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## ROUND UP

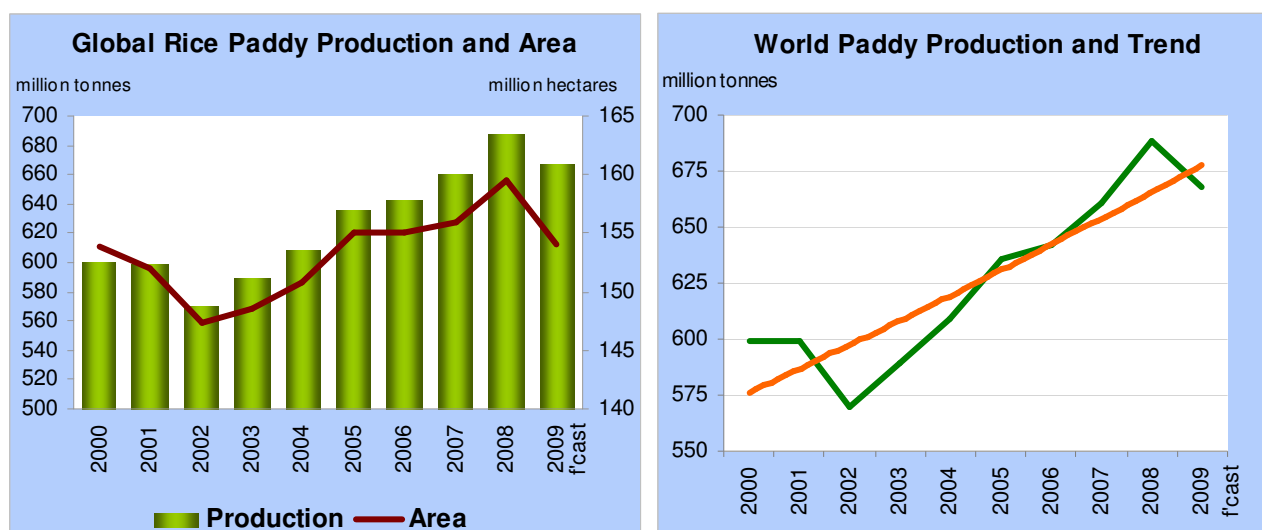
- FAO's June forecast of **global paddy production in 2009** has been downgraded by 21.3 million tonnes to 668 million tonnes, which would be 3 percent less than in 2008. Much of the revision reflects unfavourable climatic conditions in northern hemisphere Asian countries, which are about to harvest their main 2009 paddy crops. Despite the anticipated decline, paddy production in 2009 would still be high, second only to the record hit in 2008.
- Delayed progress of monsoon rains and erratic precipitation patterns are behind a worsening of the 2009 production outlook in **Asia**, now forecast to gather 601 million tonnes of paddy, 22 million tonnes or 4 percent, less than in 2008. Besides India, where the drop is likely to be particularly pronounced, the Chinese Province of Taiwan, Iraq, Japan, the Republic of Korea, Nepal, Pakistan, Sri Lanka and Thailand may also face declines. On the other hand, prospects are positive in Afghanistan, Bangladesh, Cambodia, China mainland, Indonesia, the Islamic Rep. of Iran, Malaysia, Lao PDR, Myanmar, the Philippines and Viet Nam.
- Despite less favourable growing conditions this season, paddy production in **Africa** is set to remain close to the outstanding 25.4 million tonnes gathered in 2008, reflecting an expansion drive from governments and renewed interest in the sector from both institutional and private investors. Particularly good crops are forecast in Madagascar and Mozambique, as well as Mali and Nigeria. By contrast, drought impaired crops in the eastern part of the continent, while restrictions on water use depressed plantings and production in Egypt.
- In **Latin America and the Caribbean**, prospects are excellent, with paddy output forecast to rise by 4 percent to 27.5 million tonnes. In Central America and the Caribbean, larger crops are expected in Cuba and the Dominican Republic. In South America, where the 2009 is coming to a close, large gains in Bolivia, Brazil, Chile, Colombia, Peru and Venezuela are expected to largely offset declines in Argentina, Guyana, and Uruguay. In the **other regions**, paddy production is projected to expand in the EU-27 and the United States. Although above the dismal 2008 result, 2009 production in Australia remains well below early 2000s' levels.
- **Global rice trade in 2009** is forecast to rebound by 2 percent to 30.7 million tonnes. The recovery would be mostly on account of greater **imports** by the Philippines, the EU-27 and countries in the Near East (the Islamic Republic of Iran, Iraq and the United Arab Emirates). By contrast, deliveries to Bangladesh, Indonesia, Malaysia, Sri Lanka and Turkey, but also to countries in Western Africa, are set to fall, often sharply. As for **world exports in 2009**, these are expected to be boosted by greater shipments from Argentina, Brazil, Egypt, Myanmar and, above all, Viet Nam, where they may hit a record. These gains should more than compensate for lower sales from China, India, Pakistan, the United States and Thailand.
- Based on current expectations, FAO's first forecast of **rice trade in 2010** stands at 30.3 million tonnes, 1 percent less than foreseen in 2009. The near 400 000 tonne fall would arise from weaker **import** demand from major rice importers, mainly Brazil, Indonesia and the Philippines, amid favourable production prospects. On the **export side**, an anticipated tightening of supplies and less attractive world prices may result in reduced shipments from India and Pakistan, but also from Viet Nam, Egypt and the United States. However, China, mainland, Thailand, Cambodia and Myanmar could increase their exports.
- Given the excellent production results over the 2008 season that just concluded, FAO's forecast of **global rice inventories** carried over in **2009** has been raised to 121.4 million tonnes, nearly 12 million tonnes, or 11 percent, above the previous year's and the highest since 2002. Stocks are expected to be built up in several major importing countries, especially Bangladesh, the Republic of Korea, the Philippines and Indonesia, but also in rice exporting countries such as China mainland, India, Pakistan, Thailand and the United States. At the forecast level, world rice reserves would cover roughly 3.2 months of global rice utilization, with the stocks-to-use ratio now estimated at 27 percent. On the other hand, a preliminary forecast of closing stocks in **2010**, points to a 3 percent decline to 117.4 million tonnes, as reserves will need to be drawn down to cover the anticipated 2009 production shortfall.
- **International rice prices** remained generally steady in July and August but fell markedly across all market segments in September 2009, when the FAO All Rice Price Index (2002-2004=100) ended at 232 points, 20 points below June. Since the beginning of 2009, the Index has averaged 257 points, 45 points below its January-September 2008 value. Although expectations of below average crops in major exporting countries and the weakening of the US dollar is giving some support to international rice prices, the arrival of new supplies in coming months may cause them to slide further. However, actions by governments will remain of foremost importance. For instance, market players are likely to keep a close watch on how the large public stocks are administered in Thailand, but also on the effects of the new price insurance scheme soon to be launched in the country, which may lower Thai export quotations. Last but not least, the continued fall in international wheat prices, which in September had lost 30 percent year-on-year, may exert further downward pressure on world rice prices.

