there has been no news of major weather anomaly affecting crops in **Laos**. Since the late 1990s, the country has been expanding the area under rice, which surpassed 800 000 hectares in 2006. According to the latest official estimates, paddy production reached 2.664 million tonnes in 2006, a level foreseen to increase to 2.870 million tonnes in 2007.

The 2007 paddy season in **Malaysia,** which was completed with the harvesting of the secondary crop in August, concluded favourably, since the official output estimate points to a 5.7 percent yearly recovery to 2.277 million tonnes. The gain was associated to a more favourable weather pattern compared with the 2006 season. It was also attributed to productivity

[1] A rate of 100 correspond to a "average" crop status

improvements in Peninsular Malaysia, facilitated by a consolidation of small holdings and an increased use of high-yielding varieties. It is consistent with the new official development strategy, focused on import-substitution principles, which was launched with Malaysia's Ninth Economic Development Plan.

According to official statistics made available recently, **Myanmar** achieved a level of production of 27.7 million tonnes in 2005, much above the previous estimate of 25.1 million tonnes. The country indeed reported to have succeeded in raising both paddy area and yields. FAO has accordingly adjusted the 2006 and 2007 production figures, to 30.6 million tonnes and 31.5 million tonnes, respectively. The buoyancy of the outcome of the past three paddy seasons contrasts with the relatively subdued role the country has lately played as a rice exporter on world markets. It translate into very high domestic availabilities and per caput apparent consumption, going also counter the reported high rice retail prices, which have been advanced as a trigger of the latest demonstrations of civil unrest.

After three year of successive droughts, paddy production in **Nepal** has been impaired this season by torrential rains which have poured over the country for three months between June and September, causing widespread floods and landslides. Particularly affected were the Terai (lowlands) where more than 70 percent of the national paddy is produced. As a consequence, output this season is forecast in the order of 4 million tonnes, 200 000 tonnes less than previously anticipated, but still above the 3.68 million tonnes harvested in 2006, when lingering drought problems damaged the crop.

Pakistan was another country in the region incurring severe flooding problems in July, when intense precipitation caused heavy losses in the important Sindh rice producing area, with some damage also reported in Balochistan. The government has now admitted it would be difficult for production to reach the official 5.7 million tonne (milled rice) target, while private sector sources suggest losses of up to 20 percent. FAO's forecast has accordingly been downgraded, but only by 5 percent pending a better assessment of the losses. In paddy terms, the country is now expected to harvest 8.1 million tonnes (5.4 million tonnes, in milled rice equivalent) in 2007, rather than 8.535 million tonnes. The new 2007 forecast is only marginally below the official production level of 8.153 million tonnes (5.438 million tonnes, milled eq.) for 2006. The Government has failed, so far, to set a level of paddy support price, which last year was announced at Rupee 306 per 40 kg bag (US$ 126 per tonne). However, this is unlikely to disturb the market, given that the official paddy price is only provided for indicative purposes, even more so in a context of strong market prices.

Unlike most countries in the region**, the Philippines** has suffered from extensive drought problems since June, which delayed planting in the important producing region of Luzon by two months. To offset the losses, the government promoted the identification of 50 000 - 80 000 ha of new fields in the Visayas and Mindanao, for late rice to be sown up until 15 September. These initiatives are part of the Agriculture Ministry "Quick-Turnaround" programme, which supports the planting of a third paddy crop, under full irrigation and using short-maturing varieties. Farmers opting for rice hybrids or for certified inbred seeds were promised a subsidy of Pesos 50 (US$ 1.07) per kg and Pesos 11 (US$ 0.24) per kg, respectively. In spite of the Government move, production over the 2007 paddy season (July 2007 – June 2008) is currently forecast by FAO at 14.8 million tonnes, which would represent a 4.5 contraction from a revised government estimate of 15.5 million tonnes in 2006.

The 2007 paddy season has been completed in **Sri Lanka**, where the final official estimates of the main Maha paddy crop were published in July. According to the data, the crop was 8 percent smaller than last season, largely reflecting delays in cultivation caused by the belated release of irrigation water and by heavy precipitation in October and early November. Despite sufficient water availability for irrigation of the secondary Yala crop, this was also smaller than in 2006, as security problems in the Eastern Province, disrupted cultivation there. Overall, production in 2007 is estimated to have fallen by 6 percent to 3.13 million tonnes. In August, the Government announced the launching of a "Food Production Drive", to raise farmer incomes and reduce the country's reliance on imports and the reestablishment of the paddy marketing board.

While the main paddy crop in **Thailand** is approaching harvesting time in November, the pattern of the monsoon has been favourable so far, with some 30 percent more precipitation registered since the beginning of the monsoon period in June. Consequently, FAO's production forecast has been kept at 30.5 million tonnes, slightly more than the 2006 record level of 30.3 million tonnes. Recently, the Government announced the implementation, over the next three years, of a new rice development strategy aimed at raising yields from the current 2.9 tonnes per ha to 3.3 tonnes per ha. As part of this strategy, a "Smart Farmer" project was launched, to provide assistance to producers and help them achieve higher productivity levels. The strategy also aims at retaining Thailand's major rice exporter's status, by developing new rice-based products. On the other hand, as of mid-September, the Government had not yet announced the dates for the opening of public intervention of the main paddy crop, which normally start on 1 November, nor on the official procurement prices at which paddy would be purchased from farmers. Moreover, the head of the Public Warehouse Organization, responsible for managing the stockpile, was reported to have asked for a four month suspension of the procurement programme, to allow the institution to shed light over recent cases of rice disappearance from the official stock. The Government was also reported to owe Baht of 1.7 billion (US$ 53 million) to rice owners and warehouses from the operation of the pledging scheme programme.

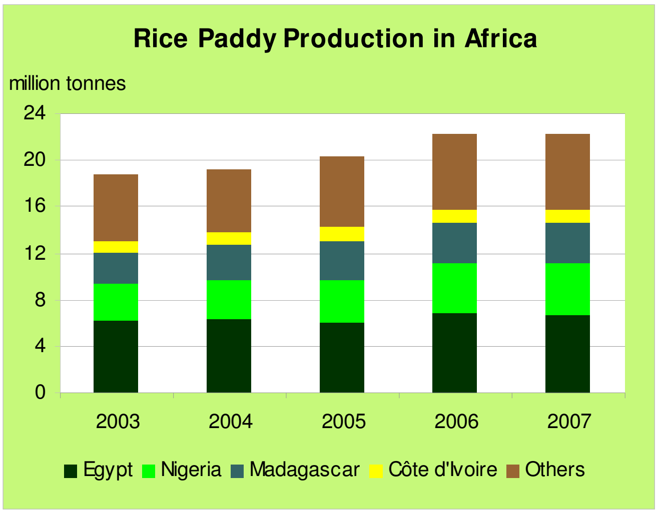
According to new official estimates released in **Turkey**, rice production in the country rose steadily in the past four years, passing from 360 thousand tonnes in 2002 to 696 thousand tonnes in 2006. This tendency, however, is likely to be interrupted in the on-going 2007 paddy season, reflecting severe drought problems since October 2006, which also affected the important rice producing region of Marmara. This has led to the downward adjustment of the 2007 production forecast from 550 000 tonnes to 500 000 tonnes, which would represent a 28 percent decline from 2006.

Prospects also deteriorated in **Viet Nam**, where crops have been damaged by natural disasters and attacks from brown rice hoppers. After harvesting a 3 percent smaller winter/spring crop of 17.1 million tonnes, the country is heading towards a reduced summer/autumn crop after the Central Highlands were severely flooded. According to the ministry, paddy production by mid September was lagging behind the performance of the same period last season. As a consequence, FAO's production forecast has been reduced from 36.0 million to 35.5 million tonnes, which is one percent less than in 2006.

B. AFRICA

2007 production prospects in Africa remain positive despite torrential rains and inundations in August and September

Like many parts of Asia, several countries in Africa registered above normal rainfall in recent months, which caused floods and damage to people and infrastructure. Most affected were sub-Saharan countries situated within a band stretching from Senegal, on the western coast, to Kenya in the East. Although causing severe harm to people and infrastructure, the rains often brought relief to otherwise overly dry conditions, therefore benefiting crops. Pending more accurate assessments of the impacts of the floods on paddy fields, aggregate production in the region is forecast at about 22.2 million tonnes, virtually unchanged from the revised 2006 estimate.



In ***northern Africa***, harvesting of the main paddy crop is in full swing in **Egypt**. According to the latest official estimates, the area under rice shrank slightly from 670.8 thousand hectares in 2006 to 669.2 thousand hectares this season, which is expected to result in a contraction of production from 6755 thousand tonnes in 2006 to 6665 thousand tonnes in 2007. According to the estimates released, yields would weaken from 10.07 tonnes to 9.96 tonnes per hectare, reflecting late planting in certain areas of the country. Industry reports also warned over the possibility that high temperatures in the Delta region might result in lower milling rates.

Many countries in ***western Africa*** were hit by torrential rains in July and August, in particular **Burkina Faso, Cote d'Ivoire, Liberia, Gambia, Ghana, Mali, Mauritania, Niger, Nigeria, Senegal** and **Togo**. The downpours came after a belated arrival and slow establishment of the rainy season, bringing relief to crops, but also causing serious localized flooding problems. Over much of the sub-region, the rains came when paddy plants were at the tillering or at the panicle initiation stages but, despite some reports of crop losses, damage to paddy fields was reported to have been contained. Above-normal precipitation over the July-September period may enhance yields and, in some areas, also to allow a second paddy crop to be grown. Based on the current outlook, production is set to rise in **Chad, Nigeria** and **Senegal.** In **Nigeria,** abundant and well distributed rainfall together with improved availability of inputs is forecast to raise production to 4.4 million tonnes, up from a revised 4.3 million tonnes in 2006. However, these would fall short of the objectives set under the Government "Presidential Initiative on Rice", to achieve a level of production of 5 million tonnes in 2006 and 6 million tonnes in 2007. In **Senegal**, production is set to recover, reflecting a timely provision of fertilizers and seeds, which had been in short supplies in 2006. In September 2007, the Agriculture Ministry announced an ambitious rice development programme budgeted F CFC 16 billion (US$ 34 million), which sets as objective the achievement of rice self-sufficiency by 2015. The programme aims at raising yields by expanding the area under irrigation, not only along the

Senegal River in the north but also in the south eastern regions of Ziguinchor and Kolda and Tambacounda. Paddy production is anticipated to decline in **Burkina Faso**, the **Cote d'Ivoire** and **Kenya.** It may also drop in **Mali** where yields are seen falling below the exceptionally high levels achieved last season**.** Little change is foreseen in the rest of the sub-region. Overall, the sector performance remains weak and a large share of domestic demand has to be met through imports. While governments continue to voice their concern about the large dependence of their countries on external supplies, several programmes are being launched to support production. In August, **Ghana** and France signed two agreements valued €13.8 million (US$ 19.1 million) overall to promote rice production in the Northern, Upper East, Upper West and Volta regions in Ghana. The main loan, of € 12.5 million, was granted on concessional terms, under a 1 percent fixed interest rate, a 30-year maturity period and a 10-year grace period.

