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ROUND UP

- With the bulk of the 2007 season paddy crops already harvested, the FAO forecast of **world paddy production** in 2007 has been lifted by 2 million tonnes to 645 million tonnes (430 million tonnes in milled rice eq.), which represents a modest increase of 4 million tonnes, or 0.6 percent, from 2006. Virtually all of the year-to-year world expansion is expected to arise in Asia, while contractions are anticipated in Africa, Latin America and the Caribbean and Oceania, where crops have been constrained by adverse weather often associated with “La Niña” conditions. Production in **Asia** is now foreseen to expand by about 5 million tonnes to 585 million tonnes, spearheaded by large absolute gains in China, India, Indonesia and Myanmar, but also in the Islamic Republic of Iran, Japan, Malaysia, Nepal, the Philippines and Thailand. By contrast, Bangladesh, Cambodia, DPR of Korea, the Rep. of Korea, Sri Lanka and Turkey are forecast to face a decline. Exceptionally wet conditions prevailed in large parts of **Africa,** hindering crops in most locations and causing production in the region to fall to an expected 21.6 million tonnes, slightly below the good 2006 performance. Much of the decline is foreseen to concentrate in Egypt, but also in Cote d’Ivoire, Guinea Bissau, Mali and Nigeria. By contrast, Benin, Chad, Guinea, Madagascar, Mozambique, Senegal and Tanzania are set to harvest larger crops. The production outlook in **Central America and the Caribbean** has deteriorated somewhat since September, amidst further damage from hurricanes. The sub-region is now anticipated to gather 2.32 million tonnes, 7 percent less than in 2006. A reduced output is expected in Cuba, the Dominican Republic, Guatemala, Haiti, Honduras, Mexico, Nicaragua and Panama. In **South America**, adverse weather and market conditions at the beginning of the season depressed plantings and yields in Argentina, Bolivia, Brazil, Chile, Ecuador and Uruguay, while production expanded in Colombia, Guyana, Peru and Venezuela. In the **other regions**, production is set to rise in the EU, the United States and the Russian Federation, while drought constrained output to a fraction of normal levels in Australia.
- Since September 2007, the FAO estimate of **2007 world rice trade** has been cut to 29.9 million tonnes, which is still 2.4 percent larger than in 2006. The year-to-year increase would be sustained by larger **imports** by Asian countries, in particular Bangladesh and Indonesia, but also the DPR of Korea, the Philippines and Sri Lanka. South American countries also imported more, but deliveries to African countries dropped for the second consecutive year. Much of the world trade increase is expected to be met through larger **exports** from Thailand, but also Cambodia, China, Egypt and Guyana. By contrast, Argentina, Brazil, India, Pakistan, the United States, Uruguay and Viet Nam are estimated to have cut deliveries, a reflection of limited supplies and, in some cases, of the imposition of government restrictions in the form of export quota, export taxes or minimum export prices.
- The FAO forecast of **rice trade in 2008** has been also lowered to 30.3 million tonnes, which would be 1 percent larger than in 2007. In Asia, **imports** to Bangladesh, China, Iraq, DPR Korea, Nepal and Turkey are forecast to rise, while they may fall in Indonesia, Islamic Republic of Iran, the Philippines and Sri Lanka. Shipments to African countries are forecast to rebound in 2008, sustained by larger deliveries to Cote d’Ivoire and Nigeria, while those to Latin America and the Caribbean may fall somewhat, given expectations of smaller purchases by Brazil and Colombia. As for **exports**, Argentina, Brazil, China, Guyana, Myanmar, Pakistan, the United States, Uruguay and Viet Nam are expected to be in a position to sell more, as opposed to Egypt and India, where government restrictions may depress sales. Deliveries from Thailand, the leading exporter, may also fall, as supply availability from public inventories dwindled.
- The 2007 forecast of **global carryover stocks** has also been lowered since September by 5 million tonnes to 102.4 million tonnes, which would represent a 1.2 million tonnes drop from opening levels. The expected decline suggests that production in 2007 would fall short of utilization and that drawing from world reserves would be needed to bridge the gap. The expected year-to-year contraction is anticipated to affect mostly the major importing countries, with the exception of Indonesia. Although as a group, the traditional exporting countries are foreseen to end their 2007 seasons with larger inventories, much of the increase would be concentrated in China. The situation in the other traditional exporting countries is less buoyant, since Australia, Cambodia, Thailand, the United States and Viet Nam are all anticipated to end the season with lower inventories.
- Although several major producing countries harvested their main paddy crop over the last quarter of 2007, **world rice prices** have continued to strengthen since September. Based on the FAO All Rice Price Index, prices gained 14 percent between September and December 2007. On average, prices were 17 percent higher in 2007 than in 2006. Prospects for the next few months point to further price gains at least until March 2008, when new rice supplies will become available from the 2007 secondary crops in northern hemisphere countries and from the first 2008 paddy crops in southern hemisphere countries. Until then, prices are expected to make further inroads, especially after several countries took action either to restrict exports or to facilitate imports. Moreover, reduced stocks in Thailand and in other major rice trade players could render prices more volatile in 2008. The price strength exhibited by other major agricultural products could lend further steam to international rice prices in the course of the year

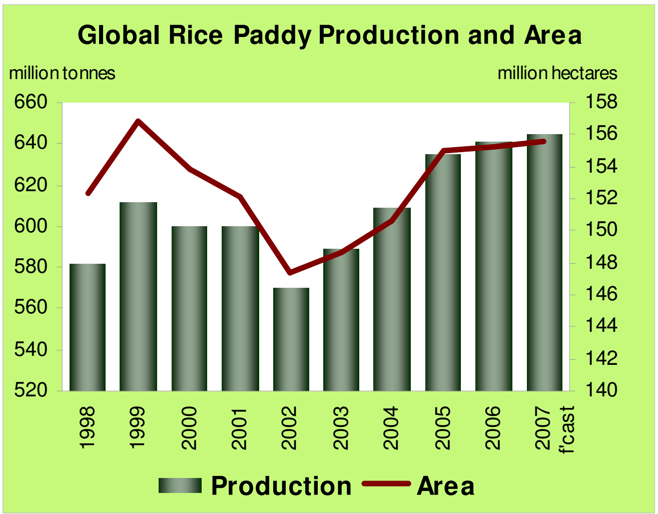
Rice situation update as of 31 December 2007

I. PRODUCTION

World paddy production likely to stagnate in 2006, as adverse crop growing conditions prevail

Although most secondary 2007 paddy crops will not be gathered in northern hemisphere countries until March/April 2008, the 2007 paddy season is coming to a close, while planting of the main 2008 paddy crops is already well advanced in the southern hemisphere.

As the bulk of the 2007 season paddy crops has been harvested, FAO's latest forecast for world paddy production in 2007 have been lifted by about 2 million tonnes since last September and now stands at 645 million tonnes (430 million tonnes in milled rice equivalent). This would represent a modest 4 million tonnes increase from the level achieved in 2006, or 0.6 percent. Virtually all of the year-to-year gain is expected to arise in Asian countries, while a contraction is anticipated in Africa, Latin America and the Caribbean and Oceania, constrained by adverse weather conditions, often associated with the occurrence of "La Niña" conditions.



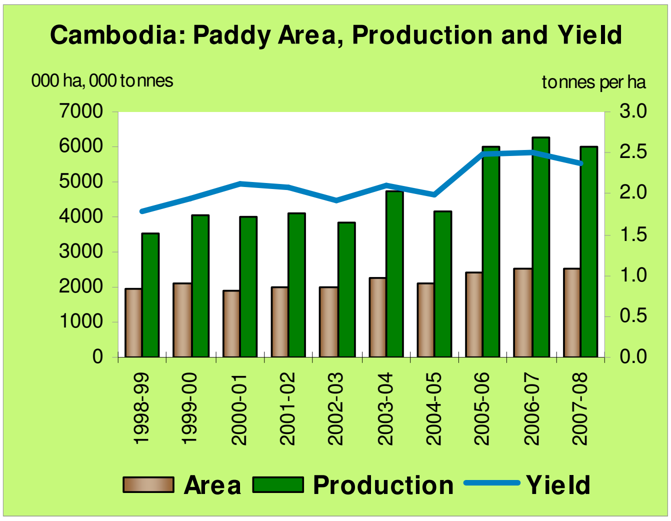
Compared with the September issue of the FAO Rice Market Monitor, production estimates were raised for Indonesia (+1.921 million tonnes), Japan (+970 000 tonnes), the Philippines (+1.1 million tonnes), Nepal (+299 000 tonnes), Pakistan (+129 000 tonnes), Viet Nam (+368 000 tonnes), the United States (+255 000 tonnes), Guinea (+52 000 tonnes), Madagascar (+46 000 tonnes), Senegal (+58 000 tonnes), Peru (+100 000 tonnes) and the European Union (+52 000 tonnes), more than compensating downward scaling for Bangladesh (-1.5 million tonnes), Cambodia (-555 000 tonnes), the Republic of Korea (-21 000 tonnes), Thailand (-598 000 tonnes), Egypt (-135 000 tonnes), Nigeria (-550 000 tonnes), the Dominican Republic (-60 000 tonnes) and Mexico (-57 000 tonnes).

A. Asia

Production prospects deteriorate in Bangladesh and Cambodia but improve in Indonesia, Japan, Nepal and the Philippines

Many countries in the region that just gathered their main 2007 paddy crops are now engaged in sowing or transplanting their secondary crops, the harvest of which, due in March/April, will mark the end of the 2007 paddy seasons. The 2007 production figures could therefore undergo further revision until mid next year. Based on the current estimates, production in Asia in 2007 was not particularly buoyant despite relatively high market prices and government expansionary policies, which fostered some increases in plantings. Production in the region is now foreseen to expand by about 5 million tonnes to 585 million tonnes, spearheaded by large absolute gains in China, India, Indonesia and Myanmar. Increases are also anticipated in the Islamic Republic of Iran, Japan, Malaysia, Nepal, the Philippines and Thailand. On the other hand, several countries in the region are anticipated to witness a contraction, including Bangladesh, Cambodia, the Democratic Republic of Korea, the Republic of Korea, Sri Lanka and Turkey.

In **Bangladesh**, 30 districts were hit by Cyclone Sidr in November, affecting about 30 percent of the standing Aman rice crop and compounding the damage on the Aus and Aman paddy crops that had been caused by two monsoon floods in July and September. According to the government, 0.2 million tonnes from the Aus crop and 1.4 million tonnes from the Aman crop have been lost since the beginning of the season. To make up for part of the shortfall through an enlarged Boro paddy crop, the third and largest of the three crops cultivated every season, the government has committed to provide adequate supply of basic inputs, such as credit, fuel, fertilizers and seeds in the next few months. This would require overcoming existing problems of seed and fertilizer shortages, which were already witnessed earlier in the season. Assuming a good third Boro crop, the country may harvest 39 million tonnes of paddy, substantially less than the 40.3 million tonnes gathered in 2006.



Despite a small increase in plantings, the official production forecast in **Cambodia** has been revised downward from 6.6 million tonnes to 6.0 million tonnes, as insect attacks and diseases were reported to have depressed yields. On current expectations, production would undergo a 4.3 percent decline compared with the outstanding performance of 2006.

In February 2007, the National Oil Grain Information Centre anticipated that **China (mainland)** would harvest 186.5 million tonnes of paddy in 2007, about 2.2 percent more than in 2006. The forecast has been maintained constant since then despite reports of lingering drought problems in Jiangxi and Hunan, two of the main rice producing regions, and of other setbacks in other parts of the country. Part of the losses incurred may have been compensated by productivity gains especially in those parts of the country planted with super high yielding varieties, the area of which expanded by 14 percent to 5.33 million hectares this year. Fields planted with super-hybrids rice varieties were reported to produce about 7.3 tonnes per ha, or 15 percent more than normal varieties. Nonetheless, in absence of official figures, FAO sticks to its earlier production forecast of 184 million tonnes. Official production estimates are normally released by the China's National Bureau of Statistics around March-April. Market prices of rice, and more generally of food, have increased substantially since the beginning of the year, partly driven by higher costs of fuel, fertilizers, etc. According to a Ministry news, the country would aim to produce 190 million tonnes by 2010, out of 30 million hectares and yields of 6.4 tonnes per hectare.