## INFORMATION UPDATE AS OF 25 SEPTEMBER 2009

### I. PRODUCTION

#### Prospects for 2009 world paddy production<sup>1</sup> deteriorate

At this time of the year, northern hemisphere countries have completed planting activities for the main season paddy crops, which are now in advanced stages of development. In the southern hemisphere, instead, the 2009 paddy season has come to a full close with sowing activities for 2010 main paddy crops about to be launched. Since the release of the previous issue of the RMM, prospects for global output have deteriorated much as a result of adverse weather conditions over major producing countries. Current climate forecasts, in fact, point to a likelihood of the phenomenon strengthening to weak-to-moderate state in the coming months with weather anomalies persisting through the first quarter of 2010. As a consequence, FAO's global production forecast now stands at 668 million tonnes, nearly 21.3 million tonnes less than the previous forecast of 689 million tonnes.



The downward adjustment to global paddy output in 2009 mostly reflects deteriorated prospects for countries in Asia, with forecasts being downscaled in the **Chinese Province of Taiwan** (-100 000 tonnes to 1.4 million tonnes), **India** (-24 million tonnes to 121.5 million tonnes), **Japan** (-100 000 tonnes to 10.7 million tonnes), **Nepal** (-400 000 tonnes to 4.2 million tonnes), and **Pakistan** (-581 000 tonnes to 8.9 million tonnes). These more than offset improved output expectations in **Afghanistan** (+105 000 tonnes to 645 000 tonnes), **China mainland** (+1.5 million tonnes to 194.7 million tonnes), **Indonesia** (+1.6 million tonnes to 62.6 million tonnes), **Lao PDR** (+100 000 tonnes to 3.1 million tonnes), the **Philippines** (+300 000 tonnes to 17.5 million tonnes)

<sup>1</sup> The 2009 rice production season normally includes rice from the main paddy crops whose harvests fall in 2009, to which rice from all the subsequent secondary crops, if any, is added. In the case of northern hemisphere countries, this principle implies that production in 2009 comprises the main rice crop, which is usually collected in the latter part of the year, plus the volume obtained from the successive secondary crops, commonly harvested in the first half of 2010. In the case of southern hemisphere countries, production in 2009 normally comprises rice from the main paddy crops assembled in the first part of 2009, plus rice from the secondary crops, generally gathered in the latter part of 2009. This approach to assess rice production is applicable to any given season.

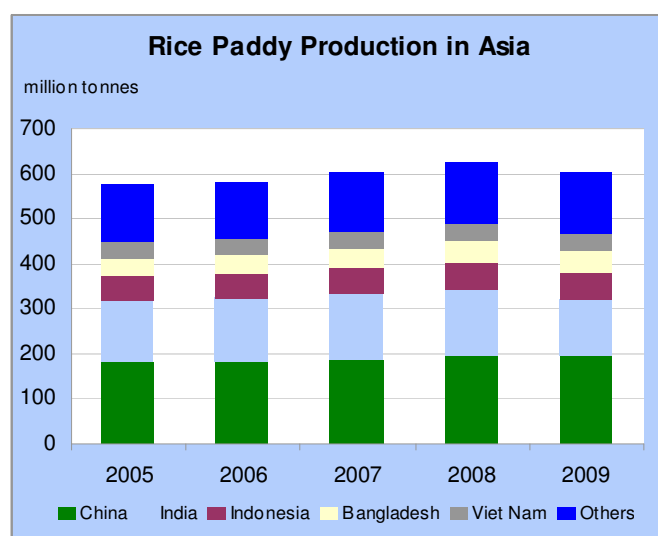
and **Sri Lanka** (+61 000 tonnes to 3.66 million tonnes). There were important revisions in the production outlooks in other regions: in Africa, they particularly concerned **Egypt** (-300 000 tonnes to 7.0 million tonnes), the **Gambia** (+ 10 000 tonnes to 38 000 tonnes), **Senegal** (+70 000 tonnes to 420 000 tonnes), **Mozambique** (+10 000 tonnes to 260 000 tonnes); in Latin America and the Caribbean, **Cuba** (+40 000 tonnes to 500 000 tonnes), **Brazil** (-106 000 tonnes to 12.64 million tonnes), **Chile** (+20 000 tonnes to 127 000 tonnes), **Colombia** (+20 000 tonnes 2.62 million tonnes), **Peru** (+200 000 tonnes to 2.9 million tonnes); elsewhere in the world figures were revised in **Australia** (+1 000 tonnes to 66 000 tonnes), the **European Union** (+52 000 tonnes to 2.9 million tonnes) and the **United States** (-93 000 tonnes to 9.88 million tonnes).

At the current forecast of 668 million tonnes (446 million tonnes on milled equivalent), global paddy output would be 3 percent, or some 20.2 million tonnes, lower than in 2008, with the reduction arising from a 3 percent shrinkage of plantings, to 154 million hectares, while yields are foreseen to remain stable around 4.33 tonnes per hectare.

The expected decrease in world output is likely to be concentrated in Asia, as paddy production is forecast to remain virtually unchanged in Africa and to rise in North America, Latin America and the Caribbean and Europe. A recovery is also foreseen in Oceania, although output is forecast to remain well below pre-drought levels.

## A. ASIA

### Adverse weather conditions to depress paddy output in Asia by 4 percent



Several Asian countries along the northern hemisphere will soon begin harvesting their 2009 main season crops, while preparing to plant their 2009 winter, secondary irrigated crops, which will be harvested in the first half of 2010. As such, the 2009 estimates of production in the region could undergo major revisions in the coming months, depending on the evolution of these secondary paddy crops.

The weather pattern since June has not always been beneficial to crop development, as the season was often characterised by a delayed progress of rains and erratic

precipitation patterns. This situation has led to a reversal of earlier expectations of marginal production gains in the continent, resulting instead in an anticipated 4 percent drop in the region's output from 623 million tonnes in 2008 to 601 million tonnes (401 million tonnes on milled basis) this season. The contraction would stem from a near 5.7 million hectare retrenchment in plantings to 137 million hectares, while paddy yields are seen to increase slightly to 4.40 tonnes per hectare. Based on current forecasts, output is set to contract in the **Chinese Province of Taiwan, India, Iraq, Japan, the Republic of Korea, Nepal, Pakistan, Sri Lanka and Thailand**. Conversely, it is foreseen to expand in **Afghanistan, Bangladesh, Cambodia, China mainland, Indonesia, the Islamic Republic of Iran, the Democratic Republic of Korea, Lao PDR, Malaysia, Myanmar, the Philippines and Viet Nam**.