The past few months were also dominated by heavy rains and floods in ***Eastern Africa***, which particularly affected rice fields in **Kenya** and in **Sudan**, marring somewhat crop prospects in those two countries. By contrast, the production outlook remains positive in **Tanzania**, as floods in the lake region, early this year, were favourable to rice crops. For most countries in ***Central Africa,*** production is not expected to change much compared with last season. As for countries in ***Southern Africa***, most have concluded the 2007 paddy season and are preparing to plant the 2008 main paddy crops, between October and November. According to official estimates **Madagascar** harvested larger paddy crops in 2007, in spite of losses caused in the first months of the year by cyclones. In **Mozambique**, the government production estimate also points to a marked increase in output this season.

C. LATIN AMERICA AND THE CARIBBEAN

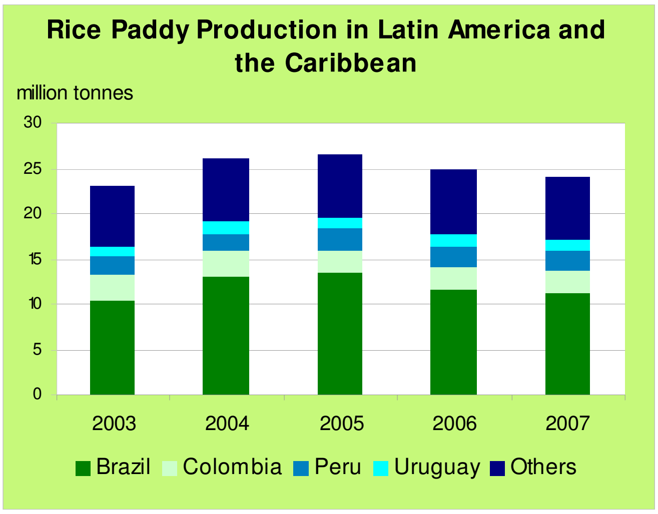
Prospects remain subdued in LAC, with production set to stagnate in Central America and the Caribbean and to fall in South America

Although the timing of the hurricane season in the Atlantic basin conventionally commences on 1 June and ends on 30 November, this year it started exceptionally early, on 9 May 2007, with the formation of Subtropical Storm Andrea. According to various Meteorological Centres, the chances of major hurricane activity in the Caribbean are also above normal this year[2]. However, by end-September, the impact on paddy crops has been relatively small, with current and production forecast for ***Latin America and the Caribbean*** in the order of <u>24.1 million tonnes</u>, about 200 000 tonnes below the previous forecast but about 850 000 tonnes or 3.4 percent less than the estimate for 2006.

In ***Central America and the Caribbean,*** most countries are now harvesting their first paddy crops with some already engaged in land preparation for their secondary crops. Overall, production prospects in the sub-region are little changed compared with those presented in the June issue of the Rice Market Monitor, except for the production forecast of **Cuba**, which has been lowered by 100 000 tonnes to 400 000 tonnes, reflecting an expected cut of the area planted to rice. As a result of

[2] According to forecasts released on 4 September 2007 by the Colorado State University Centre, 15 storms, seven hurricanes and four major hurricanes are predicted over the Atlantic basin. As of the end of September, already ten storms, three hurricanes and two major hurricanes had formed, leaving potential for other major such events to take place in the course of October and November.

that change, the sub-region as a whole is anticipated to gather 2.4 million tonnes in 2007, virtually the same as in 2006, as some expected gains in **Costa Rica, the Dominican Republic** and **Mexico** would be offset by declines anticipated in **Cuba, Honduras** and **Nicaragua.** So far, the countries most affected by the various storms that have already formed over the sub-region are **El Salvador, Guatemala, Honduras** and **Nicaragua,** but the damage caused to paddy fields appear to have been limited. Nonetheless, hurricane Felix caused losses in **Nicaragua**, where production is forecast to fall by 17 percent to 260 000 tonnes. Particularly affected were some areas in the North Atlantic Autonomous Region inhabited by the indigenous Miskitas and Mayangnas communities, which cultivate rice for subsistence. To avert a major food crisis in the affected areas, the government is reported to have distributed basic food supplies to the local populations and to have launched an emergency programme to reactive production, by providing rice seeds. Based on prospects by the National Statistics Institute (INE), **Honduras** may also harvest a reduced crop this year, partly because of scant rainfall between May and July, when paddy crops were at an early stage of development. The Ministry of Agriculture is reported to have increased the availability of improved rice seeds, in an effort to stimulate production and reduce the dependence of the country on imports, which now cover more than 80 percent of domestic needs.



In ***South America***, production forecasts in 2007 have been subject to a few changes, including some downward adjustments for **Argentina, Bolivia, Brazil** and **Colombia**, which were virtually compensated by more buoyant expectations in **Peru**. The revisions leave the outlook for aggregate production in the region almost unchanged from the June forecast, at 21.7 million tonnes. This would be about 800 000 tonnes, or 4 percent, lower than the latest estimate of production in 2006, which in turn, was down 7 percent from 2005. In the southern cone, however, the attention is now turning to the coming 2008 paddy season, with planting operations due to start in September.

According to official estimates released on 13 September 2007, **Argentina** harvested 1.060 million tonnes in 2007, slightly less than earlier anticipated, and 11 percent below the volume gathered in 2006. The decline from last year reflects a small contraction in the area but especially a fall in yields, largely reflecting less favourable growing conditions compared with 2006. In the two major growing provinces of Corriente and Entre Rios, which account for about 80 percent of total output, yields in 2007 suffered from water shortages in the last quarter of 2006, which delayed the start of the season. Subsequently, crops were impaired by excessive rainfall, affecting the quality of the grain, limited sunshine and a belated harvest. As for the new 2008 paddy season, which started to be planted in mid-September, prospects are positive, as abundant water availability in reservoirs, favourable climate forecasts and high prices are likely underpin the area under rice to 180 000 ha next season, up from 168 000 ha in 2007.

Returning to the on-going 2007 season, prospects in **Bolivia** are negative, at 310 thousand tonnes, which would imply a sharp 27 percent reduction from 2006, with both area and yields falling. Those trends were related to adverse weather conditions prevailing from November 2006 to March 2007, in particular flooding and landslides in the low lands and insufficient rainfall and hail storms in the highlands. The most affected areas were in Santa Cruz and Beni, where considerable losses were registered. In August 2007, the country announced the establishment of a new public enterprise to boost food production, “Empresa de Apoyo a la Producción de Alimentos” (EMAPA), the first to be created in 20 years, through programmes specifically targeted to small producers. EMAPA has the mandate to buy and sell basic agricultural inputs, to process and market the crop and to provide technical assistance to growers. Some 49 000 farmers are expected to benefit, principally in the regions of Chuquisaca, Potosí, Cochabamba, Tarija, Santa Cruz, Beni and La Paz. EMAPA, which aims to embrace some 10 000 hectares of rice fields in the coming 2008 season, was allocated US$ 7.8 million for that purpose and, on 15 September 2007, started the distribution of rice seeds.

In **Brazil**, the twelfth official crop assessment, conducted in September, downgraded the June estimate of 2007 production from an 11.403 million tonnes to 11.317 million tonnes, largely because of a contraction of plantings in the highly productive southern states, following relatively low prices at the start of the season. Looking at the series since 1990, this would be the first time that the rice harvested area would fall under 3 million hectares. On the other hand, gains in yields, averaging 3.7 percent per year over the 27-year period, have been the engine of production growth, largely compensating for a 1.9 percent annual drop in the area.

Brazil Paddy Production by Region in 2006 and 2007 (for Brazil: 2005/06 and 2006/07 paddy seasons)

	Area (000 ha)			yields (kg/ha)			Production (000 tonnes)		
	2006	2007	Var %	2006	2007	Var %	2006	2007	Var %
Total	**3017.8**	**2967.5**	-1.7	**3884**	**3814**	-1.8	**11721.7**	**11316.6**	-3.5
North	455.4	495.9	8.9	2228	2250	1.0	1014.6	1115.8	10.0
Northeast	734.9	746.2	1.5	1517	1403	7.5	1115.1	1047.3	-6.1
Centre-West	442.2	442.7	0.1	2576	2667	3.5	1139	1180.8	3.7
South East	127.4	115.0	-9.7	2361	2388	1.1	300.8	274.6	-8.7
South	1257.9	1167.7	-7.2	6481	6593	1.7	8152.2	7698.1	-5.6

Source: CONAB - Crop Assessment September 2007

The opening of the coming 2008 paddy season, which starts in the Southern states where rice is seeded between August and December, was reportedly delayed by strong precipitation in late September. However, planting intention surveys pointed to a sizeable rice area expansion in the coming 2008 season (which corresponds to Brazil’s 2007/08 season). According to various sources, the southern states are likely to expand the area under rice by between 9.4 percent and 11.8 percent, which could boost the total area under rice at the national level by 3.3 percent compared with 2007.

Production in **Chile** is estimated to have fallen by 13 percent from 160 000 tonnes in 2006 to 140 000 tonnes this year. Like in Brazil, the decline was driven by low rice prices and rising input costs at the beginning of the season, which encouraged farmers to shift to other crops. The season was further marred by a late arrival of the rainfall in October-November and by low temperatures at various stages of the crop development, which depressed yields.