In the **Chinese province of Taiwan**, the second paddy crop was hit by Typhoon Krosa at the beginning of October. Overall the province is forecast to gather 1.5 million tonnes of rice this season, 3.7 percent less than in 2006. To avert market prices surges, the local government announced it would release 9 000 tonnes of rice from publicly-owned stocks, to the consternation of producers who call for higher rice prices, in view of strong increases in production costs, in the order of 40 percent from last year.

India is currently harvesting its main Kharif crop while also planting the secondary winter Rabi crop in southern states. Monsoon rains between 1 June and 30 September, the principal factor determining the outcome of the Kharif (summer) crop, were favourable in 2007, averaging 105 percent of the long period average. All regions, except North-western India, had above to well above normal precipitation. Time wise, rains were particularly abundant at the onset and conclusion of the monsoon period, while some deficit was incurred in July and August. Based on current government estimates, the Kharif crop is expected to remain in the order of 120.2 million tonnes (80.15 million, tonnes, milled eq.) virtually unchanged from 2006. Despite a 36 percent rainfall deficit in the post-monsoon period until 5 December, the 2007 secondary Rabi crop has been targeted at 19.5 million tonnes (13 million tonnes, milled eq.) compared with 19.0 million tonnes (12.65 million, milled eq.) last season. Accordingly, FAO's forecast stands at 140.0 million tonnes, less than 1 percent above the 2006 official estimate of 139.1 million tonnes.

India: Geographical distribution of the 2007 south-west monsoon rains

Region	Actual (mm)	Normal (mm)	Percentage Departure
All-India	936.9	892.2	5%
Northwest (NW) India	520.8	611.6	-15%
Central India	1073.8	993.9	8%
South peninsula	907.3	722.6	26%
Northeast (NE) India	1485.9	1427.3	4%

Source: India Meteorological Department – 2007 End-of-Monsoon Report

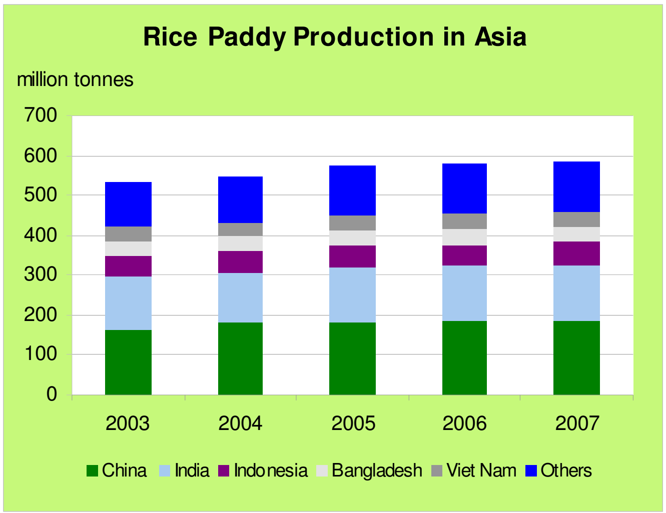
All-India: Monthly distribution of 2007 monsoon rainfall - Departure from long range average

June	+19%
July	-3%
August	-1%
September	+18%

Source: India Meteorological Department – 2007 End-of-Monsoon Report

To encourage both larger sales of Kharif rice to the government procurement agency and an extension of plantings for the winter Rabi season, India's Cabinet Committee on Economic Affairs agreed twice to grant a price bonus of a Rupee 500 per tonne above the original minimum support level, in October and again in November. As a result, rice producers are eligible to a floor price of

Rupees 7450 per tonne for common varieties and Rupees 7750 per tonne for superior, grade A, varieties in 2007, which is about 20 percent above their 2006 level of Rupees 6200 and Rupees 6500 per tonne (inclusive of bonus). For comparison, the current issue (retail) prices of rice to above poverty line (APL) consumers are Rupee 7.95 per kilo for common rice and Rupee 8.30 per kilo for grade A rice. The current issue prices of rice to below poverty line (BPL) consumers stands at Rupees 5.65 per kilo. These levels have remained unchanged since July 2002



As of October, most of **Indonesia's** 2007 second crop harvest was concluded. Although still provisional, the Ministry of Agriculture has assessed paddy production in 2007 at a record 57.0 million tonnes, 4.8 percent above last season and almost 2 million tonnes more than the prior forecast. Part of the success in lifting production in 2007 can be attributed to the positive impact of a high yielding seed distribution programme, worth Rupiah 1 trillion (US$ 107 million). The country is now in the process of planting the main 2008 paddy crop, the harvest of which will run from February to June next year. In the pursuit of rice self-sufficiency, the Government is promoting the use of hybrid rice to raise productivity, an initiative covered under a 2005 cooperation programme with China. The Government is also reported to have allocated some Rupiah 1 trillion to fund paddy rice procurement purchases in 2008. However, government officials appear to admit that a production level of 61 million tonnes, as targeted for 2008, would be hard to attain.

To protect consumers from rice price hikes, especially over the critical December to March period, Indonesia recently established a Rice Price Stabilization system, to be triggered when prices of all qualities surpass a given ceiling. The price benchmarks were raised in September 2007, in the case of medium quality rice from Rupiah 3 550 (US$ 0.38) per kilo to Rupiah 4 750 (US$ 0.51) per kilo, until January 2008. Based on instructions from the Minister of Trade issued on 31 August 2007, Bulog would be free to launch price stabilization measures autonomously whenever market prices surpass the maximum levels, without prior authorization of the Trade Minister. The August 2007 directive also confirms Bulog's role in stabilizing prices at the producer level and in keeping up rice reserves of 1.5 million to 2.0 million tonnes (milled equivalent), subject to a minimum of 1.0 million tonnes. However, Bulog's main responsibility remains that of distributing cheap rice to the poor. In October 2007, the rice distribution programme was reviewed to increase the number of beneficiaries from 15.8 million to 19.1 million people between 2007 and 2008 and to ensure its remains operative over the full year, instead of the 10 months currently covered by the programme. As a result, it has been estimated that the volume of rice required would pass from the current 1.85 million to 2.30 million tonnes, and the funding (still to be approved) from 6.6 trillion (US$ 706 million) to 8.9 trillion (US$ 953 million). However, while the family eligibility will remain at 10 kilo per months, the price of the subsidized rice was raised from Rupiah 1 000 to Rupiah 1 600 per kilo, applicable as of 2008.

The **Islamic Republic of Iran** is estimated to have harvested 3.5 million tonnes in 2007, up from 3.3 million tonnes in 2006. Although the country is committed to achieving rice self-sufficiency, costs are reportedly too high to make it economical to grow In November, however, the government announced it would raised the guaranteed purchase price of rice by 8 percent from March 2008.

According to an October crop assessment by the Ministry of Agriculture, Forestry and Fisheries of **Japan**, the area planted to rice in the country fell by some 10 000 ha in 2007 to 1 678 000 ha. Although yields suffered from a lack of sunshine and low temperatures in July, they eventually ended up 3 percent higher than in 2006 as growing conditions in the successive months improved markedly. As a result, Japanese rice production is now estimated to have risen by 2.6 percent to 8 776 million tonnes, on a husked rice basis, corresponding to 10.97 million tonnes of paddy, overturning previous expectations of a decline. The increase caused a deep downturn in producer prices, which may eventually encourage the Government to intervene by increasing its local purchases and rice reserves.

By contrast, production prospects in the **Democratic Republic of Korea** remain subdued, as the country is forecast to face a second year of contraction, with paddy output estimated at 2.35 million tonnes, down from 2.48 million tonnes in 2006 and 2.58 million tonnes in 2005.

In the **Republic of Korea,** the 2007 season ended negatively, with a 5.9 percent decline in production to 5.949 million tonnes, the lowest harvest in more than 25 years, which reflected excessive precipitation in August and September.

The official rice production forecast in **Laos** remains buoyant, at 2.87 million tonnes, a new record and 7 percent above the 2006 previous high.

The rice sector in **Malaysia** staged a recovery this year, with production increasing by 5.7 percent to 2.277 million tonnes, sustained by the favourable growing conditions prevailing during the season and government incentives to raise rice productivity and efficiency.

Nepal was affected this year by a series of floods in July and August, which caused losses to the standing crops particularly in the low-land areas but also benefited them in the other areas. According to the Government official forecast, about 4.3 million tonnes would be harvested over the season, more than FAO’s previous forecast 4.0 million tonnes. The official estimate would imply a full recovery from the sharply reduced 2006 output level.

Rice crops in **Pakistan** were hit by floods in Balochistan and Sindh, with additional losses caused by insect attacks. Consequently, 2007 production prospects deteriorated, resulting in a Government estimate of 8.2 million tonnes. This level would be slightly above the 8.153 million tonnes officially harvested in 2006, but well short of the original government target of 8.55 million tonnes (5.7 million tonnes, milled eq.).

Production in **the Philippines** over the 2007 season (July 2007- June 2008) is currently forecast at 15.9 million tonnes, which, if achieved, would represent a 2.5 percent increase from the previous season and a new record. This positive outcome was in spite of the drought prevailing at the beginning of the season, between June and August, and of losses caused in November by cyclones Lando and Mitag. In its pursuance of rice self-sufficiency, the government is aiming at boosting paddy production to 19 million tonnes by 2010. Incentives to the sector continued to be provided through the subsidized distribution of hybrid rice seeds and minimum paddy support prices, but also through public investments in irrigation development and maintenance. To stimulate the expansion of production, the Department of Agriculture reportedly requested to double the funding of rice programmes in calendar 2008 which, in the 2007 budget, were assigned Pesos 3.12 billion (US$ 75 million). On the other hand, against the backdrop of surging costs of transportation, fertilizers and fuel, the government raised paddy support price levels, for the first time since 2004. Prices were first increased from Pesos 10 to Pesos 11 per kilo (US$ 263 per tonne) in October 2007, allegedly to compensate for rising production costs, and, subsequently, to Pesos 11.5 per kilo (US$ 275 per tonne). This second rise, which was announced as an incentive to farmers to bring them relief from the negative effects of La Niña, would only be effective from 19 November 2007 until 31 March 2008. On top of the support price levels, an additional 0.25 per kilo incentive is provided to individual farmers delivering the rice to the National Food Agency mills, with a further 0.25 per kg granted to farmer cooperatives.

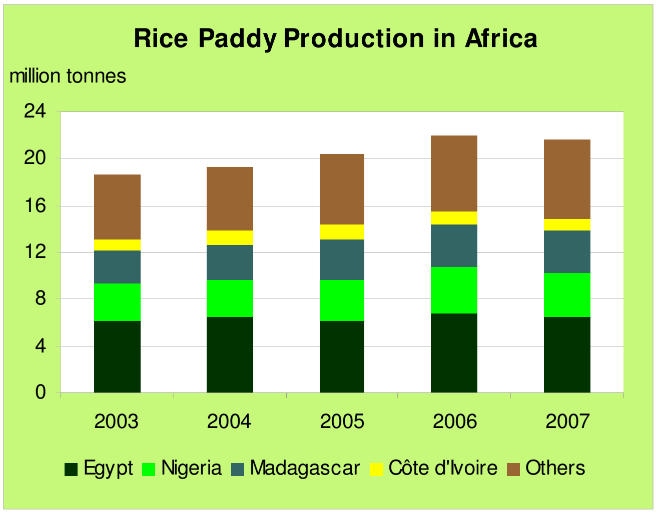
The 2007 season is well over in **Sri Lanka**, where 3.1 million tonnes were harvested, down from 3.3 million tonnes in 2006. The country completed the planting of the main Maha crop late last year and is due to start harvesting it in February-March. According to the Government, the crop is anticipated to be 3.2 percent larger than in 2007.

Based on new figures released by the Office of Agriculture Economics, **Thailand** harvested 29.642 million tonnes over the 2006 season, lower than the previous estimate of 29.372 million tonnes. The 2007 official forecast was also scaled back from 30.5 million tonnes to 29.9 million tonnes. As a result, output in 2007 is now set to rise by 1 percent. Despite the arrival of the main 2007 crop on the market, prices have continued to strengthen in recent months. This has deter farmers to sell to the government pledging programme at official prices over the first round of intervention, running from 1 November to 29 February. This is in spite of an increase in paddy procurement prices, which passed from baht 6 500 per tonne in 2006 to baht 6 600 (US$ 298) per tonne in 2007 for ordinary paddy and from baht 8 700 - 9 000 per tonne in 2006 to baht 9 000 – 9 300 (US$ 307) per tonne in 2007 for fragrant paddy rice. Despite the rises, intervention prices were lower than prevailing market prices, which is likely to preclude official purchases to reach the government target of 1 million to 2 million tonnes.