In **Afghanistan**, harvesting of the 2009 paddy crop begins in October. According to official crop assessments, cereal crops this season benefited from favourable weather conditions, in the form of above average and well-distributed rainfall, and from increased availability of inputs at sowing time. As a result, with 200 000 hectares planted, paddy production in 2009 is anticipated to reach 700 000 tonnes (469 000 tonnes, milled basis), 14 percent above a revised 2008 output of 612 000 tonnes and a new record.

In **Bangladesh**, harvesting of the 2009 Aus crop, the first and smallest of the three crops harvested each season, was completed in August, while planting activities for the more important Aman crop commenced in July. Delayed arrival of monsoon rains and persistently high temperatures through July hampered transplanting activities particularly in 16 north-western districts, which makes the achievement of the 5.8 million hectare official planting target difficult. In order to mitigate losses, the Government launched an emergency scheme in late July aimed at supporting rice farmers in the most drought-affected districts by supplying free electricity and diesel to power underground water pumping for crop irrigation. With much of the likely shortfall in Aman output expected to be compensated by increases in the third, irrigated, Boro crop, FAO forecasts 2009 paddy output in Bangladesh at 48.0 million tonnes (32 million tonnes, milled basis), virtually matching the 2008 bumper harvest of 47.9 million tonnes.

In **Cambodia**, planting of the main annual paddy crop began in June amidst favourable climatic conditions. By August, however, drought was reported to have affected an estimated 40 000 hectares of paddy fields, or 2 percent of the overall area, in the western provinces of Battambang, Pursat and Prey Veng, prompting the Government to allocate USD 12 million to an emergency fund to alleviate the effects of the precipitation shortfall in the region. In spite of the drought and given a continued expansion in paddy plantings, this season's output is expected to reach 7.6 million tonnes of paddy (4.9 million tonnes, milled basis), surpassing the exceptional 2008 results by 6 percent.

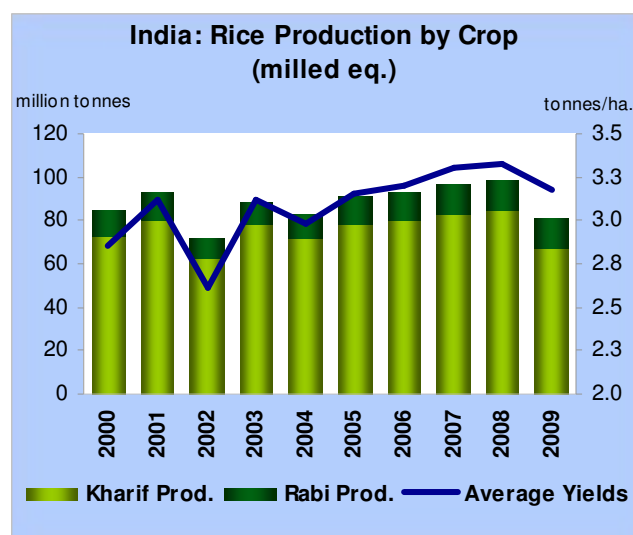
The 2009 paddy production forecast in **China, mainland** has been raised to 194.7 million tonnes by the National Grain and Oils Information Centre, notwithstanding the severe drought problems still affecting the northern provinces. At that level, output in 2009 would outpace the 2008 high level by 1.5 percent, which assumes an expansion of the area coverage from 29.24 million hectares in 2008 to 29.68 million hectares this season with yields remaining stable at around 6.56 tonnes per hectare. This very high productivity reflects the progressive dissemination of super hybrid rice varieties, which in 2008 were estimated to have been grown in 20 percent of rice fields. This year, the country already harvested a bumper early rice crop, supported by government incentives and a renewed commitment to maintain prices paid to farmers stable.

After the spring harvest of the main crop, the **Chinese Province of Taiwan** has just planted the 2009 secondary crop, to be gathered in October. So far, the season has suffered various setbacks, which have led FAO to downgrade the 2009 production forecast to 1.4 million tonnes (1 million tonnes, milled basis), or 4 percent below the 1.46 million tonnes reaped in 2008. Crop development this year was first affected by a bout of low temperature during springtime in the eastern region, and then by the passage of typhoon Morakot which battered the island on 6-10 August. To alleviate the impact of the crop losses, from 18 August the Government is to provide paddy farmers in the 14 cities and counties declared as disaster zones a Taiwan Dollars 16 000 (USD 487) subsidy per hectare of damaged paddy fields.<sup>2</sup>

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<sup>2</sup> Currency conversions are based on exchange rates as of 15 August 2009.

Following the release of the fourth official estimate of the 2008 season, paddy production in **India** is now set to have reached 148.7 million tonnes (99.15 million tonnes, milled basis) in **2008**, slightly less than previously indicated, but still 3 percent above 2007, as both Kharif and Rabi crops outstripped their seasonal targets. India's production prospects for the on-going **2009** paddy season are far less favourable, given that erratic rains and delayed advancement of the monsoon over the northern and central parts of the country have compromised the Kharif crop. As of 23



September 2009, the India Meteorological Department assessed cumulative rainfall since June to have been 22 percent below the 50 year long period average, with particularly severe shortfalls experienced in key rice producing areas. As a result, planting of the paddy crop has been lagging by 16.8 percent, or 6.24 million hectares, at the national level, compared with the same point in time in 2008. At the local level, sowing in the top rice producing states has been affected, including in West Bengal (-6.5 percent), Andhra Pradesh (-27.1 percent), Uttar Pradesh (-34.0 percent), Tamil Nadu (-27.5 percent) and Bihar (-36.7 percent). Because several of them are relatively high yielding producers,

India's average Kharif crop yields may well suffer. A reported increase in plantings of Basmati rice varieties in Punjab and Haryana, which produce much less output per hectare than common rice varieties, could also contribute to lowering productivity compared with last season. The shift towards Basmati planting has been prompted by prospects of higher remuneration, lower water requirements and a transplanting period extending beyond the latter half of July. Based on FAO's assessment, the lagging monsoon may cause a 26 million tonne contraction (17 million tonnes, milled basis) of the Kharif crop to 100.5 million tonnes (67 million tonnes, milled basis) compared with the fourth advanced estimate of the 2008 Kharif crop, which is greater than the 10 million tonne (milled basis) shortfall prospected by national officers. Given the reduced availability of water in reservoirs, estimated by 10 September at 78 percent of the 2008 level, the possibility of recouping the production shortfall over the irrigated Rabi crop, normally planted between November and February, also appears limited. Based on those premises, FAO has downgraded its **2009** production forecast for the country to 121.5 million tonnes (81.0 million tonnes, milled basis), down from an earlier forecast of 145.2 million tonnes and 18.3 percent below the 2008 record output.