Despite a 78 000 tonne downward revision, production in **Colombia** is forecast to rise by some 3 percent to 2.4 million tonnes in 2007, stimulated by rising producer prices in the first months of the year. The government announced in August it would sustain producer prices at harvest time through storage incentives, the cost of which has been budgeted at Pesos 10 billion (US$ 5 million). Under the scheme, Pesos 18 600 (US$ 9.3) /tonne of paddy rice/ month would be provided between 23 August and 31 December 2007 to cover the financial and rental costs associated with the storage, with the rice deposited valued at a reference price of Pesos 620 000 (US$ 309) per tonne.

Reflecting an expected cut in the area, production in **Ecuador** is set to fall slightly to 1.3 million tonnes. Rainfall was abundant this season, which lifted yields in the rainfed rice fields, but many farmers failed to plant rice and shifted to other crops because of the weather unreliability, following several years of insufficient rainfall. Over most of 2007, producers have benefited from higher prices, but the market strength was reported to have abated since September, following the government decision to suspend exports on a temporary base as a means to keep inflation low.

Prospects for this year production are positive in **Guyana**, where the area under the first rice crop is reported to have risen by 17 percent, while plantings of the second crop were proceeding well. As a result, the country is now expected to gather 494 thousand tonnes, 5 percent more than last season, despite reported surges in basic input prices, in particular fertilizers and fuel. Since 2006, the rice sector has benefited from the implementation of a European Union (EU) support programme to the CARIFORUM rice industry, which allocates € 11.7 million to the country, and from a € 1 million grant for the production of rice improved seeds. The country is also launching an Agriculture Support Service Programme, to promote rice seed development, training and research.

In **Peru,** official figures reporting paddy produced in the first seven months of 2007 showed an increase of 0.5 percent in the harvested area and 6.6 percent gain in yields compared with the same period in 2006. The resulting 7.1 percent rise in output to 1.89 million tonnes was concentrated in Piura (+32.8 percent), Lambayeque (+27.6 percent) and La Libertad (+8.8 percent). However, based on the 2007/08 National Sowing Plan (Plan Nacional de Siembras) rice plantings are to be cut. Accordingly, FAO has raised its forecast of production in 2007 to 2.3 million tonnes, which would still be somewhat less than the 2.4 harvested in 2006.

Rice production in **Uruguay** was strongly influenced by a lack of water reserves which led to an 18 percent cut in the rice area in 2007. Based on the latest output estimates, the country harvested 1.146 million tonnes, or 11 percent less than in 2006, as record yields in the order of 7.9 tonnes per ha tempered the extent of production fall. The country is now preparing to start the 2008 paddy season. Given improved water availability and favourable price expectations, the area under rice is anticipated to recover to 180 000 ha, which, under normal yield expectations, could lift production to 1.25 -1.30 million tonnes. The sector, which benefits from very limited support from the government, obtained in August the possibility to detract the value added tax it paid on gas oil, for up to 4 percent of its revenue, compared with only 0.4 percent before the move.

D. REST OF THE WORLD

Production in 2007 falls in Australia, the United States and the European Union

In **Australia**, where the time has come to plant the new 2008 paddy crop, the ability of rice growers to go ahead with the cultivation has been impeded by what is referred to as the worst drought in memory. Over the 2007 season, only 16 000 hectares could be cultivated as little water was allocated to the sector for irrigation, resulting in a production level of 167 000 tonnes, the lowest since 1961 and 84 percent less than in 2006. Throughout the winter and early spring, between June and September, precipitation was again well below average, impeding a refilling of dams and constraining water availability for irrigation. As a result, the Australian Bureau of Agricultural and Resource Economics (ABARE) estimated in its September report that only 6 000 hectares would be put under rice in 2008, possibly giving rise to a paddy production of 50 000 tonnes. To ensure such a minimum production is met, SunRice, the agent for the Rice Marketing Board of the State of New South Wales, is reported to have guaranteed purchases at prices superior to those of 2007, of US$ 320 per tonne for their rice. At the same time, the authorities have extended the timeline for benefiting of some "exceptional circumstances" aid from March 2008 to September 2008.

In the **Fiji Islands**, where only between 14 000 and 20 000 tonnes of rice are produced, the sector was earmarked by the Ministry for further expansion in the 2007 Business Plan. According to the plan, investments will be made to increase production in irrigated areas from existing farms.

In North America, the **United States**' 2007 production forecast, released in September, upgrades by 400 000 tonnes the figure presented in the June issue of the RMM, to 8.701 million tonnes. At this level, paddy production would be 1 percent lower than in 2006 and the smallest since 2000. The upward revision reflects more buoyant expectations over yields, now anticipated to reach a record 7.87 tonnes per ha. The anticipated decline in output this season would result from a cut in long grain rice, while production of medium/short grain rice is foreseen to increase above last year. As the United States 2002-2007 Farm Bill is set to expire on 30 September 2007, a new "Farm, Nutrition and Bioenergy Act" Farm Bill, covering 2007-2012, was approved by the Congress on 27 July 2007 and is now being considered by the Senate. Eventually, it will have to be signed by the President of the country. The current text of the Bill does not entail major shifts in US agricultural policies International pressure on the Government to modify some of its programmes may intensify in the coming months, as Canada already requested in June the formation of a panel to look into the legitimacy of US trade-distorting subsidies to agriculture. Brazil, which had already joined Canada as third party in that case, asked for direct consultations with the United States in July 2007 (the first move under the WTO dispute settlement procedures), alleging that the US market-distorting support, classified as "Amber Box support", to a number of agricultural sectors, including rice, had repeatedly[3] exceeded the spending limits established under the WTO Agreement on Agriculture. It also claimed that the US tax exemptions and export credit guarantees had to be classified as trade-distorting subsidies. The United States, which has failed since 2001 to notify to the WTO the extent of its support to agriculture, has 60 days to solve the dispute bilaterally before Brazil could ask for the establishment of a WTO panel to adjudicate the case.

In **Europe**, the 2007 season is about to conclude with the completion of paddy harvesting in September-October. Based on estimates from the major producing countries, the forecast for 2007 production in the **European Union (EU)** has been lowered somewhat and is now estimated to reach 2 594 thousand tonnes, a marginal decline of 0.6 percent compared with 2006. The fall from last season reflects negative crop expectations in France, Greece, Portugal and, especially, in Spain where reduced water availability triggered a cut of plantings. By contrast, production is expected to rise in

[3] The United States' "Amber box" spending limits have been set at US$ 19.1 billion since 2000. Brazil claims this limit was surpassed in 2000, 2001,2002, 2004 and 2005.

Italy, sustained by a 2.7 percent expansion in area. As high market prices encouraged Greece, Italy and Portugal to exceed their national base areas, rice specific payments to producers in those countries are bound to be cut.

EU: Rice National Base Areas And Rice Specific Aid In Major Rice Producing Countries							
	France Metropolitan	French Guyana	Italy	Greece	Portugal	Spain	Total
Base areas (ha)	19,050	4,190	219,588	20,333	24,667	104,973	392,801
Historical paddy yield (tonnes/ha)	5.49	7.51	6.04	7.48	6.05	6.35	
Rice specific aid (€ per ha)	411.75	563.25	453.00	561.00	453.75	476.25	
Source: Official Journal of the European Union							

II. INTERNATIONAL TRADE IN RICE

A. TRADE IN 2007

Global trade in rice in 2007 to break the 30 million tonne benchmark for the first time

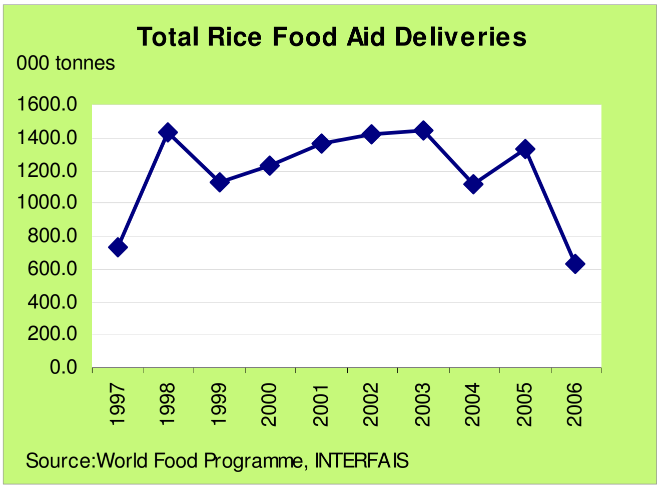
Compared with the June issue of the FAO Rice Market Monitor, the forecast of rice trade in 2007 has been lowered by about 100 000 tonnes to 30.1 million tonnes. On the demand side, the revision reflects lower forecasts of imports by **China mainland** (-100 000 tonnes to 600 000 tonnes), **Indonesia** (-300 000 tonnes to 1.5 million tonnes), **Madagascar** (-50 000 tones to 150 000 tonnes) and **Nigeria** (-100 000 tonnes to 1.6 million tonnes), which more than compensated upward adjustments of the import estimates of **Colombia** (+87 000 tonnes to 300 000 tonnes), the **DPR of Korea** (+160 000 tonnes to 400 000 tonnes), **Malaysia** (+50 000 tonnes to 850 000 tonnes), **Philippines** (+170 000 tonnes to 1.87 million tonnes) and **Kenya** (+40 000 tonnes to 250 000 tonnes).

On the supply side, export forecasts were raised for **India** (+300 000 tonnes to 4.5 million tonnes), the **Republic of Korea** (+150 000 tonnes to 150 000 tonnes), **Myanmar** (+150 000 tonnes to 300 000 tonnes) and **Egypt** (+100 000 tonnes to 1.2 million tonnes), but were downgraded in the case of **China mainland** (-100 0000 to 1.4 million tonnes), **Pakistan** (-100 000 tonnes to 3.0 million tonnes), **Thailand** (-300 000 tonnes to 8.7 million tonnes) and **Viet Nam** (-300 000 tonnes to 4.5 million tonnes).

At the forecast level of 30.1 million tonnes, international trade in rice in 2007 would be almost 1 million tonnes higher than in 2006 and break the previous record of 29.8 million tonnes that was achieved in 2005. This would also be the first time that international trade in rice would surpass the 30 million tonne benchmark. Much of the trade growth this year would result from increased purchases by countries in Asia, in particular, **Bangladesh**, **Indonesia**, the **Democratic Republic of Korea, Nepal** and the **Philippines** but also by **Cuba, Brazil** and **Colombia,** in Latin America and the Caribbean, **the United States** in North America and the **European Union** in Europe. By contrast, current prospects point to a cut of deliveries to a number of Asian countries, including **China**

mainland, the **Islamic Republic of Iran**, **Iraq, Malaysia and the United Arab Emirates.** Countries in Africa are also expected to import less this year.