Despite a number of setbacks, including the flooding of the central provinces in October and November, **Viet Nam** is now set to reap 35.867 million tonnes of paddy in 2007, slightly more than the 35.826 million tonnes harvested in 2006. The stagnation of production despite farmer's good returns reflected measures taken to keep pest and disease outbreaks under control, which limited the planting of a third crop in various parts of the country. In September, paddy producer prices were reported at Dong 4 050 per kilo in the Mekong Delta, which compares with a production cost average of dong 1 600 – 1 800 per kilo (US$ 101 – 114 per tonne),

B. Africa

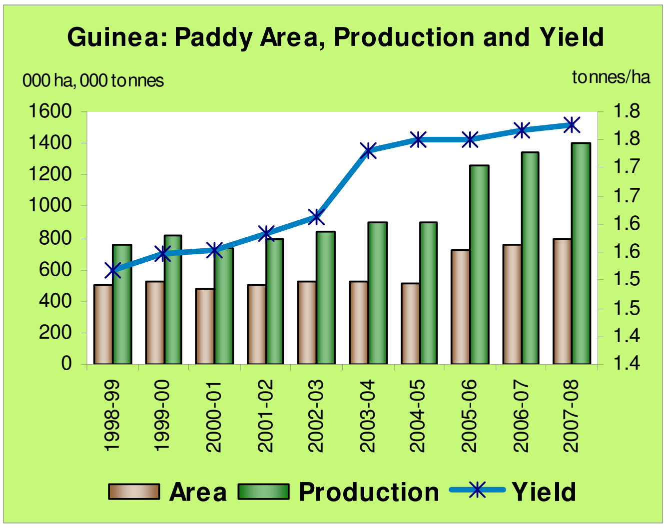
Prospects for the 2007 paddy crops in Africa worsen



Prospects in **Africa** have deteriorated somewhat since September. Production in the region is now estimated at 21.6 million tonnes, about 500 000 tonnes less than forecast in the last RMM and a slight decline from 2006. The 2007 paddy seasons in the region, which depend to a large extent on the weather pattern, were generally characterized by above-normal precipitation, but rain distribution over time and space was anomalous and not as favourable to crops as former anticipated. In a number of countries, rainfall ended early, jeopardizing the development of the cereal at a critical time. In numerous cases, poor harvests were gathered in the traditional producing zones, while surpluses were recorded in generally deficit regions. Where irrigation is available, the shortfall might be compensated by stepping up cultivation of a secondary crop over the dry season. Surging prices are encouraging governments to support an expansion of production and several of them already announced short term measures to revitalize the sector, in particular through the granting of fertilizer subsidies. Simultaneously, concern over the impact of rising rice prices on consumers led some countries to temporarily waive the payment of duties on rice imports.

In ***northern Africa***, **Egypt** completed the harvest of the 2007 crop. Official estimates in November continue to point to a 3.3 percent contraction in production to 6.53 million tonnes, mainly a reflection of lower yields.

In ***western Africa***, countries have gathered their main 2007 crops, with some also preparing to plant a secondary, dry season, crop. While current expectations point to variable results across the sub-region, overall production is anticipated to reach 9.1 million tonnes in 2007, 400 000 tonnes less than previously forecast and down 200 000 tonnes, or 2.1 percent, from 2006. **Nigeria** is anticipated to be responsible for most of the outlook revision and of the year-to-year decline in the region. The country's production forecast has been trimmed substantially following the release of a crop assessment mission report in October, which pointed to an early arrival of the rains, in April instead of June, little to no precipitation in July, abundant rainfall in August, which ended abruptly in mid-September. The erratic rainfall pattern hindered the development of rice crops, especially in the rainfed areas, with sizeable losses to birds and pests also reported. As a result, production in the country is now anticipated by FAO at 3.85 million tonnes, which compares with 4.0 million tonnes in 2006 and an earlier 2007 forecast of 4.4 million tonnes. Production in **Mali** is also set to decline by 6 percent to 955 thousand tonnes, reflecting an anomalous rainfall pattern, with some of the traditionally driest regions receiving heavy downpours, which caused flooding. The rainfall pattern was not propitious either in **Guinea Bissau** or in **Niger**, where government forecasts point respectively a 16 percent and 10 percent contraction. On the other hand, official prospects are positive in **Benin, Burkina Faso** and **Guinea**, where paddy crops are expected to be higher. **Guinea**, in particular, is set to harvest 1.4 million tonnes, 5 percent higher than in 2006 and the highest in history. The country, which has invested heavily in the diffusion of Nerica varieties, has made major inroads in raising rice production since 2005, owing both to large productivity gains and area expansion. Official crop prospects in **Mauritania** point to a partial recovery to 54 000 tonnes, after the dismal 2006 season, when paddy crops were impaired by an erratic rainfall pattern. Indeed, cultivation is reported to have been hindered this season by shortages of basic inputs. Between 2002 and 2005, the country harvested some 80 000 tonnes per year, substantially more than last year and well above current expectations for 2007. Although flooding in **Senegal** caused losses in the rainfed producing regions, increased applications of fertilizers, following the introduction of a 50 percent price subsidy, contributed to raising yields from 2.2 to 2.7 tonnes per ha over the main crop, more than compensating for a contraction in the area harvested. Furthermore, the government has offered incentives to farmers to increase the cultivation of a second rice crop under irrigation in the coming months, which is expected to boost the second crop output from 18 000 tonnes to 73 000 tonnes. Overall, Senegal's production in 2007 is officially forecast to reach 288 000 tonnes, substantially above the 209 000 tonnes harvested last year.



In ***Eastern Africa***, paddy production is expected to rise slightly above the excellent 2006 outcome, to 1.65 million tonnes. Production in **Tanzania** is set to reach 1.24 million tonnes, up slightly from last year, with some gains also expected in **Uganda**. However, some contractions are expected in **Kenya** where, contrary to the rest of the region, have witnessed below normal precipitation for the second consecutive year. Excessive and erratic rainfall over the season also hampered crops **in Rwanda**. In ***Southern Africa***, where planting of the 2008 main crops is underway, **Madagascar's** 2007 official production estimate was raised slightly compared with that reported in the last RMM issue to 3.596 million tonnes, or 3 percent more than in 2006. notwithstanding the losses caused by the passing, at the beginning of 2007, of typhoons Clovis, Gamede and Indlala, which were reported to have caused 6 percent losses. Much of the year-to-year increase was the result of improved yields in the rainfed producing areas. The government has called this year for a new "green revolution", especially targeting rice, maize and sorghum, which would aim at doubling paddy output by 2009, mainly by enhancing yields. Already, the government has announced its intention to boost production next season by 10 percent and has announced it would subsidize some 2500 tonnes of rice seeds and 30 000 tonnes of fertilizers to that end. Other measures include the rehabilitation of agricultural infrastructure and the improvement of market information systems. Official estimates in **Mozambique** point to a 7 percent production increase to 196 000 tonnes in 2007, as crops benefited from abundant precipitation early in 2007. However, planting of the 2008 paddy crops, which is now underway, may be impaired by heavy rainfall in December, which is feared to cause even more severe flooding problems than in 2007.

C. CENTRAL AMERICA AND THE CARIBBEAN

Excessive rains and flooding in October and December further depress paddy production in 2007

The development of rice crops in Central America and the Caribbean is heavily influenced by the pattern of the rainfall in the second half of the year, which coincides with the period of tropical cyclone activity in the Atlantic basin, which conventionally runs from 1 June to 30 November. In 2007, the number and intensity of cyclones appears to have been normal[1], contradicting earlier predictions of a particular intense activity. The first storm ("Andrea") developed early, in May 2007, and the last ("Olga") late, in December 2007. Overall, 17 depressions formed, 15 of which were classified as tropical storms. Of these, four developed into hurricanes and two ("Dean" in mid-August and "Felix" in early September) into "major hurricanes".

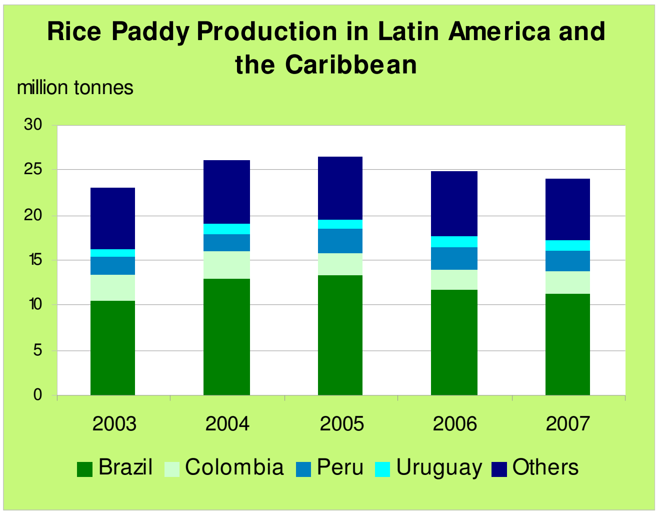
Nonetheless, the formation of hurricanes was reported to have caused losses to rice crops in the sub-region, further aggravated in October by hurricane "Noel", and in December, by tropical storm "Olga", both of which brought torrential rains to **Cuba, Haiti** and **the Dominican Republic**. As a result, the production outlook in the sub-region has deteriorated further since September and now stands at 2.32 million tonnes, about 100 0000 tonnes less than previously forecast and 7 percent down from the 2.49 million tonnes gathered in 2006.

In **Costa Rica**, the production forecast has been downgraded somewhat since September, to take account of the losses caused by heavy rainfall and winds in the southern part of the country since October. Production is now set to reach 227 000 tonnes, somewhat less than previously anticipated but still 8.6 percent more than in 2006. The price of medium quality rice (containing 20 percent broken), the only agricultural commodity still subject to government price controls, were raised in September to compensate for rising costs. Prices were increased by about 7 percent, which brought paddy prices (13% humidity, 1.5% impurities) from Colon 13 514 to Colon 14 827 per bag of 73.6 kg (US$ 412.3 per tonne). Floods caused damage in **Mexico** as well, especially in the south-eastern states of Chiapas and Tabasco, which prompted the government to launch emergency relief measures. As a result, the production forecast for 2007 has been downgraded since September from 350 000 tonnes to 293 000 tonnes, which is 13 percent less than in 2006. Likewise, production forecasts for virtually all the other countries in the sub-region point to a retrenchment this season, largely a reflection of the heavy downpours. The contraction compared with 2006 is expected to particularly marked in **Cuba** (-3.3 percent), the **Dominican Republic** (-7.7 percent), **Guatemala** (-11.8 percent), **Haiti** (-6.1 percent), **Honduras** (-7.5 percent), **Nicaragua** (-16.7 percent) and **Panama** (-3.2 percent).

[1] NOOA defines a normal cyclone season as having nine to twelve named storms, of which five to seven developing into hurricanes, and one to three into major hurricanes

D. SOUTH AMERICA

The 2007 season ends with the lowest production level since 2003 but prospects for 2008 production are positive



In ***South America***, only a few countries still have some rice to harvest from the 2007, while most are busy sowing their 2008 main crops. Since September, there were very minor changes in the 2007 production estimates in the sub-region, which, as a whole, remain at 21.7 million tonnes, almost 800 000 tonnes, or 3.5 percent, less than in 2006 and the lowest since 2003. The year-to-year contraction reflected the adverse weather conditions that prevailed at the beginning of the season, which depressed plantings and yields in all the major producing countries with the exception of **Colombia, Guyana, Peru** and **Venezuela**. All the others experienced a contraction, in particular **Argentina** (-9.9 percent), **Bolivia** (-27.1 percent), **Brazil** (-3.5 percent), **Chile** (-12.6 percent), **Ecuador** (-4.8 percent) and **Uruguay** (-11.4 percent).

Reflecting a contraction in the area and yield, paddy production in **Argentina** fell to 1.075 million tonnes, almost 10 percent less than in 2006. Meanwhile, planting of the new 2008 crop in the country is already well advanced as, by mid-December, 168 300 hectares had been sown out of the 181 100 ha producers declared to be willing to cultivate over the 2008 season. This would represent a 7.7 percent area increase compared with 2007, which may well boost production to more than 1.2 million tonnes next season.