India has outlined a series of measures to mitigate the impact of the rainfall shortfall: applicable from 15 July to 30 September, the Central Government is to support state administrations by financing 50 percent of diesel subsidy scheme to pump water for irrigation in districts that have declared drought conditions or where rainfall deficits up to 15 July have exceeded the 50 percent margin.<sup>3</sup> In addition, as on 31 August 2009, minimum support prices paid to farmers were raised from Rupee 8 500 per tonne to 9 500 (USD 197) per tonne of common rice and from Rupee 8 800 per tonne to 9 800 (USD 203) per tonne for Grade-A rice. The Government also declared its intentions to add an incentive bonus, as with the previous season, to further stimulate sowing activities. While 1 500 tonnes of seeds have been made available for distribution, farmers have

<sup>3</sup> The scheme is to apply for a maximum cost of Rupee 1 000 per hectare and for a limit of up to two hectares per farmer.

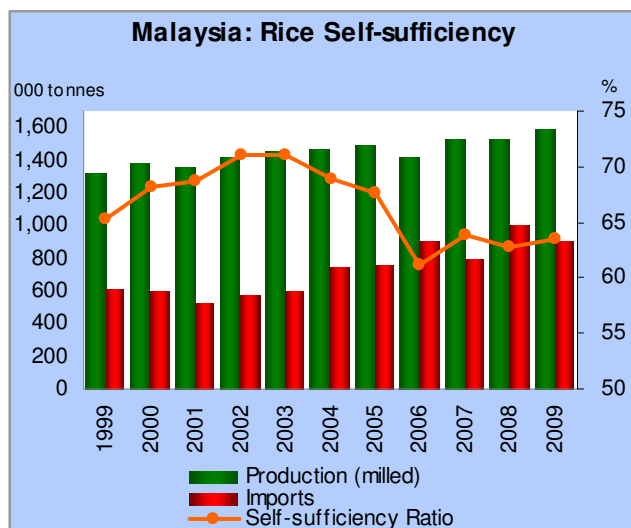
also been encouraged to plant early maturity rice varieties or to shift to alternative crops. In addition, the Government has assured it would continue active procurement of rice, while also releasing rice through the Open Market Sale scheme in case prices showed a tendency to rise. Government procurement of rice from the 2008 season through the central pool already reached 33.1 million tonnes as of 11 September 2009, which compares with 28.0 million tonnes on the same date in 2008.

Gathering of the secondary crop is underway in **Indonesia**. According to the second official production forecast released in July, overall output in 2009 is to reach 62.561 million tonnes, slightly short of the 63.5 million tonne official target, but 4 percent above the 2008 bumper crop and the seventh year of consecutive production gains. This year's growth, which was driven by an expansion of 2.8 percent in the area and 0.9 percent in yields, was in spite of reported water shortages associated with the occurrence of El Niño, which manifested in Eastern Java. The phenomenon, according to assessments by the Indonesian Meteorological, Climatological and Geophysical Agency, could intensify by the end of the year, potentially affecting the planting of 80 000 - 150 000 hectares of the next 2010 main paddy crop, which will be harvested between February and June 2010. In order to sustain producer prices and at the same time guarantee stable consumer access to rice, the Government announced it would be allocating Rupee 1 trillion (USD 100.5 million) to buy up to 500 000 tonnes of rice domestically in 2009, instead of an initially foreseen procurement volume of 350 000 tonnes. The plan also aims to build up the country's public rice reserves to 1 million tonnes by the 2010.

Gathering activities for the 2009 crop in **Japan** begin in September. Adding to a foreseen decline in paddy area plantings, unfavourable climatic conditions prevailing throughout the summer have raised concerns over potential yield losses. Northern, eastern and western regions have been affected by below average temperatures, excessive rainfall and short sunshine exposure. Pending a more thorough assessment of their effects, FAO has lowered Japan's production outlook to 10.7 million tonnes (7.75 million tonnes, milled basis), implying a 3 percent output contraction from the previous year.

In the **Democratic People's Republic of Korea**, prospects for 2009 paddy crop, which starts being harvested in September, point to continued low level of output of 1.8 million tonnes of paddy (1.2 million tonnes, milled basis), slightly above last year's crop, but still short of the 2 million tonnes produced in the first half of the decade. Weather conditions have been far from optimal this season, starting from poor rains at planting time between May and June, followed by excessive precipitation in July and August. Given that the country is holding virtually no stocks, a poor rice crop this season is likely to result in acute food shortages, a situation aggravated by the suspension of rice food aid shipments from the Republic of Korea which used to grant around 400 000 tonnes to the neighbouring state.

Reflecting continued cuts in paddy plantings and an expected slight decline of yields, paddy production in the **Republic of Korea** is forecast to contract by 2 percent to 6.4 million tonnes (4.7 million tonnes, milled basis) in 2009. Steep drops in prices in the face of a bumper 2008 crop coupled with decreased sales from falling domestic consumption have resulted in mounting rice stockpiles across the country. To ward off further price slumps when the new crop is harvested in October, the Government is reportedly considering purchasing between 100 000 - 150 000 tonnes of rice from the market, while introducing new measures to boost domestic rice consumption, including a release of stocks at low prices to foster the processing of rice-based products.



The 2009 paddy season in **Malaysia**, a southern hemisphere country, was completed in August with the harvest of the secondary crop. Current forecasts for the country remain favourable, indicating a 3 percent output expansion to 2.45 million tonnes (1.6 million tonnes, milled basis), owing largely to favourable weather conditions which boosted yields to 3.7 tonnes per hectare. The Government is reported to have lowered its self-sufficiency target for 2010 to 80 percent from a previous 86 percent level, as a result of higher fuel costs and reduced land availability in the peninsula. Nonetheless, with increased production from Sabah and Sarawak, officials

hope to reduce the country's dependence on imports and venture into the export market within two years. To this effect, a project is to be implemented in the two regions to rehabilitate 70 000 hectares of land for paddy cultivation, which could generate an additional output of 420 000 tonnes.

The 2009 season was opened in **Myanmar** with the June planting of the main paddy crop. Although activities in the central and western regions were hampered by the delayed onset of the rains, the outlook for the season remains favourable with 31.5 million tonnes forecast to be produced; against the cyclone-hit output of 30.5 million tonnes in 2008 and virtually the same level as in 2007. According to reports, the Government is targeting production at 32 million tonnes, having further launched a five-year project to cultivate rice over a 1.53 million hectare extension. The impact of the programme is not expected to manifest immediately, especially as salination may still constrain yields in of the important producing delta area that was hit by Cyclone Nargis in May 2008.