As a result, the share of rice production (in milled equivalent) traded internationally would reach 7.1 percent, 1 percent more than in the late 1990s, a sign that the rice market, which is traditionally featured as "thin", is widening. For reference, international trade accounts for 18.5 percent of global production in the case of wheat and for 11.5 percent in the case of maize.



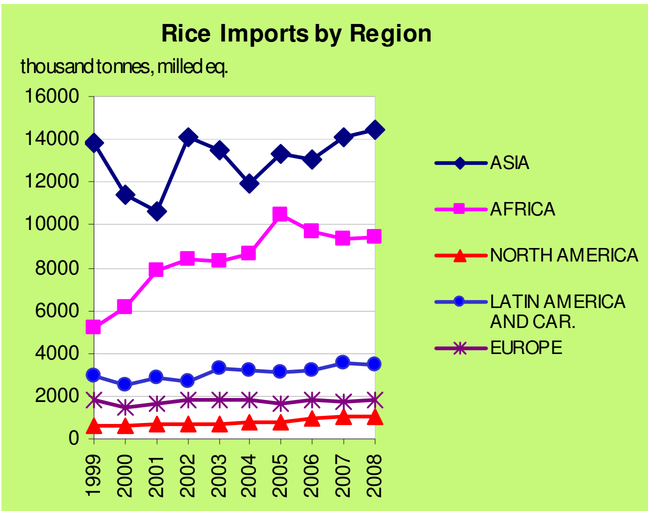
The foreseen expansion of trade in 2007 contrasts with the reported supply tightness that has characterized the rice markets of several of the major exporting countries, many of which had to restrict sales abroad or even resort to imports to ease their market situation. Indeed, the expected expansion of trade in 2007 is being fuelled by strong import demand rather than by large availabilities in the hands of exporting countries, and, as a result, has been accompanied by steady increases in world prices, a tendency that characterized the rice market also in 2006. In this regard, it is important to note that a side effect of the tight market situation prevailing last year was a marked reduction in the volume of rice channelled as food aid, which, based on statistics of the World Food Programme, more than halved from 1.33 million tonnes in 2005, to 0.63 million tonnes in 2006. The cut is of special concern to the lowest income, food deficit countries, even more so because it did not only concern rice but also other cereals.

Imports in 2007

Rising imports by Asian countries the major driver of trade growth in 2007

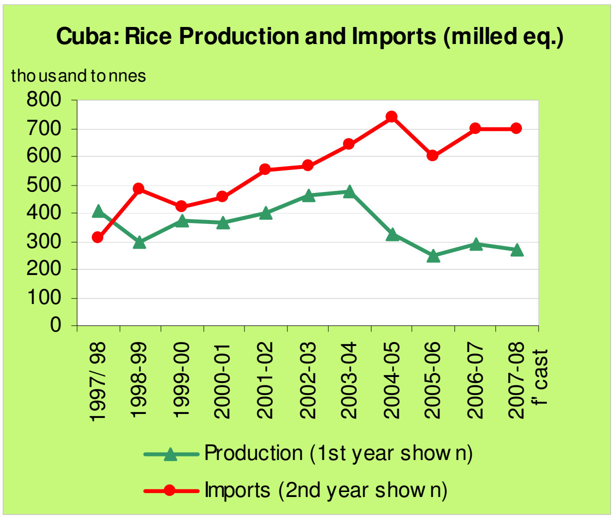
Asian countries, which are now set to increase their imports by 8 percent to 14.1 million tonnes in 2007, are likely to be the main force underpinning trade this year. Among the countries contributing to the increase, **Bangladesh** is anticipated to bring some 800 000 tonnes into the country in 2007, substantially more than last year's 481 000 tonnes. Much of these imports will be made directly by the Government, which was active in recent months to buy rice, as imports were needed to replenish public stocks and to contain domestic price rises. Following a government request for assistance, the World Bank and Asian Development Bank were reported to have committed some US$ 300 million and US$ 150 million respectively to help the country finance these imports. In **Indonesia,** Bulog, the official import agency, was back on the international scene in September to secure supplies through Government-to-Government deals. Like Bangladesh, the country needs to rebuild rice inventories. FAO now forecasts rice deliveries to Indonesia to be in the order of 1.5 million tonnes in 2007, more than doubling last year's import level of 700 000 tonnes, but 300 000 tonnes less than previously expected, given the more optimistic 2007 production prospects. Influenced by the imposition of import restrictions since 2004, retail rice prices have been surging in the country in the past two years.

In 2007, they weakened between March and May, coinciding with the main crop harvesting period, but remained well above Rupiah 3350 (US$0.38) per kg for medium grade rice, the price level above which Bulog is allowed to import rice. Imports by the **Democratic Popular Republic of Korea** are forecast at 400 000 tonnes in 2007, substantially larger than last year's and above the previous forecast of 240 000 tonnes. The revision reflects the resumption in June 2007 of deliveries made under concessional terms by the Republic of Korea, which had been suspended early last year following the testing of nuclear arms by the Korea DPR. The 400 000 tonne rice loan, valued US$ 152 million, is to be repaid over 20 years after a 10 year grace period, at an annual interest rate of 1 percent. Reflecting domestic shortages caused by a rice production shortfall in 2006, **Nepal** is also forecast to import more rice in the course of 2007. Based on official forecasts, purchases by **Turkey** are also expected to increase to 215 000 tonnes, up from 193 000 tonnes last year. In September 2007, the WTO ruled in favour of the United States in a dispute against the Turkey's past practice to grant import licenses conditional on local domestic rice purchases over the harvest period, a mechanism that Turkey claims to have discontinued in 2006. Even **Thailand** and **Viet Nam**, the two major rice exporting countries, are foreseen to step up their purchases to ease somewhat market tightness and help them meet their export commitments. Imports by Thailand could reach 200 000 tonnes this year compared with 100 000 tonnes in 2006, while those Vietnam could increase to 300 000 tonnes, up from 200 000 tonnes in 2006. For both countries, the sources of those supplies are likely to be Cambodia and Laos.



By contrast, **China** (mainland) is anticipated to import 600 000 tonnes in 2007, 17 percent less than last year, as relatively high world prices discouraged purchasing by private traders, who handle rice imports under the 1 percent tariff quota of 5.4 million tonnes. Over the first eight months of 2007, purchases amounted to about 273 thousand tonnes, a 39 percent drop from the same period in 2006. The pace of China's imports could accelerate in the later part of the year, especially if domestic prices continue on the rise. High world prices are also expected to depress purchases by **Malaysia** from 900 000 tonnes in 2006 to 850 000 tonnes this year. Rice imports to the country are under the sole responsibility of Padiberas Nasional Berhad (Bernas), a public company, which was privatized in 1996, but which retained the status as Malaysia's unique licensed rice importer until 2010. The organization, which is also responsible for rice distribution on the domestic market, announced in July it would raise wholesale prices of white, fragrant, basmati and glutinous rice, in response to rising international prices and freights. However, the move does not seem to have gathered the support of the Government. Reflecting ample supplies, stemming from the good 2006 paddy season, **the Islamic Republic of Iran** is set to cut imports by 17 percent to 950 000 tonnes, much of which is likely to be in the form of government-to-government transactions, in particular with Thailand. Likewise, imports by **Iraq** are forecast to fall by 8 percent to 1.2 million tonnes, but the cut could be even more substantial given reports that only 272 000 tonnes had reached the country between January and June, compared with 392 000 tonnes in the same period last year. Rice imports by the **United Arab Emirates** are expected to fall by 29 percent to 350 000 tonnes in 2007. In July, the government allowed importers to raise the controlled retail price of rice by 20 percent, which is less than the 35-50 percent that had been requested by importers as necessary to cover the increases in prices, freight rates and storage costs.

Overall imports by ***African countries*** are set to reach 9.4 million tonnes, about 3 percent less than last year and close to the previous forecast. The year-to-year reduction, mainly imputable to the high international rice prices and surging freights, is set to reflect widespread cuts across the region, including in **Cameroon**, **Ghana, Guinea, Kenya, Mali, Nigeria, Somalia** and **Tanzania**. On the other hand, imports to **Chad, Egypt, Mauritania** and **Senegal** are anticipated to rise. Rice deliveries to the important markets of **Cote d'Ivoire** and **South Africa** are expected to remain close to last year's level of 900 000 tonnes and 740 000 tonnes, respectively.



The aggregate import forecast for countries in ***Latin America and the Caribbean*** has been raised slightly to 3.6 million tonnes, representing an 11 percent increase from the 3.2 million tonnes brought last year. As usual, the bulk would be destined to *Central America and the Caribbean* States, which normally requires 2.0-2.4 million tonnes of external supplies every year. In the sub-region, **Cuba** is set to raise its imports by 100 000 tonnes to 0.7 million tonnes. Repeated drought problems since the early 2000 have contributed to Cuba's growing dependence on external rice supplies to meet domestic requirements. By contrast, imports by **the Dominican Republic, El Salvador** and **Haiti** may fall this year.

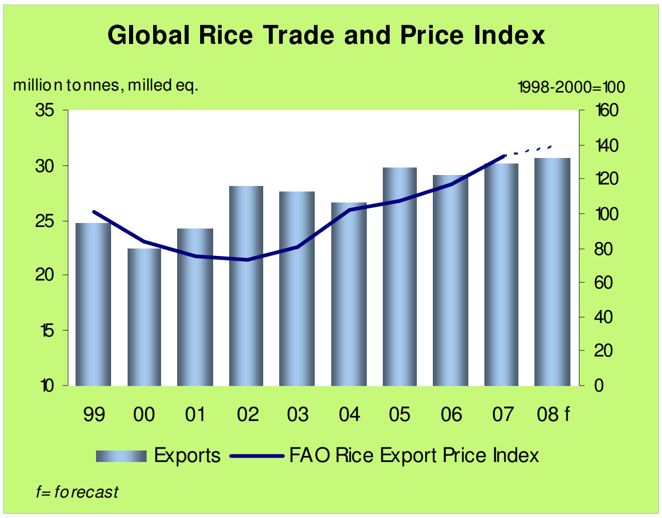
In the southern cone, the relatively poor 2007 seasons are expected to be associated with larger imports by **Brazil**, which is now foreseen to buy 800 000 tonnes, almost 25 percent more than in 2006. Sizeable increases are also expected in **Colombia, Chile** and **Peru**. In the case of **Colombia**, official import statistics for January-June 2007 showed an increase of 145 percent from the same period last year. The pace of imports is expected to slow down in the second part of 2007, as the main harvest is gathered in June. Thus, for the whole of 2007, Colombia is anticipated to buy 300 000 tonnes, up from 198 000 tonnes in 2006.