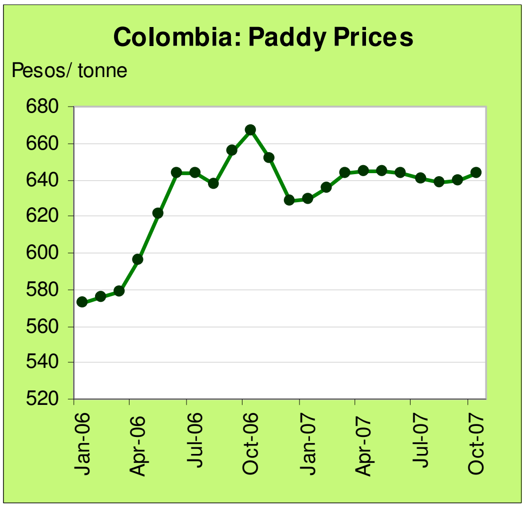
Planting of the new 2008 rice crop **in Bolivia** is also well advanced. The country, which was hard hit by adverse weather conditions in 2007, faces severe production shortfalls which induced the government to announce a number of measures to keep prices under control. In particular, to boost production of wheat, maize, rice and soybean next season, about US$ 42 million have been earmarked to finance the provision of subsidized inputs.

Constrained by insufficient precipitation at the beginning of the season and relatively low prices, production in **Brazil** dropped for the second consecutive year in 2007 to 11.32 million tonnes. As the country already completed the sowing of the 2008 crops, the area planted to rice for the 2008 season is set to recover slightly, still remaining below 3 million hectares. The increase is likely to concentrate in the Southern region, which last season had been constrained by insufficient rainfall, compensating for a fall in the centre west and south eastern regions where producers growing rice under rainfed conditions were reported to be shifting to more remunerative crops. However, based on expectations of further gains in productivity, production next season is forecast by CONAB to rise by almost 6 percent to close to 12 million tonnes.

Brazil Paddy Production by Region in 2007 and 2008 (for Brazil: 2006/07 and 2007/08 paddy seasons)									
	Area (000 ha)			yields (kg/ha)			Production (000 tonnes)		
	2007	2008	Var %	2007	2008	Var %	2007	2008	Var %
Total	**2 967.4**	**2 990.7**	0.8	**3 813**	**3 998**	4.8	**11 315.9**	**11 957.3**	5.7
North	495.9	496.2	0.1	2 250	2 306	2.5	1 116.0	1 144.5	2.6
Northeast	746.3	752.3	0.8	1 403	1 595	13.6	1 047.3	1 199.8	14.6
Centre-West	442.6	377.5	-14.7	2 667	2 744	2.9	1 180.4	1 035.7	-12.3
South East	115.0	109.9	-4.4	2 387	2 370	-0.7	274.5	260.5	-5.1
South	1 167.6	1 254.8	7.5	6 593	6 628	0.5	7 697.7	8 316.8	8.0
Source: CONAB – Third Planting Intentions Survey December 2007									

Adverse weather conditions in **Chile** in late 2006 and early 2007 brought a 13 percent decline in production in 2007, a situation unlikely to reverse in 2008. According to the Government, a lack of precipitation has resulted in a 20 percent water deficit in the "Digua" reservoir, which has led to water rationing, likely to result in smaller plantings. In addition, rising production costs have markedly lowered the sector profitability, an additional factor bound to weight negatively on the sector performance in 2008.

Contrary to many countries in the region, **Colombia** harvested a 3 percent larger crop over 2007, largely reflecting improvements in yields brought about favourable weather conditions and the introduction of improved varieties. Producer prices in the country have been relatively high and stable over 2007, although costs of fertilizers are reported to have risen three fold in the past three years.



The 2007 paddy season concluded positively in **Guyana**, where production is estimated to rise by almost 5 percent to 494 000 tonnes. Despite rising input costs, relatively high paddy prices have made rice cultivation an attractive activity. As a result, farmers are reported to put under rice cultivation land that had been abandoned or switched to other crops, a move likely to support further growth in 2008.

The latest estimates of production in **Peru** in 2007 (January-December) are pointing to a 2 percent increase to 2.4 million tonnes, overturning former prospects of a decline. The reversal reflects higher yields that more than offset a decline in the area, as the sector benefited from favourable growing conditions and rising prices. Concern over water availabilities led the government to propose the substitution of other crops for rice in the Northern Coast. In addition, it is promoting the use of financial instruments such as warrants to stabilize rice prices, especially over the bulk of the harvest period, between July and September. Government is also planning to launch a project to improve rice quality through the installation of drying systems and silos in San Martin, Jaén and the Amazones.

Insufficient water availability constrained rice production in **Uruguay** over the 2007 season, which yielded 1.1 million tonnes, 11 percent less than in 2006. Prospects for the 2008 crop, which has just been planted, are positive, with production expected to rise to 1.2 million to 1.3 million tonnes. The expected rise reflects improved water supplies and positive price prospects. The price of dry and clean paddy produced over the 2007 season was definitely established in December 2007 by millers and producers at US$ 8.67 per 50 kilo (US$ 173.4 per tonne), up from US$ 8.29 per 50 kilo (US$ 165.8 per tonne) in 2006.

E. REST OF THE WORLD

More buoyant prospects for 2007 production in the United States and the EU

In ***Oceania***, **Australia**, after harvesting a dismal 2007 crop of 167 000 tonnes, is heading towards an even smaller production in 2008, as drought conditions have further constrained water availability, permitting only 2000 hectares to be planted for the 2008 season, the smallest on record. As a result, the Australian Bureau of Agricultural and Resource Economics (ABARE) has forecast production to reach 15 000 tonnes, a level that might well understate yields, which usually exceed 10 tonnes per ha when the area planted is very small. Although above average precipitation in October and November permitted an expansion of the area planted to sorghum, the rainfall came too late to foster an increase in the area under rice.

In ***North America***, the **United States** released on 11 January 2008 a new 2007 production forecast of 8.956 million tonnes, which is 255 000 tonnes above the figure reported in the September issue of the FAO RMM. The new estimate reflects the upgrading of area and yields, the latest reaching a record level of 8.1 tonnes per ha. At the latest released level, production would have increased by 1.9 percent over 2006. All of the increase reflects a larger short/medium grain rice crop, which more than compensated for a 3 percent decline in long grain rice output. To avert the contamination of the crop with unapproved genetically modified rice varieties, the USDA banned in March 2007 the use of Clearfield CL131 seeds, a measure that has been extended to 2008. Farmers also adhered to a voluntary testing programme to ensure the absence of Liberty Link traits in rice supplies. As a result, the USA Rice Federation declared in December 2007 that US rice supplies were now nearly free of genetically modified traits.

Under the WTO dispute settlements rules, Brazil requested on 11 July 2007 to hold consultations with the United State regarding the possible infringement by the United States of its WTO aggregate measure of support limits in 2000, 2001, 2002, 2004 and 2005. In the same case, Brazil also challenged that the United States' export credit programme acted as an illegal export subsidy. Following Brazil's request, a number of countries asked to join it in the consultations, in chronological order, Canada, Guatemala, Costa Rica, Mexico, the European Union, Argentina, Australia, India, Nicaragua and Thailand. Despite the launching of the consultation process on 22 August 2007, the consultation sixty day limit expired without an agreement on 11 September 2007[2], and, on 19 November 2007, Brazil officially requested the WTO to establish a panel to examine the case.

[2] WT/DS334/R

In ***Europe***, the **European Union** (EU) launched the 2007/08 rice marketing year on 1 September 2007. By the end of December 2007, some of the producing member countries, namely France, Portugal and Spain had already given some estimates of paddy output in 2007, but Italy, the chief EU producer, had only gauged the area planted. Still provisional then, aggregate paddy production in the EU is assessed at 2.646 million tonnes, slightly above the previous forecast and barely 38 000 tonnes more than in 2006. Based on current estimates, production rose slightly in Italy and in Portugal while it fell in France, Greece and Spain, largely reflecting insufficient water availability.

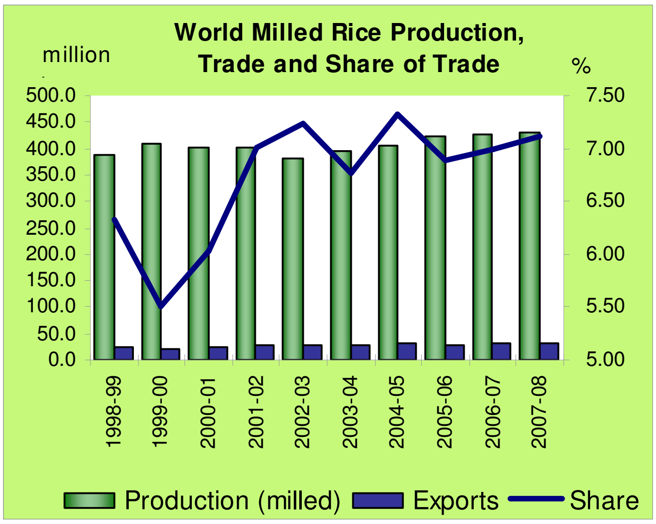
The estimate of production in the **Russian Federation** has been raised slightly to 710 000 tonnes for 2007, 3 percent more than in 2006, following confirmation that a bigger crop was harvested in Krasnodar, the principal producing region. Over 2007, the sector has been shielded from competition from major exporting countries, including India, Pakistan, Thailand and Viet Nam, through high tariff and non-tariff protection. Indeed, in December 2006, the Government imposed a phytosanitary ban on rice imports from all origins and, in February 2007, raised the seasonal import tariff from € 70 to € 120 per tonne.

II. INTERNATIONAL TRADE IN RICE

A. Trade in 2007

A small downward revision puts the forecast for global rice trade in 2007 at 29.9 million tonnes, or 2.4 percent more than in 2006

FAO's estimate of world rice trade in 2007 has been revised downwards by around 175 000 tonnes since last September to 29.9 million tonnes, in milled rice equivalent. This would represent a 2.4 percent increase from the 29.2 million tonnes traded in 2006. As a result, the share of milled production traded internationally is now estimated in the order of 7.1 percent, well above the share traded in the 1980s. Although growing, the proportion of production exchanged on world markets remains lower than for the other major cereals, in particular wheat and maize, the trade of which accounted respectively for 17.9 percent and 11.4 percent of production in 2007.



Compared with September 2007, import figures were lowered in the case of **China** (-100 000 tonnes), **Iraq** (-500 000 tonnes), **Malaysia** (-50 000 tonnes), **Nepal** (-50 000 tonnes), **Cote d'Ivoire** (-100 000 tonnes), **Cuba** (-50 000 tonnes) and **Brazil** (-50 000 tonnes), while they were raised for **Bangladesh** (+500 000 tonnes), **Sri Lanka** (+60 000) and the **European Union** (+50 000 tonnes). On the export side, the

2007 delivery estimates were reduced for **China mainland** (-50 000 tonnes), **India** (-550 000 tonnes), **Pakistan** (-350 000 tonnes), **the United States** (-200 000 tonnes), which compensated for a much larger export estimate for **Thailand** (+805 000 tonnes), but also for **Viet Nam** (+30 000 tonnes), **Egypt** (+100 000 tonnes) and **Brazil** (+50 000 tonnes).

As for exports, estimates in 2007 have been lowered for all the major exporting countries except Thailand. The cuts concerned **China** (-70 000 tonnes), **India** (-550 000 tonnes), **Pakistan (-350 000 tonnes)** and **the United States** (-200 000 tonnes), all of which were offset by upward revisions of exports from **Thailand** (+805 000 tonnes), Viet Nam (+30 000 tonnes), **Egypt** (+100 000 tonnes) and **Brazil** (+50 000 tonnes).

Rice imports in 2007

Increased imports by countries in Asia drive world rice trade up in 2007

Following the production setbacks experienced over the year in ***Asia***, the region is estimated to account for much of the increase in world rice imports in 2007. South American countries also imported more, but deliveries to African countries dropped for the second consecutive year. In Asia, imports are estimated to rise to 13.9 million tonnes, up almost 7 percent from 2006, with much of the growth concentrated in two countries, namely Bangladesh and Indonesia. **Bangladesh** is now estimated to have imported 1.3 million tonnes in 2007, compared with less than 500 000 tonnes in 2006. The increase was needed because of the severe losses caused by inundations and facilitated by the temporary lifting of import duties since March, amid surging domestic prices. High prices also fostered much larger purchases by **Indonesia** in 2007, now estimated at 1.5 million tonnes, or 800 000 tonnes more than last year. Deliveries to the **Democratic Republic of Korea** are estimated to reach some 400 000 tonnes, almost twice the level received in 2006, reflecting the resumption of food aid deliveries from the Republic of Korea. **The Philippines** and **Sri Lanka** also had to step up purchases to dampen the rising pressure on domestic prices. In the case of Sri Lanka, the government waived in October the payment of import duties till the end of the year, to permit some 75 000 tonnes to be imported free of duty from India, a move necessary to thwart food inflation. By contrast, **China mainland** is set to have imported about 500 000 tonnes, down from 719 000 tonnes in 2006, a drop largely imputable to the rise in world quotations. Deliveries to the **Islamic Republic of Iran, Iraq** and **Malaysia** are also estimated to have fallen. In the case of **Iraq,** the decline stems from sharply reduced deliveries from Thailand and the United States, attributed not only to the relatively high prices of rice from those origins but also to the complexity of the procurement procedures and to the formation of bottlenecks in the delivery ports.