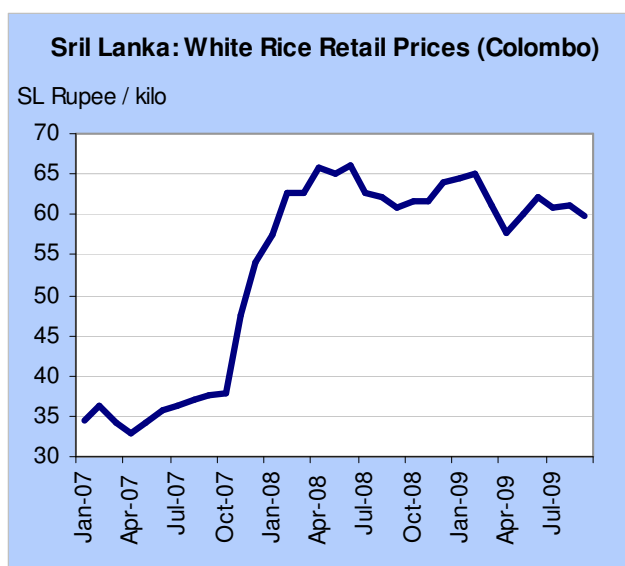
Harvesting of the main paddy crop is well underway in **Nepal**. Like neighbouring India, Nepal has been affected by the delayed and erratic monsoon rains, which further compounded the drought like situation prevalent throughout the 2008-2009 winter. Although some respite to crops was brought by the arrival of rains in July, the heavy precipitation also provoked serious localised flooding. As a result, output this season is forecast to decline by 7 percent to 4.2 million tonnes (2.8 million tonnes on milled equivalent), mostly on the basis of yield losses as these are anticipated to drop to around 2.7 tonnes per hectare.

In **Pakistan**, official production estimates for the 2008 paddy season have been raised to 10.4 million tonnes (6.95 million tonnes, milled basis), representing an impressive 25 percent boost compared to the previous year. As to the 2009 season, planting activities in the country were severely affected by the delayed arrival and weakness of the monsoon rains, making it unlikely that the targeted production of 6 million tonnes for the year will be accomplished. Substantial water shortages from reduced precipitation were further exasperated by rising fuel costs, which curtailed the use of irrigation in the provinces of Punjab and Sindh. This comes on the backdrop of reduced plantings due to lower price expectations. Indeed, notwithstanding the high international prices prevailing during 2008, these failed to translate into effective earnings for farmers, further encouraging substitution of other crops for rice at planting time. As a result,



prospects for production in the 2009 season have been lowered to 8.9 million tonnes (5.95 million tonnes, milled basis), a 14 percent decline from 2008's excellent outcome. Government market interventions, which were usually minimal as far as rice is concerned, have intensified since the 2008 price surge. Recently, the Ministry of Agriculture has proposed a revision to the country's paddy procurement policy. Under the framework currently reviewed, state enterprises would be allowed to purchase supplies through open market sales and only if local prices fell below a reference level. To these effects, in August the Ministry proposed new reference prices for the 2009-2010 crop, given on a 40 kilo bag basis, at Rupee 1 250 (USD 380 per tonne) for Super Basmati paddy, Rupee 1 000 (USD 304 per tonne) for Basmati-385 and Rupee 600 (USD 182 per tonne) for Irri-6 rice. However, producer organisations have voiced strong opposition to the recommended prices as these stand Rupee 250 below those established for the 2008 super Basmati and Basmati crops and Rupee 100 in the case of Irri paddy. The framework remains to be approved by the cabinet's Economic and Economic Co-ordination Committee (ECC).

The production outlook for the **Philippines'** main crop, planted in July, remains favourable. According to forecasts released by the Department of Agriculture, the area under paddy is set to expand by 2.9 percent to 2.66 million hectares, as abundant precipitation during planting time encouraged increased coverage. With anticipated yield gains in the order of 1 percent, total production for this season's main crop is expected at 10.07 million tonnes, up 3.9 percent from last year's level. For the full 2009 season, paddy production is forecast to expand by 2.5 percent to 17.5 million tonnes (11.5 million tonnes, milled basis), against the 17.0 million tonnes produced in 2008. However, this favourable outlook might be comprised by the development of an El Niño which is normally associated with drought in the region. On the other hand, to compensate for damages caused by the passage of tropical storms in the first half of the year, which affected mainly the region of Bicol, the Government is to implement a subsidised crop insurance scheme. Under the programme, up to 15 000 hectares of paddy planted between 1 August and 15 September in the region are to be insured against damages caused by typhoons and heavy rainfall, with beneficiaries also eligible to a 50 percent subsidy on the purchase of seeds.



In **Sri Lanka**, the 2009 season is coming to a close with the September harvest of the Yala crop. According to official forecasts, production of this secondary crop may fall to 1.32 million tonnes, or 25 percent less than last year, as delayed arrival of rains and water shortages impaired plantings. Added to the main Maha crop, it would result in an overall 2009 production forecast of 3.7 million tonnes (2.5 million tonnes, milled basis), 6 percent short of the 2008 bumper harvest of 3.9 million tonnes but still the second highest performance on record. Meanwhile, in light of the prevailing high domestic prices, the Government has confirmed the maintenance of the price control measures introduced in

April 2008, which require rice to be marketed at less than LKR 100 (USD 0.87) per kilo. To keep prices in check, it also approved in September the sale of 15 000 tonnes from a 44 000 tonne stockpile of Maha rice held by the Paddy Marketing Board at LKR 0.33 per kilo via open markets (USD 287 per tonne).

Planting of the main 2009 crop in **Thailand** has been completed in all regions, except in the South where sowing normally comes to a close in November. The pattern of the monsoon has been favourable so far, with most areas of the country receiving normal rainfall. Nonetheless, current FAO forecast for the season point to a slight contraction of production to 31.1 million tonnes (20.6 million tonnes, milled basis), against the 31.4 million tonnes harvested in 2008, on account of a 1 percent retrenchment of plantings.

**Thai** paddy producers benefited from high prices for most of the year under the Government rice pledging programme, which is reported to have absorbed over 11 million tonnes of paddy rice (7 million tonnes, milled basis) over the full 2009 season, 6 million tonnes of which from the main 2008 crop. Even though the 2008 secondary crop purchasing round closed on 31 July 2009, with 5.1 million tonnes of paddy already pledged, it was reopened on 9 September until the end of the month, with provision to cover up to an additional 450 000 tonnes in 43 provinces. 2008 is to be the last season the government uses the rice pledging scheme to support producer prices. As of 1 October 2009, the scheme will be replaced by a “price guarantee programme”, also referred to as a “rice price insurance scheme”, in time to cover the main 2009 crop soon to be harvested. Under the new guarantee programme, which is to be administered by the Bank of Agriculture and Agricultural Cooperatives (BAAC), farmers will be compensated for the difference between the minimum guaranteed price (insured price) and a benchmark derived from prevailing market prices, subject to a quantity sale limit of 25 tonnes per household. The guaranteed prices, recommended by the National Rice Policy Committee, are to cover production costs plus a 40 percent profit margin. For the 2009 main crop, they were proposed to be set at Baht 10 000 (USD 295) per tonne of white rice paddy; Baht 15 300 (USD 451) per tonne of Hom Mali rice; Baht 14 300 (USD 421) per tonne of fragrant rice and; and Baht 9 500 (USD 280) per tonne of glutinous paddy rice. With the new programme, the government expects to be relieved from the obligation to acquire the rice and subsequently store and administer the stocks. At the same time, it would ensure producers receive a minimum income per tonne, without causing them to translate into uncompetitive export prices.