In the other regions, **Australia**'s official import forecast remains at 97 000 tonnes, a slight decline from the 102 000 tonnes imported in 2006. By contrast, purchases by the **United States** are still predicted to reach 675 000 tonnes, which represents an annual increase of 7 percent. The 27 countries of the **European Union** are expected to buy around 1.2 million tonnes from outside the Union, 20 percent more than the volume bought in 2006, before the accession of Bulgaria and Romania. High domestic prices in the Union have sustained import demand in member countries, in particular for husked rice, despite the imposition of the higher tariff rate of € 65 per tonne since 1 March 2007, largely reflecting the needs of the milling industry.

Exports in 2007

Increased exports by Cambodia, Egypt, Myanmar and Thailand sustain the trade expansion in 2007

Many of the major exporters faced a tight supply situation in 2007, preventing them from taking advantage of the relatively high international prices. To avert domestic shortages, some of them even restricted exports, as some had already done it in 2006, to keep domestic prices under control. Based on current expectations, **Cambodia, China, Egypt, India, Myanmar** and **Thailand** will export more over 2007, while **Argentina, Australia, Brazil, Pakistan, Uruguay** and **Viet Nam** may well cut their deliveries.



Capitalizing on the large production gains it has made in recent years, **Cambodia** is arising prominently as an important player on the international rice arena. FAO currently forecasts the country to export 900 000 tonnes of rice this year, three times the level it is estimated to have shipped in 2006. Part of the rice is channelled to Thailand and Viet Nam, where it is processed.

In the first eight months of 2007, rice exports by **China mainland** rose by 3 percent from the same period last year, reaching 800 000 tonnes. For the whole 2007, the country is anticipated to ship 1.4 million tonnes, 100 000 tonnes less than previously foreseen, and up from 1.24 million tonnes in 2006. The current forecast implies larger monthly shipments between September and December than recorded till August, on anticipation of larger early and intermediate rice crops, which are just being gathered. Unlike imports, exports of rice in China remain under State control.

Exports from **Egypt** are also foreseen to surge by 25 percent to 1.2 million tonnes this year, reflecting keen demand from countries in the Near East and Europe. In September, the government decided to impose a tax on rice exports as a means to contain domestic price rises, with the rates set at EGP 200 (US$ 36) per tonne for milled and broken rice, and a higher EGP 300 (US$ 54) per tonne for husked rice to protect the domestic milling industry. In principle, the tax is to be levied for one year, from 18 September 2007 to 17 September 2008.

FAO's June forecast of **India's** exports has been raised by 300 000 tonnes, consistent with the upward revision in 2006 production, much of which has been marketed in 2007. Private traders are reported to be competing for supplies with the State procurement agencies, but despite the strengthening of the local currency, India still appears to be a competitive source of supplies.

Following the resumption of its programme of assistance to the DPR Korea, the **Republic of Korea** is expected to supply 150 000 tonnes of locally produced rice to its neighbour (on top of 250 000 tonnes it purchased from other exporters). As a result, shipments from the country are now anticipated to rise from 90 000 tonnes in 2006 to 150 000 tonnes this year. In June 2007, the Government modified the Grain Control Law to eliminate existing restrictions on rice commercial exports. Like Japan, the country is aiming at selling domestically produced, high quality, rice abroad, initially targeting the United States market where a large Korean population resides.

Based on the large production reported by the authorities for 2006 and 2007, **Myanmar** is anticipated to export 300 000 tonnes of rice, partly informally through border trade, up from an estimate of 100 000 tonnes in 2006.

Beset by major weather problems, **Pakistan's** rice exports are unlikely to keep up with last year's pace and are now set to fall to 3.0 million tonnes, 100 000 tonnes less than previously anticipated and 13 percent below last year, reflecting a surge in prices that has made rice from the country, normally priced lower, virtually as expensive as that of the other major Asian suppliers.

Unlike most of the other rice exporting countries, which generally faced tight market conditions in 2007, **Thailand** has been holding abundant supplies from previous seasons, as a result of the Government pledging programme. Almost 4 million tonnes are estimated to have been kept in public stocks alone at the beginning of the season, part of which was tendered to exporters or sold under government-to-government deals in the course of the year, ensuring a stable flow of supplies. By August 2007, the country was reported to have shipped 5.5 million tonnes, 11 percent more than in the first eight months of 2006. Thailand's exports over the full year are set to reach 8.7 million tonnes, 300 000 tonnes less than earlier anticipated, but 1 million tonnes or 13 percent more than in 2006.

Based on the latest estimates by the US Department on Agriculture, exports from the **United States** are set to remain at the 2006 level of 3.3 million tonnes, substantially below the level shipped in 2005, as access to a number of markets was again restricted by stringent certification requirements in some of its key export markets.

By late September, on the trail of good harvests in the Mekong Delta, the Government of **Viet Nam** agreed to raise its export target for 2007 from 4.0 million tonnes to 4.4 million tonnes. However, FAO's export forecast remains higher, at 4.8 million tonnes, only slightly above the estimate for 2006.

Among the other traditional exporters, **Australia** is anticipated to cut its exports substantially to some 35 000 tonnes, compared with 479 000 tonnes in 2006, a consequence of the dismal crop it harvested in 2007. This would turn Australia into a net rice importing country and may have long term consequences on the country's ability to retain its presence on traditional markets. In South America, **Argentina, Brazil** and **Uruguay** are also expected to cut sales abroad over the year, a reflection of the reduced crops they harvested in 2007. In the region, **Ecuador** and **Guyana** are both expected to maintain exports at last year's level. In the case of **Ecuador**, brisk sales to neighbouring countries were hindered by the introduction, on 7 September 2007, of a three month moratorium on rice exports, in an attempt to temper a tendency for food prices to rise. As for **Guyana,** there have been complaints from the sector in June, regarding the practice of some countries belonging to the Caribbean Community and Common Market (CARICOM) for importing rice from non-member countries free of duty instead of charging the 25 percent common external tariff.

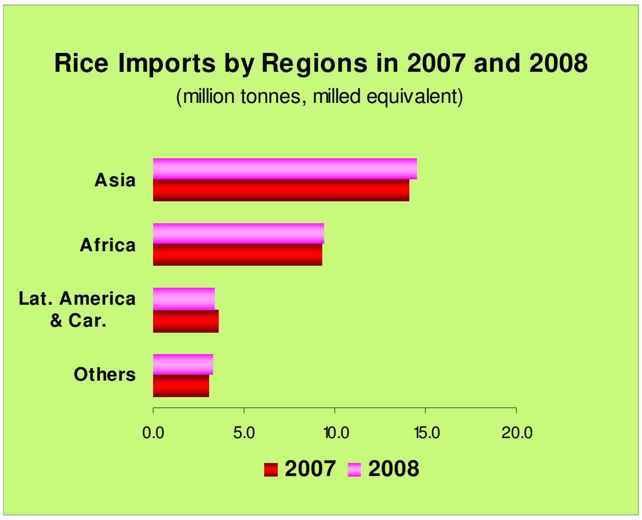
B. TRADE IN 2008

Trade in rice to expand further in 2008

FAO's first forecasts of rice trade in 2008 are drawn to a large extent on the 2007 paddy crop outlooks in the northern hemisphere countries, where these crops are harvested in the latest part of 2007 or beginning of 2008 and consumed or traded in the course of 2008. The approach is different for the southern hemisphere countries, which harvest their 2008 crops at the beginning of 2008, and consume or export them over that same year. Thus, based largely on the 2007 production estimates for northern hemisphere countries and on the 2008 preliminary production forecasts for southern hemisphere countries, FAO anticipates a further expansion in world rice trade to 30.6 million tonnes in calendar 2008, 500 000 tonnes, or 1.7 percent, more than the current trade forecast for 2007.

Imports in 2008

Imports by Asian countries set to increase again next year



The expected expansion in world trade in 2008 largely relies on the anticipation of brisk demand from countries in Asia, several of which may again face tight rice supply and demand situations next year. Rice shipments to ***Asian countries*** are forecast to increase again next year to reach 14.5 million tonnes¸ 300 000 tonnes above the level currently foreseen for 2007. Many countries are predicted to step up import, in particular **Bangladesh, China mainland, Iraq, the DPR Korea, the Philippines, Nepal** and **Turkey**. Larger supply needs for both domestic use and exports may foster greater purchases by **Thailand** and **Viet Nam**. By contrast, a few countries in the region may cut imports next year, including **Afghanistan, Indonesia** and **Malaysia**. To comply with its WTO commitments, **the Republic of Korea** will also have to buy 287 000 tonnes in 2008, up from 266 000 tonnes in 2007. In the case of **Indonesia**, the reconstitution of public stocks following large purchases of foreign rice in 2007 and positive 2008 production prospects now point to a reduced level of imports next year to some 1.1 million tonnes, 400 000 tonnes less than currently expected in 2007.