Overall imports by countries in ***Latin America and the Caribbean*** in 2007 are estimated to have risen from 3.2 million in 2006 to 3.5 million tonnes in 2007, to compensate for poor 2007 paddy crops. The bulk of the rise originated in countries in the southern part of the region, in particular **Brazil**, which is gauged to have bought 750 000 tonnes in 2007 compared with 642 000 tonnes in 2006, and **Colombia**, which is set to have taken some 300 000 tonnes, 50 percent more than in 2006 and a record level. Increased imports are also estimated to have been made by **Chile**, **Cuba, Honduras, Panama** and **Peru**.

In 2007, ***African countries*** are estimated to have cut rice purchases for the second consecutive year, partly in reaction to the surge in export quotations and freights. The cuts were widespread across countries, but affected in particular **Cameroon, Cote d'Ivoire, Ghana, Guinea, Kenya, Mali, Nigeria, Somalia** and **Tanzania. Despite the decline, Nigeria** remains one of the largest world notwithstanding the high tariff protection of over 100 percent. Indeed, part of rice shipments enter the country illegally through Benin, where rice imports only attract an overall 35 percent duty. Standing among the few exceptions**, Senegal** is estimated to have stepped up imports from 797 000 tonnes in 2006 to 940 000 tonnes in 2007, partly reflecting the elimination of duty on rice imports over the second part of the year, a move intended to limit the impact of higher international rice prices and freights on consumers. **Egypt** also resorted to imports to dampen the domestic tendency for prices to rise domestically.

In ***Europe***, strong domestic demand and stagnant production in the **EU** prompted a 12 percent increase of imports to 1.12 million tonnes, one quarter of which concerned the more expensive basmati rice, which enters member states free of duty, in husked form.

European Union: Basmati Rice Imports by State (tonnes)

From 1 September to 31 August	From India			From Pakistan			Total		
	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
Total EU	**203,896**	**217,630**	**284,930**	**66,933**	**53,100**	**38,567**	**270,829**	**270,730**	**323,496**
Belgium	20,326	18,597	19,338	2,306	0	0	22,632	18,597	19,338
Germany	16,589	18,104	23,253	3,028	843	1,249	19,617	18,946	24,502
Greece	576	856	1,079	120	1,600	96	696	2,456	1,175
Spain	3,709	6,066	10,724	92	50	3,611	3,801	6,116	14,335
France	25,849	14,818	28,392	6,693	0	2,411	32,542	14,818	30,803
Italy	19,789	27,167	26,326	10,840	5,884	5,987	30,628	33,051	32,313
Netherlands	8,993	28,059	34,218	22,915	11,988	2,751	31,907	40,047	36,969
Austria	16	19	28	0	0	0	16	19	28
Poland	0	0	0	25	0	0	25	0	0
Portugal	249	336	2,208	550	0	0	799	336	2,208
Sweden	3,657	1,155	1,365	2,174	2,603	2,298	5,830	3,757	3,663
United Kingdom	104,145	102,454	137,998	18,190	30,134	20,117	122,335	132,587	158,116

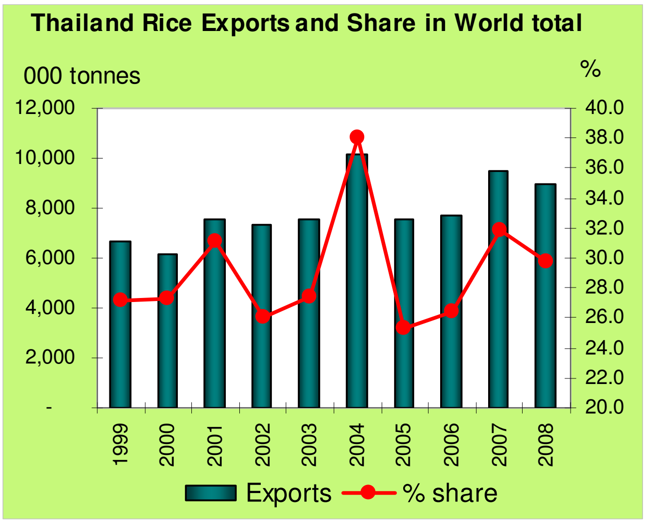
Source: EU Commission, based on issued import certificates communicated by member states

By contrast, the application of higher seasonal import duties and the tightening of sanitary and phytosanitary controls on rice from all the major origins depressed deliveries to the **Russian Federation** from 343 000 tonnes in 2006 to an estimated 220 000 tonnes in 2007.

In the ***other regions***, the **United States** reported to have purchased some 675 000 tonnes in 2007 6.6 percent more than 2007 and the largest level on record. By contrast, official figures from ABARE point to a surprising drop of imports by **Australia** to 97 000 tonnes

Rice exports in 2007

Thailand reinforces its leadership among exporters



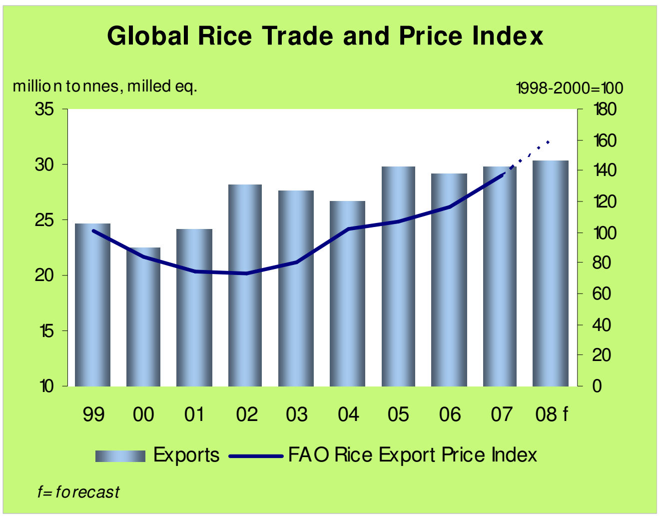
Among the major suppliers of rice to international markets, **Thailand** was the only one holding ample supplies, owing to running of the government pledging programme in recent years, which boosted the size of public rice inventories. The abundance of rice reserves allowed the country to step up sales to 9.5 million tonnes, a strong 23 percent increase from last year and the second largest performance on record, which helped fill the gap left by the other key exporting countries amid widespread supply scarcity. As a result, the country increased its share of the market from 26 percent in 2006 to 32 percent in 2007.

A few other countries were able to increase their rice shipments in 2007 and seize the opportunities offered by rising international prices, including Cambodia, China, the Republic of Korea and Egypt. More particularly, **Cambodia** is estimated to have shipped 1.1 million tonnes over the year, compared with 300 000 tonnes in 2006. **China**, which remains overall a net rice exporting country, is reckoned to have sold 1.3 million tonnes up 7.5 percent from 2006. Even **Egypt** is reported to have sold 1.3 million tonnes in 2007, 36 percent more than in 2006 and an all time record, notwithstanding the imposition of an export tax since September. The resumption of relations between the **Democratic Republic of Korea** and the Republic of Korea, also resulted in a recovery of shipments from the latter, to an estimated 150 000 tonnes, a jump of 66 percent from 2006. Exports of rice from **Guyana** rebounded by 4 percent to 213 000 tonnes in 2007. Guyana's rice exports are mostly destined to member countries of the Caricom and to the European Union. In order to ensure continued access to the EU at preferential access conditions, Guyana, together with the other members of the Cariforum regional grouping (i.e. Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago) signed on 16 December a comprehensive Economic Partnership Agreement (EPA), which replaced the Cotonou Agreement due to expire by 31 December 2007. Under the EU-Cariforum EPA, Cariforum countries are to liberalize up to 85 percent of imports from the EU over 15 years. In exchange, Cariforum countries would gain immediately full free market access to the EU with transition periods for sugar and rice. According to the agreement, exports of milled rice from Cariforum, principally from Guyana and Suriname, will enter the European Union (EU) under a free-of-duty Cariforum-EU EPA quota of 187,000 tonnes in 2008 and 250,000 tonnes in 2009, before they become duty-free and quota-free in 2010. These replaced previous arrangements under which imports from ACP entered the EU under a 125 000 tonnes quota of husked rice and a 20 000 tonnes quota of broken rice. Imports under the two quotas were eligible to a 65 percent reduction in the applied tariff, further diminished by a €4.35 per tonne in the case of husked rice and minus €3.62 per tonne in the case of broken rice.

Rice exports from all the other major exporting countries contracted, often constrained by the imposition of restrictions from their governments, as these moved to avert domestic supply shortages and food inflation. As for **India**, concerns over the ability to procure rice at reasonable prices to rebuild public rice inventories led the country to introduce a US$ 425 per tonne minimum export price in October, which was later raised in December to US$ 500 per tonne. This means only basmati or very high quality, non-basmati, rice would be eligible for export. Overall, India's exports are estimated to have fallen by 11 percent to 3.95 million tonnes. An even strongest decline was witnessed in **Pakistan,** which is estimated to have shipped 2.65 million tonnes, 23 percent less than in 2006, reflecting the poor crop it harvested in 2006 and rising domestic prices. Consistent with the 4.4 million tonne export ceiling it had established, **Viet Nam** suspended the issuance of new private rice sale contracts in July, although shipments continued until early November, when the export ceiling was reached. As a result, exports from in 2007 are gauged at 4.5 million tonnes, down almost 5 percent from 2006. Following a recent downward revision, exports by the **United States**, the other major rice exporting country, are officially reported to have fallen by 6.3 percent to 3.1 million tonnes. In Latin America and the Caribbean, all the other major rice exporting countries are estimated to cut sales abroad, including **Argentina, Brazil** and **Uruguay,** a reflection of the poor 2007 crops.

B. Trade in 2008

Outlook of trade in rice in 2008 deteriorates somewhat following the imposition of further restrictions on exports



Since the release of the September issue of the Rice Market Monitor, FAO's forecast of rice trade in 2008 has been lowered by 300 000 tonnes to 30.3 million tonnes, which would be 1 percent larger volume than in 2007.

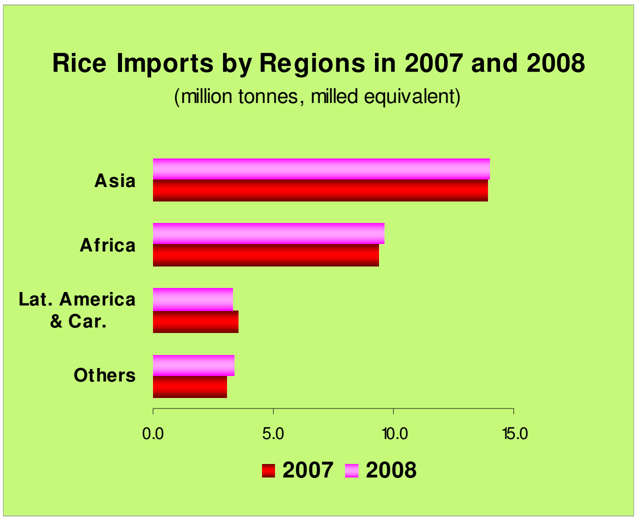
Much of the trade revision stemmed from the announcement, in the last quarter of 2007, of new restrictions on shipments by some major exporting countries, which are likely to be maintained for several months in 2008. More specifically, FAO lowered the 2008 export forecasts for China (-100 000 tonnes), India (-1.0 million tonnes) and Egypt (-150 000 tonnes). They were partly compensated by improved export prospects for Cambodia (+100 000 tonnes), Japan (+100 000 tonnes), Myanmar (+150 000 tonnes), Viet Nam (+200 000 tonnes), the United States (+400 000 tonnes) and Brazil (+50 tonnes).