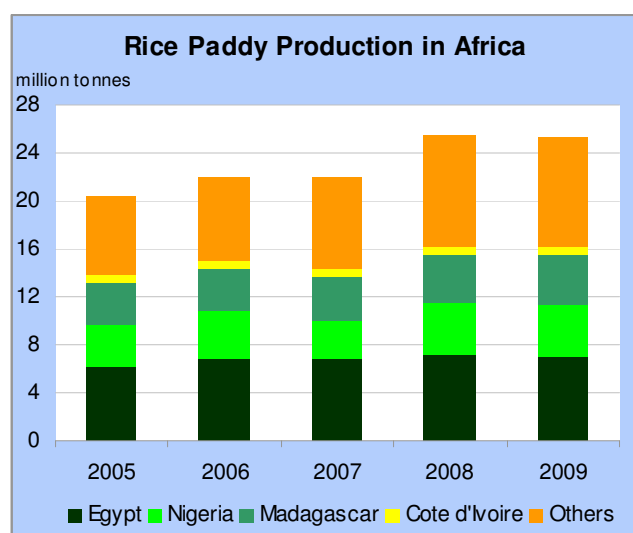
In **Viet Nam**, harvesting of the summer-autumn paddy crop is underway. In spite of difficulties arising from heavy rainfall in the Mekong Delta, which hampered gathering activities in August, the 2009 season outlook remains favourable. In fact, owing to slight expansion in area, production is forecast at 39.0 million tonnes, slightly above the 38.6 million tonnes harvested in 2008. Reacting to a fall in market prices, in August the Vietnam Food Association launched a procurement campaign to purchase 400 000 tonnes from farmers in the Mekong Delta, at Dong 3 800 (USD 0.22) per kilo. The campaign, extended twice since its inception to cover 1.5 million tonnes by November, is part of a Government plan to purchase 2 million tonnes from the season’s crop for the export market, in an effort to stabilise paddy prices and ensure a 30 percent profit margin to farmers.

## **B. AFRICA**

### **Paddy production in Africa anticipated to remain close to the 2008 exceptionally high level in 2009 despite less favourable growing conditions**

Most countries in Southern Africa have already closed their 2009 paddy season, with generally positive results, while countries in Western Africa have completed planting the main season crops with the arrival of the July rains and are now preparing for the coming harvest, in October. Since the start of the season, several countries in the sub-region have endured erratic climatic conditions, as a delayed onset to the rains was followed by torrential precipitation in August and

September, causing localised flooding and damage to people and infrastructure. Instead, drought conditions have prevailed over much of Eastern Africa, hindering crop development in the sub-region. Although, the setbacks are likely to cause crop losses and depress yields, they would come on back of increased investments in the sector this season. As a result, overall paddy production in Africa is forecast in the order of 25.4 million tonnes (16.7 million tonnes, milled basis), virtually unchanged from 2008. Given the excellent outcome of the 2008 season, which saw production in the region jump by 16 percent to a record, a replication of the same turn out over 2009 would no doubt constitute an excellent achievement for the sector in the region.



In North Africa, **Egypt** already started harvesting its 2009 crop. Plantings this season were reported to have fallen, largely in response to a decline in producer prices. The country, which maintains tight regulations over paddy cultivation to reduce pressure on water resources, is anticipated to harvest around 7.0 million tonnes in 2009, down from 7.3 million tonnes (5 million tonnes, milled basis) in 2008. According to official declarations, the Government is seeking to further reduce rice production by encouraging cultivation of alternative crops such as maize in a bid to preserve water supplies. The initiative would also add a 400 000 tonne limit

on volume of rice exported, which hovered around 1 million tonnes between 2005 and 2007.

In Western Africa, countries along the Gulf of Guinea have recorded normal to above normal rainfall since the beginning of the rainy season in April-May. However, precipitation deficits lasting through July affected parts of Burkina Faso, Chad, Mali, Niger and Nigeria. While rainfall levels normalised across most of the affected zones by August, the initial precipitation shortfall delayed planting activities in several areas. Furthermore, the first week of September saw heavy rains falling in much of the sub-region, causing extensive damage to infrastructure and crops. Pending more information on their impact, FAO has maintained its forecasts for overall paddy production in the sub-region at 11.5 million tonnes (7.3 million tonnes, milled basis), little changed from 2008. At the country level, paddy production is expected to increase in **Benin, Cote d'Ivoire, Gambia, Ghana, Mali, Nigeria, Senegal and Togo**. The outlook is less favourable for **Burkina Faso, Chad, Guinea, Liberia, Niger and Sierra Leone**, where production is now foreseen to fall.

The production outlook for the 2009 paddy season in **Benin** remains favourable, with output anticipated to expand slightly to 100 000 tonnes (60 000 tonnes, milled basis). In support of the country's objective to attain rice self-sufficiency by 2011, a FAO project is to be launched this year to assist in the production of high-quality rice seeds. The project aims to generate 2 200 tonnes of rice seeds per year to help boost paddy production to 300 000 tonnes by 2011.

The 2009 season was opened in **Burkina Faso** under rather unfavourable climatic conditions, as late and irregular rains persisted throughout the May-July planting period. The country is forecast to produce 200 000 tonnes of paddy (132 000 tonnes, milled basis), 15 percent below last year's outstanding harvest of 235 000 tonnes. The anticipated contraction would result from depressed yields, which however are expected to remain in the order of 2.5 million tonnes, well above the

five-year average. In order to support the campaign, the Government is reported to have distributed seeds and fertilisers at subsidised prices this year.

In its efforts to achieve rice self-sufficiency, **the Gambia** has launched a four year plan to expand upland paddy coverage by 32 000 hectares, virtually doubling the current area under rice, officially estimated at 34 000 hectares in 2008. In its first year of implementation the plan would have 7 000 hectares of land converted to paddy across five regions, with the aid of the Chinese Province of Taiwan, which has provided 1 260 tonnes of fertilisers for the season's crop. Accordingly, current production prospects for 2009 have been raised to 45 000 tonnes (29 000 tonnes, milled basis), a 17 percent increase from last year.