Countries in ***Africa*** are now foreseen to import 9.4 million tonnes, only about 100 000 tonnes more than in 2007. The countries that may need more foreign supplies next year are **Cote d'Ivoire, Ghana, Kenya, Madagascar, Mali** and **Niger**. By contrast, the recent introduction of export taxes in **Egypt** should reduce the need for the government to buy rice abroad next year. Based on the current 2007 production outlook, deliveries to the other countries in the region are unlikely to divert much from those expected for 2007. Good crops may even allow Nigeria to cut them to 1.54 million tonnes, down from the 1.6 million tonnes expected in 2007. This, however, assumes that the Government will succeed in keeping protection against imports high despite the commitments it has taken within the framework of the ECOWAS regional agreement. Indeed, the drive towards regional integration is proceeding in Africa, which is making it necessary for countries to adopt a consistent set of policies. Based on a tariff timeline agreed in January 2006, all countries belonging to the Economic Community of West African States[4] (ECOWAS) will be implementing, as of 1 January 2008, a Common External Tariff (CET). The CET chosen is the one already applied by those ECOWAS members that also belonged to the Western Africa Economic and Monetary Union[5] (WAEMU). Under the WAEMU CET, paddy rice is subject to a 5 percent ad-valorem duty, while husked, milled and broken rice attract a 10 percent duty, all subject to additional surcharges of 2.7 percent[6]. Its implementation will imply a sharp reduction in the rice tariffs by **Nigeria,** which now levies 50 percent tariff duty on all rice imports, supplemented by a 50 percent levy and 7 percent surcharge. The impact of the adoption of the CET would be less significant for the other ECOWAS countries that would have to apply the CET. In the case of **Ghana**, for instance, rice imports are currently subject to a 20 percent tariff, plus other surcharges, resulting in an overall duty of about 38 percent. However, it is far from certain that the lower CET will be applied by all ECOWAS members on 1 January 2008, as agreed, as Nigeria already requested ECOWAS members to consider the introduction of an additional, higher, tariff band. It should also be noted that an increasing number of governments in Africa are expressing concern over their growing dependence on rice imports and on the associated large outflow of foreign exchange.

In North America, the United States' September official forecast points to a slight increase in imports next year, to 700 000 tonnes, in line with the tendency prevailing since the late 1990s. Import prospects for countries in Latin America and the Caribbean do not show major changes at the regional or even at the country level, although El Salvador, Honduras, Mexico and Nicaragua may buy slightly more next year, unlike Colombia, which may cut purchases in light of the expected increase of production in 2007. Good crop prospects in Brazil, the leading rice importer in the region, may result in lower imports in 2008 of 700 000 tonnes, which is 100 000 tonnes less than the 2007 estimate.

In ***Europe***, the **European Union** is anticipated to import 1.25 million tonnes in 2008, on a calendar basis, somewhat above the 1.2 million tonnes expected this year. The increase reflects growing consumer demand combined with stagnating production in member countries, which has translated into high domestic prices for most of 2007. According to the import regime in place in the Union, husked rice (excluding Basmati husked rice) brought into the Union from 1 September 2007 to 28 February 2008 (corresponding to EU's 2007/08 rice marketing year) will be subject to the higher import duty rate[7] of € 65 (US$ 92) per tonne, the same as applied in the second half of the 2007 marketing year, from 1 Mar 2007 to 31 August 2007. This is because the 524 010 tonnes imported from 1 September 2006 to 31 August 2007 exceeded the trigger level of 517 130 tonnes. By contrast, in the case of milled rice, an import volume of 240 755 tonnes was reportedly licensed over the same

[4] ECOWAS membership list include 15 countries: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo.
[5] WAEMU is composed of eight members: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.
[6] Countries may impose additional taxes, but they would have to be levied also on sales of domestic rice.
[7] Husked rice imports (except for Basmati) are subject to three possible levels of duty, €30, €42.5 or €65 per tonne, depending on the level of imports.

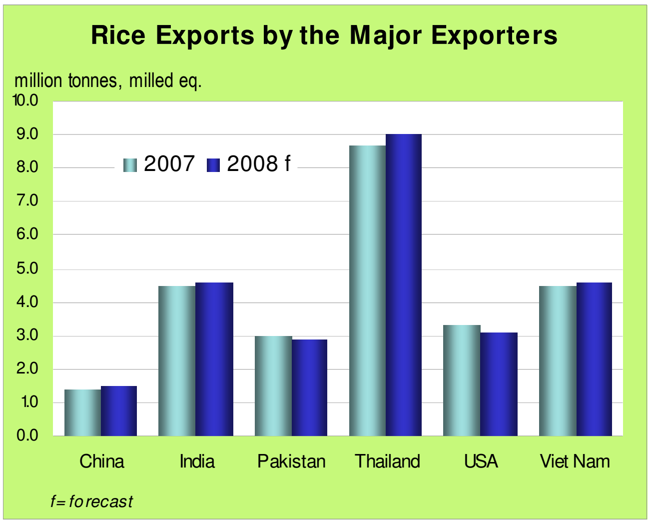
period. well below the 387 743 tonnes benchmark. As a result, imports of milled rice from 1 September 2007 to 28 February 2008 will be subject to the lower import rate[8] of € 145 per tonne.

European Union: Rice Imports, product weight[9]		
	2006/07 (1 Sept 06 -31 Aug 07)	2005/06 (1 Sept 05 -31 Aug 06)
Husked Rice	**835,010**	**684,870**
of which: Non-Basmati	524,010	415,770
Basmati	311,000	269,100
Milled Rice	**240,755**	**244,973**
Brokens	**220,421**	**185,484**
Source: EU Commission		

Given the bleak prospects of the 2008 paddy season in **Australia**, purchases by the country are forecast by FAO to rise to at least 200 000 tonnes next year, more than double the level foreseen in 2007.

Exports in 2008

Exports from Viet Nam to rebound after two years of decline



Based on the preliminary trade outlook, Asian countries are expected to meet most of the expansion of world exports in 2008. Prospects of abundant 2007 crops would especially enable **Cambodia, China, India, Myanmar**, **Thailand** and **Viet Nam** to step up their rice deliveries. Exports from **India** could grow by 100 000 tonnes to 4.6 million tonnes, provided the government abstains from imposing restrictions on rice exports in response to rising domestic food prices and high international wheat quotations. Given the good 2007 production prospects and ample stock availabilities, **Thailand** appears best placed to respond to an expansion in global import demand in 2008. As a result, exports from the country are expected to rise by 300 000 tonnes to 9 million tonnes. Positive expectations over the 2008 paddy crops by the Government, bodes well for **Viet Nam's** exports next year, which are now foreseen to recover to at least 4.6 million tonnes. On the other hand, **Pakistan** may have to cut them to 2.9 million tonnes, down from 3.0 million tonnes in 2007. Among the other major rice suppliers, exports from **Egypt** are expected to fall by 17 percent to 1.0 million tonnes, depressed by the

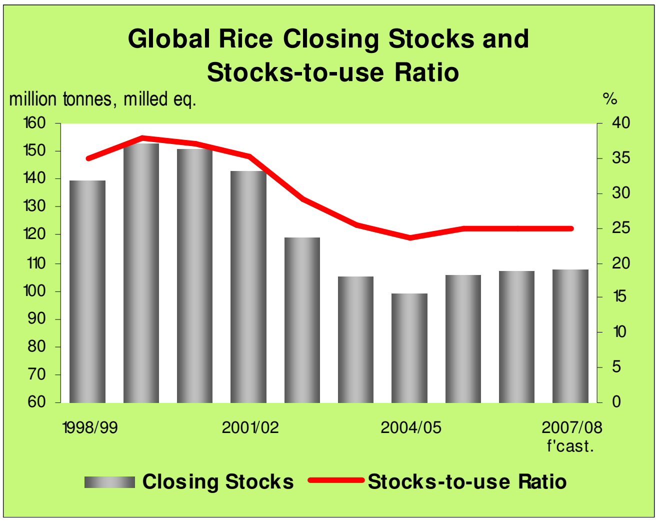
[8] Milled rice imports are subject to two possible levels of duty, €145 or €175 per tonne, depending on the level of imports.
[9] The base for reporting trade differs from that of FAO. FAO trade statistics correspond to calendar years, instead of the marketing year basis used in the table.

imposition of export taxes. The September official forecast in the **United States** indicates a 6 percent fall of exports to 3.1 million tonnes next year, constrained by limited availability from the reduced 2006 and 2007 crops. Lack of supplies could limit **Australia's** sales to a mere 20 000 tonnes. By contrast, exports from **Brazil**, which have been largely destined to Africa, may recover somewhat on expectations of a favourable 2008 paddy season. Favourable 2008 crops could also lift exports by **Argentina** and **Uruguay**.

III. STOCKS

Only a marginal increase in 2007 carryover stocks expected at the global level, despite substantial changes in their geographical distribution

Following the revisions made to world production figures in 2006 and 2007, the estimates of global stocks carried over at the close of the two paddy seasons have been lifted substantially compared with the values reported in the June issue of the FAO RMM. For 2006, the estimate was raised from 104.4 million tonnes to 106.9 million tonnes and, for 2007, from 104.7 million tonnes to 107.5 million tonnes. The upward revision in the 2007 global ending stock mainly reflects larger carryover forecasts than previously reported for **India** (+1.5 million tonnes to 13 million tonnes), **the Islamic Republic of Iran** (+50 000 tonnes to 450 000 tonnes), **Myanmar** (+0.5 million tonnes to 4.8 million tonnes), **Thailand** (+300 000 tonnes to 5.4 million tonnes) and **Egypt** (+50 000 tonnes to 680 000 tonnes). These more than compensated for downward revisions especially for **the Republic of Korea** (-100 000 tonnes to 1.1 million tonnes), **the Philippines** (-471 000 tonnes to 1.5 million tonnes), and **the United States** (-84 500 tonnes to 1 266 000 tonnes).