A number of downward adjustments have been also effected on the September import forecasts, the most important of which corresponded to China (-200 000 tonnes), Indonesia (-100 000 tonnes), Iraq (-240 000 tonnes), the Philippines (-300 000 tonnes) and Brazil (-100 0000 tonnes). On the other hand, prospected imports were raised for Bangladesh (+600 000 tonnes), Sri Lanka (+30 000 tonnes), Nigeria (+260 000 tonnes), Senegal (+65 000 tonnes) and the EU (+50 000 tonnes).

Imports in 2008

Following new prospects, imports by Asian countries set to change little in 2008, while they are expected to rebound in Africa

Based on the latest forecasts, ***Asian countries*** as a group are expected to keep imports in the order of 14 million tonnes, marginally higher than in 2007, but down from the earlier forecast of 14.5 million tonnes. Within the region, **Bangladesh** is anticipated this year to be a major rice destination, with imports forecast to rise to 1.5 million tonnes, up from 1.3 million tonnes in 2007 and 600 000 tonnes more than last anticipated. Because of the setbacks experienced over the 2007 paddy season, the government recognized in December it would have to rely heavily on external supplies in the next few months to compensate for the production shortfall and other flood-incurred losses. Several countries responded to Bangladesh's request for assistance by providing rice food aid. India reportedly supplied 70 000 tonnes as emergency aid in 2007 and agreed to waive the minimum price requisite on 500 000 tonnes to be sold to its neighbour over the first few months in 2008. Other countries, such as China and Pakistan, responded to the call for aid by providing rice while other donors, including humanitarian organizations, provided some assistance in cash.



China mainland is expected to step up its rice purchases next year, especially if domestic prices keep on the rise. Imports are now forecast at 550 000 tonnes, up 10 percent from last year but substantially less than the previous forecast.

In **Indonesia**, imports are anticipated to fall from 1.5 million tonnes in 2007 to 1 million tonnes this year, a reflection of the improved supplies arising from the good 2007 rice season. Although the Government was reported to be considering revoking Bulog's monopoly on rice imports to allow other public enterprises to import rice under certain criteria, it also seems to have widen the agency's power of action over when and what type of rice to import and through which ports (except Sabang and Batam). To reinforce farmers protection against imported rice, the Government announced in September that rice import duties would be raised from Rupiah 450 per kilo (US$ 48 per tonne) to Rupiah 550 per kg (US$ 59 per tonne) to be enforced once Bulog completes its import plan.

In the **Islamic Republic of Iran,** the gathering of a bumper paddy crop in 2007 is expected to foster a 5 percent drop in purchases to 900 000 tonnes in 2008. Import duties on rice are reported to be rather high at 90 percent and 150 percent for paddy and husked rice respectively, but much lower for milled/semi-milled rice and brokens, which attract only a 15 percent duty. However, imports of the commodity remain under the control of the Government Trading Corporation (GTC), which operates under the Ministry of Commerce. This situation may change in the near term following an agreement, announced in December 2007, between the Ministry of Commerce and the Chamber of Commerce, aimed at the large scale privatization of state-run enterprises, including GTC.

Following a substantial drop of rice purchases in 2007 and sharply depleted cereal stocks, imports by **Iraq** are forecast to rebound in 2008 to 1 million tonnes, up from 700 000 tonnes in 2007. Similarly, the resumption of food aid deliveries from the neighbouring Republic of Korea is expected to boost imports of rice by the **Democratic Republic of Korea** in 2008, which would badly needed to offset the 2007 production shortfall.

Rice imports by the **Republic of Korea** continue to be ruled by the WTO Minimum Market Access provisions. According to the special agreement negotiated by the government, the country ought to import 266 269 tonnes of rice (milled equivalent) under its 2007 minimum import quota, for delivery between January and June 2008, 8.3 percent more than in the previous year. On a calendar basis, the country is forecast to purchase 287 000 tonnes in 2008.

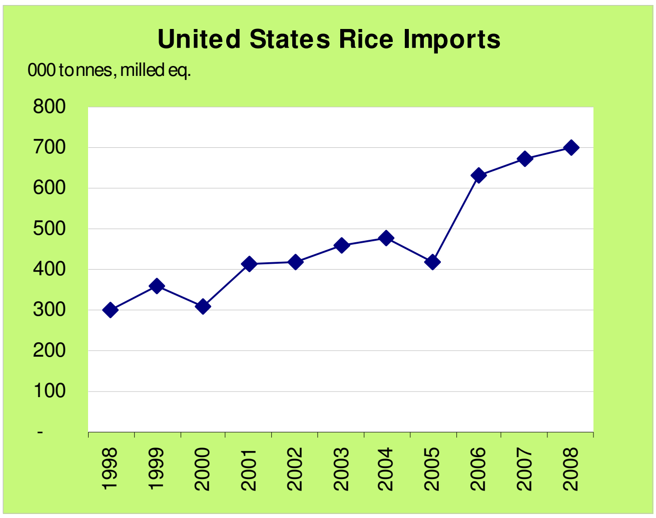
Despite a recovery, production growth in **Nepal** in 2007 has not kept pace with the increase in domestic consumption, so imports are forecast to rise again in 2008 to 200 000 tonnes, 50 000 tonnes less than previously expected. The revision reflects better than anticipated production but also difficulties in accessing supplies from India, the traditional source of supplies, following the imposition of a minimum export price in this country. Despite the revision, Nepal’s import forecast in 2008 is larger than the 150 000 tonnes estimated to have been brought into the country in 2007 and one of the highest level on record.

Given the better than anticipated 2007 production outcome, the **Philippines** import forecast in 2008 has been lowered by 300 000 tonnes to 1.6 million tonnes. This would represent a 14.4 percent cut from the relatively high volume bought in 2007. Despite considerable progress in boosting production, imports of rice since 2005 have remained within a range of 1.7 million – 1.9 million tonnes, which keeps the country among the largest rice importers.

Within the region, poor performances of the sector in 2007 are expected to boost **Turkey’s** rice imports in 2008 by more than a quarter to 270 000 tonnes and those by Uzbekistan by 17 percent. By contrast, deliveries to **Sri Lanka** are expected to fall back to 50 000 tonnes, from the 90 000 tonnes imported in 2007. Purchases last year had been facilitated by the suspension of import levies of Rupees 20 per kilo from 29 October 2007 to 31 December 2007, as the Government attempted to dampen upward pressure on domestic prices. The government is also reported to be trying to purchase rice from Pakistan under the free trade agreement

The latest forecasts for ***African countries*** point, overall, to a rebounding of imports to the region after two years of declines, in 2006 and 2007. Aggregate imports to African States are now foreseen to reach 9.6 million tonnes in 2008, up 3 percent from last year. **Cote d'Ivoire** and **Nigeria** are expected to be responsible for much of the increase, with shipments forecast to recover from 800 000 tonnes in 2007 to 900 000 tonnes in 2008 in Cote d'Ivoire and from 1.6 million tonnes in 2007 to 1.8 million tonnes this year in Nigeria. However, albeit less important in absolute terms, many other countries in the region are expected to import more compared with 2007, in particular**, Burkina Faso** (+7.4 percent to 290 000 tonnes), **Gambia** (+3 percent to 157 000 tonnes), **Ghana** (+7 percent to 535 000 tonnes), **Guinea-Bissau** (+9 percent to 98 000 tonnes), **Kenya** (+8 percent to 270 000 tonnes), **Mali** (+63 percent to 130 000 tonnes), **Mauritania** (+10 percent to 115 000 tonnes), **Niger** (+7 percent to 320 000 tonnes), **Somalia** (+15 percent to 115 000 tonnes), **South Africa** (+2 percent to 750 000 tonnes) and **Togo** (+9 percent to 82 000 tonnes). On the other hand, **Egypt** is anticipated to abstain from importing rice over 2008, after buying 100 000 tonnes in 2007, following the government decision to restrict, instead, exports as a way of keeping domestic prices from surging. Similarly, imports are expected to be smaller in 2008 in **Guinea** (-13 percent to 200 000 tonnes) and **Senegal** (-8 percent to 865 000 tonnes), both of which harvested bumper rice crops in 2007.

The forecast of imports by countries situated in ***Latin America and the Caribbean*** has changed marginally since September 2007, remaining, as a whole, in the order of 3.3 million tonnes. This would represent a 4.4 percent contraction compared with the 2007 estimate. The drop would reflect smaller purchases by countries in South America, in particular, **Brazil, Colombia and Peru**, largely on expectations of larger 2008 paddy crops. In the case of **Colombia**, the decline could be fostered by an announced tightening of border controls to prevent rice from flowing from neighbouring countries. Imports of rice to the country are subject to an 80 percent ad-valorem duty, unless they fall within the 75 000 tonne quota, which are charged 70 percent. Imports of rice from Mercosur countries, however, attract a 74.6 percent tariff. By contrast, the removal of tariffs until the end of March 2008 in **Bolivia**, a relatively small rice importer/exporter, may boost shipments to the country this year.



As usual, countries in Central America and the Caribbean would account for about two thirds of the region total, or 2.3 million tonnes. Compared with last year, imports to **Cuba** are set to contract by 4.6 percent to 620 000 tonnes, but increased shipments are anticipated to **Costa Rica, the Dominican Republic, Haiti, Mexico** and **Panama**.

In ***North America***, **Canada** is currently anticipated to import around 330 000 tonnes this year, about the same level as in previous years. As for the **United States**, the USDA forecasts a 3.7 percent increase of rice purchases to 700 000 tonnes, which would set an historical record. Since 1998, imports to the country have more than doubled.

In ***Oceania***, FAO expects **Australia** to buy 200 000 tonnes in 2008, more than twice the official level in 2007, given the current prospect of a very poor 2008 paddy crop.

In ***Europe***, the **EU** is forecast to purchase 1.3 million tonnes of rice in 2008, 16 percent more than in 2007, reflecting strong demand and high domestic prices. Based on the EU agreed procedures to establish the level of import duties, non-basmati husked rice would attract € 65 per tonne from 1 September 2007 to 28 February 2008, as imports import certificates issued over 2006/2007 amounted to 524 367 tonnes, surpassing the trigger level of 517 130 tonnes. As for milled and semi-milled rice, imports until end February will be subject to a duty of € 145 per tonne, as the volume imported in 2006/07, at 283 381 tonnes, did not exceed the trigger of 387 743 tonnes.

EU Rice Imports in 2006/07 and 2005/06 (1 September - 31 August)

	1 Sep 06-28 Feb 07	1 Mar 07-31 Aug 07	Total 2006/07	1 Sep 05-28 Feb 06	1 Mar 06-31 Aug 06	Total 2005/06
Total husked rice	**508,101**	**339,765**	**847,866**	**428,853**	**274,853**	**703,706**
- husked non-Basmati	352,785	171,582	524,367	288,199	141,876	430,075
- husked Basmati	155,316	168,183	323,499	140,654	132,977	273,631
Milled/semi milled rice	**140,520**	**142,861**	**283,381**	**123,929**	**122,040**	**245,969**

Source: EC DG-AGRI; based on information on delivered import certificates submitted by member States

However, a large share of EU overall imports enters at preferential conditions, including husked basmati rice from India and Pakistan and husked rice from other origins. In this connection, the EU recently approved new preferential quotas for rice from Egypt. The new quotas include (i) 57 600 tonnes of husked rice, subject to an import duty of € 11 per tonne; (ii) 19 600 tonnes of milled or semi-milled rice subject to a duty of € 33 per tonne; (iii) 5000 tonnes of brokens subject to a duty of €13 per tonne. These come on top of the two Egyptian rice quotas already existing, of 32 000 tonnes subject to a 25 percent duty reduction, and of 5 605 tonnes free of duty.

Because the preferential access granted by the EU under the Cotonou Agreement to "Africa, Caribbean, and Pacific" (ACP) States was deemed to be incompatible with WTO rules, it could not be extended beyond 31 December 2007. As a result, imports to the EU from those ACP members not classified as "Least Developed countries"[3] would have lost their eligibility to export to the EU at a preferential rates of duty. As a result, the EU launched negotiations with the different ACP country groupings Economic Partnership Agreements (EPAs), with the view to establishing reciprocal relations of free trade in goods and services. According to those agreements, ACP countries would gain immediate free access to the EU for all products, with some restriction for rice and sugar that would only be lifted by 2010, while EU states would gain free access to ACP markets after 10 to 25 year transition periods. The most important countries delivering rice to the EU under the ACP quotas are Guyana and Suriname, both of which belong to the Cariforum

[3] All least developed countries (LDCs) are already eligible to unlimited and free access to the EU under the Everything-but-Arms programme. Rice and sugar, however, were set as exceptions and only in 2010 will all restrictions on their imports from LDCs be removed.

regional grouping, one of the few having already signed a full EPA with the EU (see in 2007 trade section).