In **Mali**, poor rainfall, particularly in the northern regions, during the May-June period delayed the planting activities. However, following the normalization of rains in July, the production outlook remains positive, at 1.7 million tonnes (1.16 million tonnes, milled basis), or 6 percent above the 2008 record harvest. Under the Emergency Rice Initiative, the Government has fixed prices of subsidised fertilisers at CFA Franc 12 500 per 50 kilogramme bag (USD 556 per tonne) and seeds at CFA Franc 150 per kilo (USD 0.33). According to reports, the country is being considered, along with Senegal, Sudan and Uganda, as a possible destination of a USD 1 billion Saudi investment plan aimed at purchasing 700 000 hectares of farm land with an eye to producing 7 million tonnes of rice in seven year's time.

Erratic climatic conditions have also been experienced in **Nigeria**, where northern regions have been affected by deficient rainfall, while southern parts of the country have endured above average precipitation and floods. In the main paddy producing regions, however, more normal climatic conditions have prevailed, which may lift Nigeria's production by 3 percent to 4.3 million tonnes of paddy (2.6 million tonnes, milled basis). Subsidized distribution of fertilizers in several federal states would also support the production gain.

In **Central Africa**, **Cameroon**, which completed the planting of its main crop in August, is forecast to gather some 88 000 tonne of paddy in 2009 (60 000 tonnes, milled basis), up 1 percent from the previous year. The Government is planning to invest CFA Franc 3 billion (USD 6.6 million) in the sector in order to raise paddy production to 300 000 tonnes in three year's time, more than trebling the current output level. According to reports, the increase would arise from increased use of high-yielding seed varieties, investment in new farms and importation of fertilisers.

In **Eastern Africa**, the **United Republic of Tanzania** finished harvesting the main paddy crop in July, while the off-season crop is to be harvested in November-December. Failure of the annual long rains, following consecutive seasons of inadequate precipitation, and reported limited use of inputs due to high fertiliser prices have marred production prospects this season, with output now set to contract by 3 percent to 1.34 million tonnes (871 000 tonnes, milled basis). In order to boost agricultural production, the Government has increased budget allocations to the sector this year by 30 percent to Shillings 666.9 billion (USD 512 million). Funds are to be used to improve on irrigation and transportation infrastructure, distribution of subsidised fertilisers, seeds and other inputs.

The production outlook remains favourable in **Uganda**, where harvesting activities of the secondary annual crop were completed in July. Continued paddy area expansions are expected to bring production this year to 185 000 tonnes (123 000 tonnes, milled basis), up 3 percent from the

previous year. Under a 40 billion Shilling (USD 20 million) investment in irrigation infrastructure, it is hoped that rice production in the eastern Bugiri district will be increased from its current level of 20 000 tonnes to 100 000 tonnes over the next five years.

In ***Southern Africa***, most countries have completed their 2009 season with favourable results, particularly **Mozambique** where paddy output is officially estimated to have reached 260 000 tonnes (173 000 tonnes, milled basis), 37 percent above the 2008 outcome. Similarly, output in **Madagascar**, the second largest rice producer in Africa, is estimated to have grown by 2.4 percent to 4.2 million tonnes, driven by both area yield expansions. Meanwhile, owing to favourable climatic conditions, the paddy harvest in **Zambia** was closed with a near 40 percent boost to 42 000 tonnes (28 000 tonnes, milled basis).

## C. CENTRAL AMERICA AND THE CARIBBEAN

### 2009 production to rise by 5 percent in Central America and the Caribbean

Most countries in Central America and the Caribbean have begun harvesting this year's first crop. The hurricane season on the Atlantic, which began on 1<sup>st</sup> June, has had a mild start this year. Although the most active hurricane period, due in August-October, is still to come, experts have foreseen it would be mitigated by the occurrence of an El Nino phenomenon. As such, the US National Oceanic and Atmospheric Administration (NOAA) predicts a 90 percent likelihood of a normal to below-normal hurricane season. Accordingly and given an increased area, the 2009 season production outlook for the sub-region remains favourable, with 2.7 million tonnes of paddy forecast to be produced (1.8 million tonnes, milled basis), up 5 percent from 2008.

The 2009 paddy output in **Costa Rica** is projected to remain steady and in the order of 245 000 tonnes (164 000 tonnes, milled basis). The country's National Rice Corporation (CONARROZ) has recently underlined a new policy framework under which it would aim to have national production cover 80 percent of rice requirements.

Production prospects are positive for **Cuba**, mostly as a reflection of greater plantings. According to the latest statistics released by the National Statistics Office, production in 2008 reached 436 000 tonnes, little changed from the previous year, despite the passage of hurricanes. Assuming a return to normal yields, production in 2009 is forecast at 500 000 tonnes (334 000 tonnes, milled basis), a

15 percent gain from last year. The expansion is consistent with the Government's intentions, outlined earlier this year, to raise the area under rice by 50 percent to diminish the country's dependence on imports. According to the plan, USD 500 million are to be invested in equipment and machinery with an eye to extending paddy plantings by 2013 to 250 000 hectares, which compares to 155 500 hectares in 2008.

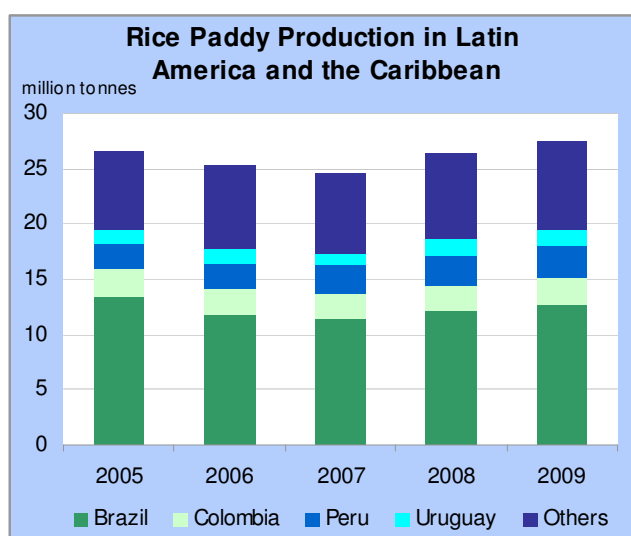
Paddy production in the **Dominican Republic** is officially forecast to expand by 3 percent to 788 000 tonnes (520 000 tonnes, milled basis). In July, the Government allocated 50 million pesos (USD 1.4 million) in support of the rice sector through the Programa Nacional de Pignoraciones that it has implemented since 2004. Under the state financed scheme which aims to maintain price stability during surplus harvests, millers are encouraged to store volumes bought from farmers in state granaries for later release into the market.

**El Salvador** completed the planting of the main 2009 paddy crop in July. Current official forecasts point to a paddy output of 41 000 tonnes (27 000 tonnes, milled basis) in 2009, 15 percent above the 35 640 tonnes officially harvested in 2008. Although still short of the relatively high levels gathered in 2000 and 2001, the sector appears to be recovering from the stagnation it went through between 2002 and 2007.

Prospects are also positive in **Mexico** and in **Panama** where output is anticipated in the order of 330 000 tonnes and 315 000 tonnes, respectively.