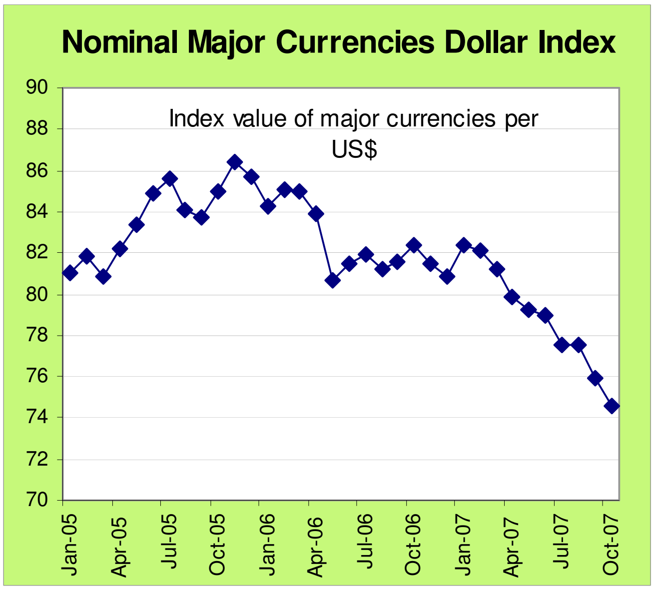
Based on the latest forecasts of rice inventories in individual countries, global rice stocks carried over from the 2007 crop seasons are set to rise marginally to 107.5 million tonnes from 106.9 million tonnes in the previous season. However, the geographical distribution of the reserves is likely to change substantially. A few nations are anticipated to end the season with increased stock levels, in particular **China mainland,** now predicted to hold 60.6 million tonnes of rice, up from 58.4 million tonnes at the close of 2006/07. Larger production gains and imports in 2007 may contribute to boosting stock levels in **Indonesia** by 20 percent to 2.4 million tonnes. Likewise, because of the excellent crops reported in **Myanmar** for 2006 and 2007, end-of-season inventories in 2007 are forecast to rise from 4.8 million tonnes in 2006 to 5.5 million tonnes. On the other hand, numerous countries are now foreseen to reduce the size of their stockpiles in 2007, including **Australia, Bangladesh, Brazil, Japan, Peru, the Philippines, the**

United States and **Viet Nam**. In the **United States**, the official stock forecast point to a drop of more than 30 percent, to 863 thousand tonnes. **Thailand**, the leading rice exporter, is foreseen to maintain its rice reserves at 5.4 million tonnes.

Seen from a trading-position perspective, stocks held by the major rice exporting countries (a group that includes China) at the end of their 2007 seasons are predicted to increase by 2.3 percent to 91.5 million tonnes, while for the rest of the world, they are set to contract by 9 percent to 16.0 million tonnes. At the forecast carry-over level of 107.5 million tonnes, the rice stock-to-use ratio, an important indicator of global food security, would fall slightly from 24.9 percent in 2006 to 24.8 percent in 2007. At this level, global stocks by the close of 2007 rice season would suffice to cover almost three months of next year projected rice consumption, estimated at 435 million tonnes in 2008. For 2007, total rice consumption, (including for food, seed, feed, industrial use and waste) is estimated in the order of 430 million tonnes, of which 379 million tonnes consumed as food, giving rise to an average per caput level of 57.2 kg per year.

IV. INTERNATIONAL PRICES

Tight supplies and policies in exporting countries keep international prices on the rise

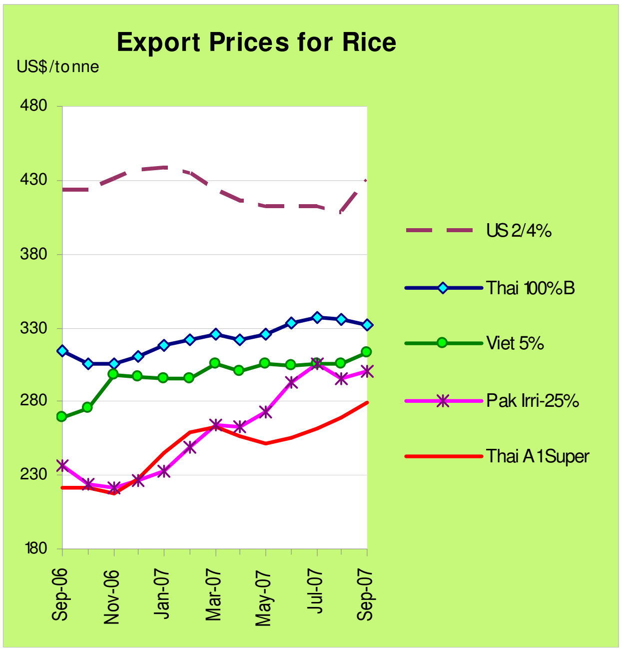


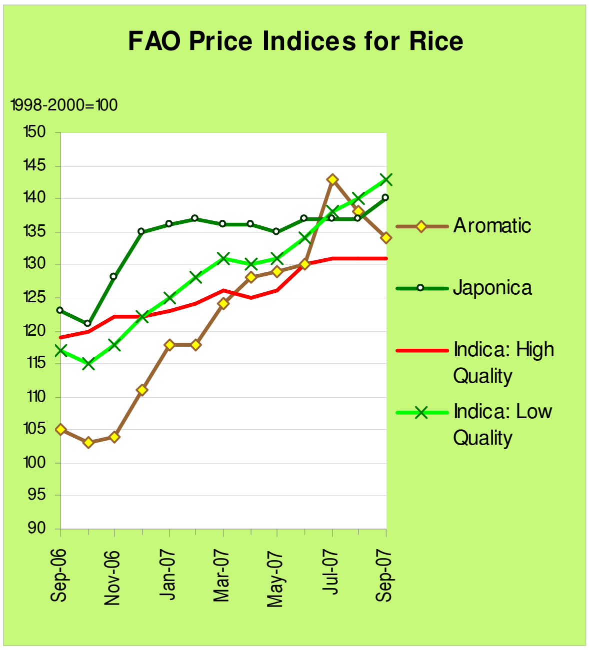
International rice prices continued to manifest strength between July and September 2007, although far less than was the case for the other cereals, in particular wheat, the price of which[10] has risen by 48 percent since June and by 65 percent from January to September 2007. Gains were substantially smaller for rice prices, which rose by 3.7 percent in the past three months and by 8.7 percent since the beginning of the year. The changes are based on the FAO All Rice Price Index (1998-2000=100), which reached 138 in September 2007, up from 133 in June and 136 in both July and August. The positive price trend dominating the rice market in 2007 reflected tight supplies in the major exporting countries, compounded with a weak US dollar.

In the case of **Thailand**, the largest source of international supplies, rice has been priced higher since June, but the increases were contained by the release of supplies from public stocks and more recently, by the announcement that government purchases under the pledging programme could be delayed. As a result, Thai rice quotations in September were close to their June value for the normal milled or parboiled rice, while fragrant rice gained 2.4 percent. The increase was more pronounced

[10] US N.2 Hard red winter wheat

for the Thai A1 Super, 100% broken rice, which in September was priced 9 percent more than in June, reflecting a shortages of brokens combined with strong demand. Prices in the **United States** were particularly subdued from May to August, but rose again in September, influenced by the release of negative prospects for the 2007 US crop and reports of sharply reduced end-of-season inventories. As a result, in September the US long grain 2.4% was quoted at US$ 430 per tonne in September, 4 percent above its June value, but 2 percent below its January level. Prices of rice from **Pakistan,** which is normally traded at a discount compared with rice from other origins, were among those strengthening most since the beginning of the year. For instance, since January, the 25 % broken milled rice has gained 29 percent, reaching US$ 300 per tonne in September, a level similar to rice from other sources. However, according to quotations reported by the Public Ledger, prices of Pakistan's Basmati rice, which had reached record levels in July and August in the trail of strong external demand and very limited supplies, fell in September. Prices of **Indian** rice were also very much on the rise in the past three months, sustained by competition for rice between the food procurement agencies and private traders and indirectly supported by high wheat prices. By contrast, the imposition of a tax on exports appears to have pressed down export quotations in **Egypt**.





Looking ahead to the next three months, world rice prices are expected to remain firm, but the price pattern in the individual rice exporting countries will very much depend on their particular market situation. In **Thailand** and **Pakistan**, fresh supplies will be arriving in the next three months, putting downward pressure on prices. However, the impact is likely to be short-lived especially as much of the new supplies were already contracted for sale. Prices in **Viet Nam** are expected to stay firm, given existing export commitments combined with limited supplies. In **India**, quotations may be underpinned by the expected increase in minimum support prices and by greater purchases for stock rebuilding by public agencies. Given the tight market situation prevailing in the **United States**, prices are also anticipated to remain strong in the coming months, especially if the US dollar (which has lost 10 percent of its value against the major currencies since January) keeps weakening. On the Import side, demand for rice by **countries in Africa** and other nations such as the **Islamic Republic of Iran** could subside between October and December, when supplies from the crops just harvested will become available. However, other countries such as the **European Union, Indonesia, the Republic of Korea** and **the Philippines** are anticipated to remain active buyers. Among factors influencing trade, the very high freight rates may foster changes in the geographical pattern of trade, by encouraging importers to source their rice from the least distant origins.

FAO Rice Price Indices

		All	Indica		Japonica	Aromatic
			High	Low	1/	
		1998-2000 = 100				
2002		**73**	**73**	**75**	**71**	**74**
2003		**81**	**79**	**81**	**81**	**91**
2004		**102**	**101**	**110**	**96**	**96**
2005		**107**	**104**	**115**	**107**	**94**
2006		**117**	**114**	**114**	**127**	**102**
2006	September	118	119	117	123	105
	October	117	120	115	121	103
	November	121	122	118	128	104
	December	125	122	122	135	111
2007	January	127	123	125	136	118
	February	129	124	128	137	118
	March	130	126	131	136	124
	April	130	125	130	136	128
	May	131	126	131	135	129
	June	133	130	134	137	130
	July	136	131	138	137	143
	August	136	131	140	137	138
	September	138	131	143	140	134
2006	Jan.-Sep.	115	112	113	127	100
2007	Jan.-Sep.	132	127	133	137	129

Source *: FAO*

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

1/ The composition of the Price Sub-Index for Japonica Rice has undergone revision since the last issue of the FAO Rice Market Monitor to reflect more appropriately today's global trading environment in medium grain rice. The Sub-Index now includes two new prices: "Egypt 2,5% 178 Camolino and "US 1/4% Calrose milled", both of which replace two sparsely quoted series. For the purposes of consistency, The Sub-Index for Japonica Rice and the Total Index were re-calculated back in time to reflect the new composition.