Shipments to the **Russian Federation** are expected to drop by 9 percent to 200 000 tonnes in 2008. The decline would reflect, to some extent, the imposition of higher tariffs over the most sensitive period, between 1 March and 31 May and between 1 October and 31 December, which was raised from € 70 to €120 per tonne late last year.

Exports in 2008

More restrictions on rice exports

Following the latest revisions, FAO expects world rice exports to rise by only 1 percent in 2008, to 30.3 million tonnes, some 300 000 tonnes less than forecast in the September 2007 issue of the RMM. The revision reflects a shortage of supplies internationally as 2008 begins, that is likely to slow trade movements at least in the first quarter of the year. Indeed, despite the arrival of the new crops, several of the traditional rice exporting countries are experiencing difficulty in meeting export demand while ensuring domestic prices do not rise excessively. As a result, new restrictions on trade have been announced, some of which are likely to slow the pace of rice deliveries over part of the 2008 calendar year.

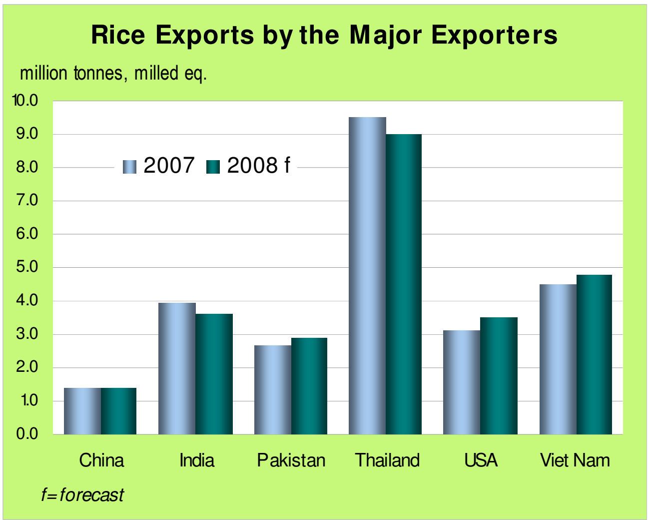
Although production in **Cambodia** is estimated to have fallen somewhat in 2007, a government official government announced the country has the capacity to sell up to 2 million tonnes of rice over the year. The country's export forecast in 2008, at 1.1 million tonnes, would be about the same as the revised estimate for 2007. Strong sales by farmers to neighbouring Thailand and Viet Nam are reported to have created scarcity on the market, pushing prices up by some 40 percent and inciting the government to spend US$ 10 million to subsidize consumer retail prices. So far, however, no official measure has been taken to forestall sales abroad. Trade from the country would continue to benefit from preferential access to Viet Nam, which recently extended the tax exemption on rice imports from Cambodia.

Domestic rice prices have also been on the rise in **China,** raising concerns over inflation and social unrest, prompting the authorities to implement a 5 percent tax on exports as of January 2008. As the result, the original 2008 export forecast of 1.5 million tonnes has been lowered to 1.4 million tonnes, which would still represent a 5.3 percent increase from the 2007 export estimate, largely on account of the increase in production foreseen in 2007.

Amidst difficulty to meet its rice procurement target to replenish its public stocks, the Government of **India** raised in December 2007 the minimum export price to US$ 500 per tonnes. Although the country announced it would waive the price restriction on emergency sales to Bangladesh and Sri Lanka, the measure is likely to hinder Indian's ordinary rice competitiveness. As there is still no sign that the restriction be lifted soon, FAO has lowered the country's export forecast in 2008 by 1.0 million tonnes to 3.6 million tonnes. At this level, exports would be 9 percent below the revised export estimate in 2007.

In an attempt to reverse a slump in exports experienced in the past four years, the Government of **Myanmar** announced in December 2007 that it would relax the requirement it had imposed over the past few years, which constrained traders to export only the rice they had produced themselves. The lifting of the condition is expected to boost sales from the country to 500 000 tonnes in 2008. If confirmed, this would be the largest level of exports from the country since 2002, when 920 000 tonnes were shipped.

Following the favourable 2007 crop prospect in **Pakistan**, deliveries from the country are expected to rebound to 2.9 million tonnes in 2008, up 9 percent from 2007. This would represent a small recovery from the poor export result of 2007 but would still fall short of the excellent performance of 2004 and 2005, when more than 3.4 million tonnes were sold abroad.



In 2008 **Thailand** is expected to ship 9.0 million tonnes, or 505 000 tonnes less than in 2007. Despite the likely contraction, Thailand would remain the main source of rice trade in 2008. The expected year-on-year decline reflects sharply reduced public stocks, the supply of which has been critical to enable the country respond to strong import demand over the past four years. FAO's 9 million tonne export forecast in 2008 surpasses the government target of 8.7 million tonnes.

Given the persistence of market tightness, exports from **Viet Nam** have not resumed their normal pace and are unlikely to do so until March 2008, when new supplies from the Spring/Winter crop will become available. Given improved supply prospects, the Ministry of Agriculture has set an export target of 4.8 million tonnes in 2008, 200 000 tonnes above the previous forecast and 6 percent more than in 2007.

The United States has revised upwards its official rice export forecast in 2008 by 400 000 tonnes to 3.5 million tonnes., which would represent a 13 percent increase from 2007. The more buoyant outlook reflects in part EU's relaxation, in December 2007, of the mandatory destination testing requirements imposed on US long grain rice shipments.

By contrast, tight market conditions in **Egypt** prompted the government first to impose taxes on exports and, later to threaten the imposition of a ban. Although the measure did not materialize, exports from the country are foreseen to decline from an estimated 1.3 million tonnes in 2007 to 850 000 tonnes this year.

Reflecting the gloomy crop prospects in 2008, sales from **Australia** are unlikely to exceed 20 000 tonnes this year, compared with 35 000 tonnes in 2007.

In South America, **Argentina, Brazil, Guyana** and **Uruguay** are expected to ship more rice this year, given the current positive production outlook. Exports from Argentina are now expected to reach 450 000 tonnes, 50 000 tonnes more than in 2007, while shipments from Uruguay may increase by 7 percent to 750 000 tonnes. The extension of preferential access to the EU market, together with a good crop prospects, could also enable Guyana to record a 15 percent increase in exports to 245 000 tonnes.

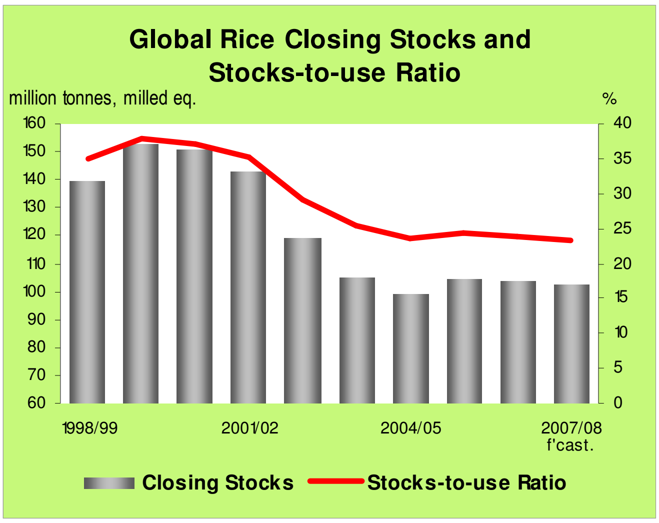
III. STOCKS

Following a number of revisions, 2007 global rice carryover stocks are anticipated to contract by about 1 million tonnes to 102 million tonnes

Since the September issue, the estimates of rice inventories have been subject to a number of revisions, which have lowered the 2007 forecast of global carryover stocks by 5 million tonnes to 102.4 million tonnes. The change reflects lower estimates of carryovers in **Bangladesh** (-500 000 tonnes), **Cambodia** (-500 000 tonnes), **China** (-2.6 million tonnes), **Iraq** (-200 000 tonnes), **the Republic of Korea** (-150 000 tonnes), **Myanmar** (-200 000 tonnes), **Pakistan** (-100 000 tonnes), **Thailand** (-1.6 million tonnes), **Nigeria** (-90 000 tonnes), **the United States** (-76 000 tonnes) and **Brazil** (-60 000 tonnes), which more than compensated for higher estimates in **India** (+500 000 tonnes), **Indonesia** (+100 000 tonnes), **Japan** (+250 000 tonnes), **Viet Nam** (+100 000 tonnes) and **Senegal** (+100 000 tonnes).

At 102.4 million tonnes, global rice stocks carried over at the close of the 2007 season would be 1.2 million tonnes smaller than their opening level, which has been also subject to important revisions. The expected decline suggests that production in 2007 is likely to fall short of utilization, which would require a drawdown of world reserves to bridge the gap.

The expected year-to-year contraction in world reserves is anticipated to affect mostly the major i mporting countries, which, as group, are foreseen to hold 14.9 million tonnes in reserves at the end the 2007 seasons, down from 17.3 million tonnes in 2006. The contraction would in particular affect **Bangladesh, the Republic of Korea, Malaysia, Saudi Arabia, the Philippines, Sri Lanka, the United Arab Emirates, Nigeria, Senegal, Cuba, Haiti, Brazil, Colombia** and **Peru.** Apart from the need to feed growing populations, the decline in reserves often stemmed from production shortfalls, as was the case of **Bangladesh, the Republic**



of **Korea** or **Malaysia**, but in others, i.e. **the United Arab Emirates** or **Nigeria**, it was caused by a drop in imports. On the other hand, large purchases in 2007 are expected to enable **Indonesia** to close the 2007 season with a 2.5 million tonnes reserve, up from 2 million tonnes in 2006.

As a group, the traditional exporting countries are foreseen to rebuild their inventories from 86.3 million tonnes in 2006 to 87.5 million tonnes in 2007. However, much of the increase is likely to concentrated in **China**, where reserves are seen to end at 58 million tonnes, 1.4 million tonnes larger than in 2006. The situation in the other traditional exporting countries is less buoyant, since **Australia, Cambodia, Thailand, the United States** and **Viet Nam** are all anticipated to end the season with lower inventories. In the case of **Thailand**, the country which, with its large public stocks, has made a major contribution to world market stability in recent years, inventories are forecast to fall by 400 000 tonnes, to 3.8 million tonnes.

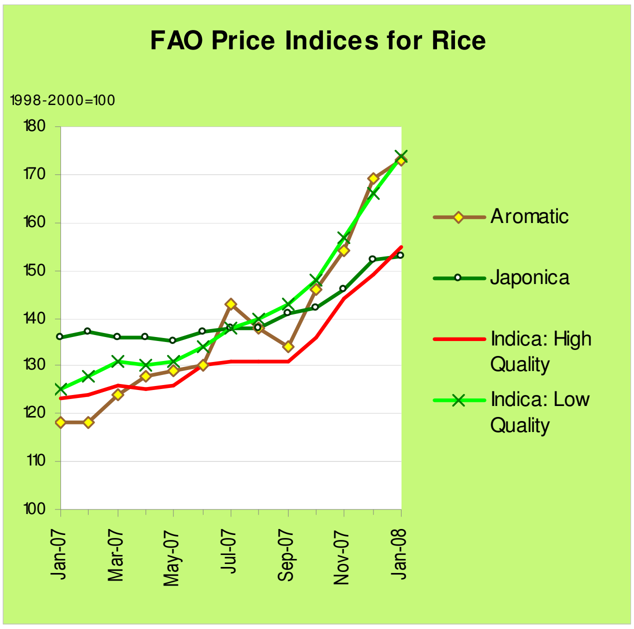
Following the revision in the 2006 and 2007 carry-over estimates, the rice stock-to-use ratio is now set to fall from 24.0 percent in 2006 to 23.4 percent in 2007. At this level, global stocks by the close of 2007 rice season would suffice to cover 2.8 months of projected rice consumption in 2008, estimated at 437 million tonnes.

In 2007, total rice utilization (including food, seed, feed, industrial use and waste) is estimated in the order of 432 million tonnes, of which 378 million tonnes consumed as food, giving rise to an average per caput level of 57.1 kg per year, virtually unchanged compared with 2006.