EXPORT PRICES FOR RICE													
	Thai White 100% B Second grade	**Thai Parboiled 100%**	**U.S. Long Grain 2,4%**	**Viet 5%**	**Thai 25%**	**India 25%**	**Viet 25%**	**Pak 25%**	**Thai A1 Super 1/**	**U.S. California Medium Grain 2/**	**Egypt Short Grain, Grade 2,5% 178 Camolino**	**Pak Basmati Ordinary**	**Thai Fragrant 100%**
	US $/tonne, f.o.b.												
2002	**197**	**194**	**207**	**187**	**171**	**140**	**168**	**159**	**151**	**271**	**279**	**366**	**306**
2003	**201**	**196**	**284**	**183**	**176**	**163**	**167**	**175**	**151**	**370**	**291**	**357**	**449**
2004	**244**	**247**	**372**	**224**	**225**	**n.a.**	**212**	**230**	**207**	**493**	**317**	**468**	**443**
2005	**291**	**285**	**319**	**255**	**259**	**236**	**239**	**235**	**219**	**418**	**327**	**473**	**404**
2006	**311**	**300**	**394**	**266**	**269**	**247**	**249**	**230**	**217**	**512**	**353**	**516**	**470**
2006													
September	314	308	423	269	272	252	252	237	222	518	358	525	515
October	306	307	424	276	267	252	251	224	221	529	326	525	494
November	305	303	431	298	267	257	283	221	218	529	343	525	454
December	311	305	437	297	273	270	282	227	228	551	366	525	490
2007													
January	318	311	439	295	283	270	280	233	245	551	377	586	529
February	322	315	435	295	291	270	280	249	259	551	392	600	523
March	325	318	424	305	293	260	288	264	263	551	392	615	537
April	322	314	416	301	289	270	286	263	256	551	392	625	542
May	325	319	412	305	292	n.a.	285	273	252	551	388	625	530
June	333	327	412	304	299	n.a.	285	293	255	536	406	625	533
July	337	332	412	305	303	285	287	305	261	529	396	788	546
August	336	332	409	306	300	298	289	295	269	535	401	710	548
September	332	328	430	313	303	303	296	300	279	568	393	650	546
2006 Jan.-Sep.	313	298	381	258	269	242	242	232	215	503	357	513	467
2007 Jan.-Sep.	328	322	421	303	295	279	286	275	260	547	393	647	537

Sources: Jackson Son & Co. (London) Ltd. and other public sources.
1/ White broken rice. 2/ Up to August 2005 U.S. medium grain No.2, 4%; since September 2005 onwards No. 1, maximum 4-percent brokens, sacked, California mill.

WORLD PADDY PRODUCTION

	2005	2006 (estimated)	2007 (forecast)
	million tonnes		
WORLD	**635.2**	**642.1**	**643.1**
Developing countries	609.4	617.4	620.1
Developed countries	25.9	24.7	23.0
ASIA	**574.5**	**581.7**	**584.6**
Bangladesh	39.8	40.3	40.5
Cambodia	6.0	6.3	6.6
China	182.1	184.1	185.5
of which Taiwan Prov.	1.5	1.6	1.5
India	137.7	139.1	140.0
Indonesia	54.2	54.5	55.1
Iran, Islamic Rep. of	2.7	3.3	3.5
Japan	11.3	10.7	10.0
Korea Rep. of	6.4	6.3	6.2
Myanmar	27.7	30.6	31.5
Pakistan	8.3	8.2	8.1
Philippines	15.1	15.5	14.8
Sri Lanka	3.2	3.3	3.1
Thailand	30.3	30.3	30.5
Viet Nam	35.8	35.8	35.5
AFRICA	**20.4**	**22.2**	**22.2**
North Africa	**6.2**	**6.8**	**6.7**
Egypt	6.1	6.8	6.7
Sub-Saharan Africa	**14.3**	**15.4**	**15.5**
Western Africa	8.8	9.5	9.5
Côte d'Ivoire	1.2	1.1	1.0
Guinea	1.3	1.3	1.4
Mali	0.9	1.0	1.0
Nigeria	3.6	4.3	4.4
Central Africa	0.4	0.4	0.4
Eastern Africa	1.4	1.6	1.6
Tanzania	1.0	1.2	1.2
Southern Africa	3.7	3.8	3.9
Madagascar	3.4	3.5	3.6
Mozambique	0.2	0.2	0.2
CENTRAL AMERICA	**2.4**	**2.5**	**2.4**
Cuba	0.4	0.4	0.4
Dominican Rep.	0.6	0.7	0.7
Mexico	0.3	0.3	0.4
SOUTH AMERICA	**24.1**	**22.4**	**21.6**
Argentina	1.0	1.2	1.1
Brazil	13.4	11.7	11.3
Colombia	2.5	2.3	2.4
Peru	2.5	2.4	2.3
Uruguay	1.2	1.3	1.1
NORTH AMERICA	**10.1**	**8.8**	**8.7**
United States	10.1	8.8	8.7
EUROPE	**3.4**	**3.4**	**3.4**
EU 2/	2.7	2.6	2.6
OCEANIA	**0.3**	**1.1**	**0.2**
Australia	0.3	1.0	0.2

WORLD IMPORTS OF RICE

	2006	2007 (estimated)	2008 1/ (forecast)
	million tonnes, milled		
WORLD	**29.2**	**30.1**	**30.6**
Developing countries	24.6	25.5	25.8
Developed countries	4.6	4.6	4.8
ASIA	13.1	14.1	14.5
Bangladesh	0.5	0.8	0.9
China	1.2	1.0	1.2
of which Taiwan Prov.	0.1	0.1	0.1
Indonesia	0.7	1.5	1.1
Iran, Islamic Rep. of	1.2	1.0	0.9
Iraq	1.3	1.2	1.2
Japan	0.6	0.7	0.7
Malaysia	0.9	0.9	0.8
Philippines	1.7	1.9	1.9
Saudi Arabia	1.1	1.0	1.1
Sri Lanka	0.0	0.0	0.0
AFRICA	**9.7**	**9.3**	**9.4**
Côte d'Ivoire	0.9	0.9	1.0
Nigeria	1.8	1.6	1.5
Senegal	0.8	0.8	0.8
South Africa	0.7	0.7	0.8
CENTRAL AMERICA	**2.2**	**2.3**	**2.3**
Cuba	0.6	0.7	0.7
Mexico	0.6	0.5	0.6
SOUTH AMERICA	**1.0**	**1.3**	**1.1**
Brazil	0.6	0.8	0.7
Peru	0.0	0.1	0.1
NORTH AMERICA	**1.0**	**1.0**	**1.0**
Canada	0.3	0.3	0.3
United States	0.6	0.7	0.7
EUROPE	**1.8**	**1.7**	**1.8**
EU 2/	1.0	1.2	1.3
Russian Fed.	0.3	0.2	0.2
OCEANIA	**0.4**	**0.4**	**0.5**

WORLD EXPORTS OF RICE

	2006	2007 (estimated)	2008 1/ (forecast)
	million tonnes, milled		
WORLD	**29.2**	**30.1**	**30.6**
Developing countries	25.1	26.4	27.1
Developed countries	4.1	3.7	3.5
ASIA	**22.3**	**23.7**	**24.4**
China	1.3	1.4	1.5
of which Taiwan Prov.	0.0	0.0	0.0
India	4.4	4.5	4.6
Myanmar	0.1	0.3	0.4
Pakistan	3.4	3.0	2.9
Thailand	7.7	8.7	9.0
Viet Nam	4.7	4.5	4.6
AFRICA	**1.0**	**1.2**	**1.0**
Egypt	1.0	1.2	1.0
SOUTH AMERICA	**2.0**	**1.7**	**1.8**
Argentina	0.5	0.4	0.5
Guyana	0.2	0.2	0.2
Uruguay	0.8	0.7	0.8
NORTH AMERICA	**3.3**	**3.3**	**3.1**
United States	3.3	3.3	3.1
EUROPE	**0.2**	**0.2**	**0.2**
EU 2/	0.1	0.2	0.2
OCEANIA	**0.5**	**0.0**	**0.0**
Australia	0.5	0.0	0.0

FOOTNOTES:
Totals computed from unrounded data.

1/ Highly tentative.
2/ EU-25 until 2006, EU-27 from 2007 onwards.

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

	CHINA 2/ 3/ (Oct./Sep.) 2005/2006	2006/2007 prelim.	2007/2008 5/ f'cast	INDIA 2/ (Oct./Sep.) 2005/2006	2006/2007 prelim.	2007/2008 5/ f'cast
	(......... thousand tonnes ....)			(......... thousand tonnes ....)		
Opening Stocks	56000 F	57085 F	58530 F	9000 F	11600 F	13000 F
Production 1/	124775 G	126198 G	127135 *	91790 G	92760 G	93300 F
Imports	828 G	710 F	860 F	82 F	50 F	50 F
Total Supply	181603	183993	186525	100872	104410	106350
Domestic Use	123256	124033	124260	84838	86910	88450
Exports	1262 F	1430 F	1530 F	4434 G	4500 F	4600 F
Closing Stocks	57085 F	58530 F	60735 F	11600 F	13000 F	13300 F

	PAKISTAN 2/ (Nov./Oct.) 2005/2006	2006/2007 prelim.	2007/2008 5/ f'cast	THAILAND 2/ (Nov./Oct.) 2005/2006	2006/2007 prelim.	2007/2008 5/ f'cast
	(......... thousand tonnes ....)			(......... thousand tonnes ....)		
Opening Stocks	150 F	150 F	200 F	3800 F	5100 F	5400 F
Production 1/	5547 G	5438 G	5400 F	20053 G	20059 G	20191 F
Imports	1 F	1 F	1 F	100 F	200 F	250 F
Total Supply	5698	5589	5601	23953	25359	25841
Domestic Use	2104	2389	2451	11148	11259	11441
Exports	3444 G	3000 F	2900 F	7705 G	8700 F	9000 F
Closing Stocks	150 F	200 F	250 F	5100 F	5400 F	5400 F

	UNITED STATES 4/ (Aug./Jul.) 2005/2006	2006/2007 prelim.	2007/2008 5/ f'cast	VIET NAM 2/ (Nov./Oct.) 2005/2006	2006/2007 prelim.	2007/2008 5/ f'cast
	(......... thousand tonnes ....)			(......... thousand tonnes ....)		
Opening Stocks	1211 G	1370 G	1266 G	4700 F	4700 F	4700 F
Production 1/	7113 G	6239 G	6134 G	23873 G	23896 G	23679 G
Imports	545 G	663 G	655 G	200 F	300 F	350 F
Total Supply	8869	8272	8055	28773	28896	28729
Domestic Use	3838	4062	3994	19324	19696	19879
Exports	3661 G	2944 G	3198 G	4749 G	4500 F	4600 F
Closing Stocks	1370 G	1266 G	863 G	4700 F	4700 F	4250 F

Symbols:

G Official figure
* Unofficial figure
F FAO estimate/forecast

Footnotes:

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