IV. INTERNATIONAL PRICES

International rice prices continue to strengthen despite the arrival of new supplies on the market

Despite the arrival, over the last quarter of the year, of newly harvested crops in several major exporting countries, world rice prices have continued to strengthen since September. This was reflected in the FAO All Rice Price Index (ARPI), (1998-2000=100), which passed from 138 in September, to 142 in October, 149 in November and 157 in December. The strength, which dominated for the whole 2007 period, resulted in an a 17 percent increase in the 2007 annual average of the index, from 117 in 2006 to 137 in 2007. With the advent of the new year, prices have continued to move upwards, lifting the ARPI from 157 in December 2007 to 160 in January 2008.

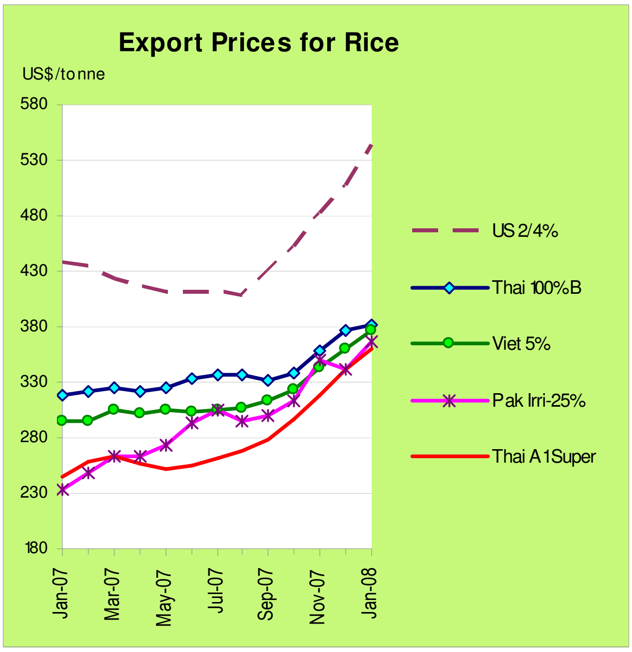


The tight market conditions which dominated in the past quarter were accentuated by the imposition of more restrictions on exports, especially in India and Egypt, and affected all major rice types and qualities. Basmati rice prices, especially, have surged since September, which pushed the aromatic rice price index from 134 to 169 between September and December 2007 and to 172 in January 2008. The rise in prices was less marked for the other rice categories, although they also experienced sizeable increases, with the index for Japonica rice gaining 7.8 percent, the higher quality Indica rice 14 percent and the lower quality Indica rice 16 percent between September and December. All the price indices moved further up in January 2008.

Looking at prices from the different origins, Thailand's rice recorded strong rises in the 2007 last quarter. This happened despite the continued retrieval of rice from public stocks that was released through government tenders. The gains were particularly marked in the case of brokens and fragrant rice, with the A1 Super price increasing by 23 percent between September and December 2007. However, all types of rice were affected, including the leading Thai 100% B, the quotation of which increased by close to 13 percent to US$ 376 per tonne. One year ago, in December 2006, it was quoted US $ 311 per tonne.

Strong increases were also witnessed in the United States, which particularly affected, long grain rice varieties following the announcement of a 3 percent drop in long grain rice production in 2007. The price of the US N.2 4% long grain, for instance, rose by 18 percent, from 430 in September 2007 to US$ 506 per tonne in December 2008, much more than prices of the US N.1/4 medium grain rice, which rose by 7 percent to US$ 600 per tonne.

Rice from India, Pakistan and Viet Nam have also followed an upward trend since September, reflecting the imposition of new restrictions on exports along with limited supplies, as much of the newly harvested 2007 crops reaching the market in the last quarter had already been committed for sale. For instance, the widely traded Indica rice, 25 % broken, in Thailand, Viet Nam and Pakistan were all priced around US$ 342 per tonne in December, 14 to 15 percent above their September level. Although this same rice was valued somewhat less in India, the quote had little market influence, since the Government only authorized to waive the US$ 425 per tonne minimum export price on limited sales to Bangladesh and Sri Lanka.



Prospects of prices in the next few months point to further gains at least until March 2008, when new supplies will become available from the 2007 secondary crops in northern hemisphere countries and from the first 2008 paddy crops in southern hemisphere countries. Till then, world rice prices are expected to make further inroads, especially after several countries took action either to restrict exports or to facilitate imports, both of which will exert upward pressure on prices. Moreover, reduced stocks in Thailand and in other major rice trade players could render international rice quotations more volatile in 2008, while the price strength exhibited by other major agricultural products could lend further steam to international rice prices in the course of 2008.

FAO Rice Price Indices

		All	Indica		Japonica	Aromatic
			High	Low		
		1998-2000 = 100				
2003		**81**	**79**	**81**	**81**	**91**
2004		**102**	**101**	**110**	**96**	**96**
2005		**107**	**104**	**115**	**107**	**94**
2006		**117**	**114**	**114**	**127**	**102**
2007		**137**	**131**	**139**	**140**	**136**
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	138	143
	August	136	131	140	138	138
	September	138	131	143	141	134
	October	142	136	148	142	146
	November	149	144	157	146	154
	December	157	149	166	152	169
2008	January *	162	155	174	153	173
2007	Jan.	127	123	125	136	118
2008	Jan. *	162	155	174	153	173

Source *: FAO*

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

* Three weeks only.

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.												
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**
2007	**335**	**332**	**436**	**313**	**305**	**288**	**294**	**290**	**275**	**557**	**404**	**677**	**550**
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	302	296	300	279	576	401	650	546
October	338	346	452	324	317	305	300	314	297	584	393	713	568
November	358	360	481	342	336	322	305	350	318	584	444	740	587
December	376	381	506	360	355	335	342	342	342	584	469	850	611
2008													
January *	381	389	544	377	363	345	357	367	360	584	479	850	643
2007 Jan.	318	311	439	295	283	270	280	233	245	551	377	586	529
2008 Jan. *	381	389	544	377	363	345	357	367	360	584	479	850	643

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.

* Three weeks only.

WORLD PADDY PRODUCTION

	2005	2006 (estimated)	2007 (forecast)
	million tonnes		
WORLD	**635.2**	**641.2**	**644.5**
Developing countries	609.3	616.4	620.2
Developed countries	25.9	24.7	24.3
ASIA	**574.5**	**581.0**	**586.2**
Bangladesh	39.8	40.3	39.0
Cambodia	6.0	6.3	6.0
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	57.0
Iran, Islamic Rep. of	2.7	3.3	3.5
Japan	11.3	10.7	11.0
Korea Rep. of	6.4	6.3	5.9
Myanmar	27.7	30.6	31.5
Pakistan	8.3	8.2	8.2
Philippines	15.1	15.5	15.9
Sri Lanka	3.2	3.3	3.1
Thailand	30.3	29.6	29.9
Viet Nam	35.8	35.8	35.9
AFRICA	**20.4**	**21.9**	**21.6**
North Africa	**6.2**	**6.8**	**6.6**
Egypt	6.1	6.8	6.5
Sub-Saharan Africa	**14.2**	**15.1**	**15.1**
Western Africa	8.8	9.3	9.1
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	4.0	3.9
Central Africa	0.4	0.4	0.4
Eastern Africa	1.3	1.6	1.7
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	**2.3**	**2.5**	**2.3**
Cuba	0.4	0.4	0.4
Dominican Rep.	0.6	0.7	0.7
Mexico	0.3	0.3	0.3
SOUTH AMERICA	**24.1**	**22.4**	**21.8**
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	2.4
Uruguay	1.2	1.3	1.1
NORTH AMERICA	**10.1**	**8.8**	**9.0**
United States	10.1	8.8	9.0
EUROPE	**3.4**	**3.4**	**3.5**
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**	**29.9**	**30.3**
Developing countries	24.7	25.3	25.5
Developed countries	4.6	4.6	4.8
ASIA	13.1	13.9	14.0
Bangladesh	0.5	1.3	1.5
China	1.2	0.9	1.0
of which Taiwan Prov.	0.1	0.1	0.1
Indonesia	0.7	1.5	1.0
Iran, Islamic Rep. of	1.2	1.0	0.9
Iraq	1.3	0.7	1.0
Japan	0.6	0.7	0.7
Malaysia	0.9	0.8	0.8
Philippines	1.7	1.9	1.6
Saudi Arabia	1.1	1.0	1.0
Sri Lanka	0.0	0.1	0.1
AFRICA	**9.8**	**9.4**	**9.6**
Côte d'Ivoire	0.9	0.8	0.9
Nigeria	1.8	1.6	1.8
Senegal	0.8	0.9	0.9
South Africa	0.7	0.7	0.8
CENTRAL AMERICA	**2.2**	**2.2**	**2.3**
Cuba	0.6	0.7	0.6
Mexico	0.6	0.5	0.6
SOUTH AMERICA	**1.0**	**1.2**	**1.0**
Brazil	0.6	0.8	0.6
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**	**1.8**	**1.8**
EU 2/	1.0	1.1	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**	**29.9**	**30.3**
Developing countries	25.1	26.4	26.3
Developed countries	4.1	3.5	4.0
ASIA	**22.3**	**23.5**	**23.9**
China	1.3	1.4	1.4
of which Taiwan Prov.	0.0	0.0	0.0
India	4.4	4.0	3.6
Myanmar	0.1	0.0	0.5
Pakistan	3.4	2.7	2.9
Thailand	7.7	9.5	9.0
Viet Nam	4.7	4.5	4.8
AFRICA	**1.0**	**1.3**	**0.9**
Egypt	1.0	1.3	0.9
SOUTH AMERICA	**2.0**	**1.7**	**1.9**
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**	**3.1**	**3.5**
United States	3.3	3.1	3.5
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.

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

CHINA 2/ 3/ (Oct./Sep.) (......... thousand tonnes ....)

	2005/2006	2006/2007 prelim.	2007/2008 5/ f'cast
Opening Stocks	56400 F	56085 F	56730 F
Production 1/	124775 G	126198 G	127135 F
Imports	828 F	610 F	660 F
Total Supply	182003	182893	184525
Domestic Use	124656	124803	124960
Exports	1262 F	1360 F	1430 F
Closing Stocks	56085 F	56730 F	58135 F

INDIA 2/ (Oct./Sep.) (......... thousand tonnes ....)

	2005/2006	2006/2007 prelim.	2007/2008 5/ f'cast
Opening Stocks	9000 F	11600 F	13000 F
Production 1/	91790 G	92760 G	93338 F
Imports	82 F	50 F	50 F
Total Supply	100872	104410	106388
Domestic Use	84838	87460	88988
Exports	4434 G	3950 F	3600 F
Closing Stocks	11600 F	13000 F	13800 F

PAKISTAN 2/ (Nov./Oct.) (......... thousand tonnes ....)

	2005/2006	2006/2007 prelim.	2007/2008 5/ f'cast
Opening Stocks	150 F	150 F	248 F
Production 1/	5547 G	5438 G	5489 G
Imports	1 F	1 F	1 F
Total Supply	5698	5589	5738
Domestic Use	2104	2691	2688
Exports	3444 G	2650 F	2900 F
Closing Stocks	150 F	248 F	150 F

THAILAND 2/ (Nov./Oct.) (......... thousand tonnes ....)

	2005/2006	2006/2007 prelim.	2007/2008 5/ f'cast
Opening Stocks	3800 F	5100 F	4200 F
Production 1/	20053 G	19623 G	19795 G
Imports	100 G	200 F	200 F
Total Supply	23953	24923	24195
Domestic Use	11148	11218	11395
Exports	7705 G	9505 G	9000 F
Closing Stocks	5100 F	4200 F	3800 F

UNITED STATES 4/ (Aug./Jul.) (......... thousand tonnes ....)

	2005/2006	2006/2007 prelim.	2007/2008 5/ f'cast
Opening Stocks	1211 G	1370 G	1266 G
Production 1/	7113 G	6239 G	6314 G
Imports	545 G	663 G	688 G
Total Supply	8869	8272	8268
Domestic Use	3838	4062	3995
Exports	3661 G	2944 G	3486 G
Closing Stocks	1370 G	1266 G	787 G

VIET NAM 2/ (Nov./Oct.) (......... thousand tonnes ....)

	2005/2006	2006/2007 prelim.	2007/2008 5/ f'cast
Opening Stocks	4700 F	4700 F	4750 F
Production 1/	23901 G	23896 G	23924 G
Imports	200 F	300 F	300 F
Total Supply	28801	28896	28974
Domestic Use	19352	19616	19824
Exports	4749 G	4530 G	4800 F
Closing Stocks	4700 F	4750 F	4350 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/ Tentative.