#### D. SOUTH AMERICA

**After a positive 2009 season performance, attention is turning to the potential effects of El Niño on the 2010 coming season**



Most countries in South America have already concluded the 2009 rice season, which was generally favourable, although a few countries sustained output declines in the wake of adverse climatic conditions. The FAO production outlook for the region remains largely unchanged at 24.8 million tonnes of paddy (16.6 million tonnes, milled basis), up 4 percent from 2008, reflecting positive results in **Bolivia, Brazil, Chile, Colombia, Peru and Venezuela** which largely compensated for a contraction in **Argentina, Guyana and Uruguay**. Meanwhile, the 2010 season is about to commence as planting activities for the main crop are about to be launched, with a

prospect of a recurring El Niño weighting on the sector. The phenomenon is often associated with an above normal precipitation in the region, which could facilitate an expansion of the area planted to rice. At the time, the event also reduces the exposure of plants to light and sunshine, with negative effects on yields. Thus, it is rather difficult at the time of the year to predict the implications that an El Niño occurrence could have on the 2010 paddy season.

In **Argentina**, the 2009 season came to a close with unfavourable results. In fact, deficient rainfall led to an estimated loss of 11 650 hectares, or 6 percent of the area planted, while also depressing yields by 7 percent. Increased coverage, nonetheless, helped offset part of these losses and total production fell by only 2 percent from the previous year to 1.22 million tonnes (830 000 tonnes, milled basis). With the upcoming 2010 season about to start, the early production prospects are rather subdued, as below average precipitation has reduced the availability of water in reservoirs, which may influence planting decisions negatively.

The 2009 season ended positively in **Bolivia**. Owing to a 13 percent expansion in plantings and favourable climatic conditions, the country is set to gather 457 000 tonnes of paddy (314 000 tonnes, milled basis), up 20 percent from 2008 and the highest level since 2005. However, because of the bumper harvest, domestic prices have undergone steep falls in recent months. To help farmers, direct sale of rice and sugar by small-holder organisations to the country's armed forces and the national police has been allowed. In addition, an August decree has outlined a new

agricultural subsidy programme intended to support small and medium scale producers and indigenous communities, while providing food items to the greater population at affordable prices. The Decree requires the public food enterprise “Empresa de Apoyo a la Producción de Alimentos” (EMAPA) to procure food items at prices up to 15 percent above those established in collection centres; or a price equivalent to production costs plus a 15 percent profit mark-up should those be inadequate. EMAPA is also entrusted with the task to market these items on the basis of the costs faced by the enterprise and up to 10 percent below market prices as assessed by monthly city-wide statistics.

Since the release of the previous issue of the RMM, the Ministry of Agriculture of **Brazil** has slightly lowered the country’s rice production estimates for the 2009 season. According to CONAB’s 12<sup>th</sup> crop progress survey, paddy output in the country is to rise by 4.7 percent to 12.64 million tonnes (8.5 million tonnes), as, on top of a 1.2 percent increase in coverage, crops benefited from good weather during most of their growth period. With planting of the 2010 season due to start in November, the recurrence of an El Niño, which is expected to result in above-average precipitation in the coming months, may raise the availability of water in reservoirs, thereby encouraging farmers to extend the area under rice. However, no information on planting intentions in the coming season has yet been released by CONAB. Meanwhile, with June launch of the 2009/2010 Agriculture and Livestock Plan, the government announced the budgetary expenditure on the agriculture sector would be raised by 37 percent to Reais 107.54 billion (USD 58.8 billion), Reais 92.5 billion of which to support commercial farming and Reais 15 billion for family-based agriculture. In addition to boosting funds for the subsidised credit scheme, rural insurance and investment in infrastructure, the plan envisages higher minimum support prices for commodities supported by the programme. In the case of rice, as of January 2010, minimum support prices are to be increased on average by 20 percent to Reais 18.90 per 50 kilogramme bag (USD 207 per tonne), up from Reais 15.74 (USD 172 per tonne) throughout the 2009 season.

### **Brazil: Paddy Minimum Support Prices in 2008/09 and 2009/10**

Commodity	Regions and States	Type	2008/2009		2009/2010	
			BRL/MT	USD/MT	BRL/MT	USD/MT
Fine long grain rice in the husk	Southern region (except Paraná)	Type 1-58/10	516	282	516	282
	Southeast, Northeast, Centre West regions (excepting Mato Grosso) and Paraná State		516	282	516	282
	Northern Region and Mato Grosso		425	233	470	257
Long grain rice in husk	Southern region (except Paraná)	Type 2-55/13	315	172	378	207
	Southeast, Northeast, Centre West regions (excepting Mato Grosso) and Paraná State		315	172	315	172
	Northern Region and Mato Grosso		269	147	361	198

The 2009 paddy season was also closed with positive results in **Chile**, as, based on official statistics, production rose by 5 percent to 127 300 tonnes (85 700 tonnes, milled basis). The increase was driven by a 13 percent expansion in plantings, as yields were down 7 percent to 5.4 tonnes per hectare. As to the 2010 season, planting activities are to be launched in October. The seasonal outlook for next year points to another favourable campaign, as, according to a June survey of planting intentions, the area under rice may expand to close to 25 000 hectares.

In **Colombia**, harvesting of the main 2009 summer crop was completed in August, but gathering of the secondary crop will not be due until early next year. Based on preliminary forecast, the country is set to reap 2.6 million tonnes (1.8 million tonnes, milled basis), 10 percent more than last year. The increase reflects an expansion of the area, fostered by high prices in 2008 and early 2009. However, the arrival of the bumper harvest on local markets in recent months has already led to sharp drops in prices, a situation, which according to the sector, has been further compounded by large inflows of rice from neighbouring countries. In response and in order to prevent producer incomes from deteriorating, the Government re-introduced in July a storage incentive scheme, which is to cover up to 415 000 tonnes of paddy. Under the scheme, producers and buyers are to receive a monthly retribution of Pesos 20 000 (USD 10) per tonne of dry paddy or milled equivalent kept in store, effective from 31 July to 31 October. The resolution requires the transactions to be registered in the National Agriculture Exchange and also establishes the minimum price level that must be paid to growers to benefit from the scheme in accordance to reference areas. The minimum price level varied from Pesos 740 000 (USD 370) per tonne in Yopal and Aguazul to Pesos 760 000 (USD 381) per tonne in Villavicencio, Arauca, Guaviare and Vichada.

Rice growing was a particularly remunerative activity in **Peru** in 2007 and 2008, which prompted an expansion in the area coverage in the previous and current seasons. Notwithstanding efforts by the government to restrict plantings in the coastal areas amidst concerns over water availability, particularly large expansions were witnessed in the regions of Lambayaque, Piura and San Martin, where farmers are reported to have switched to rice from other crops such as maize. As a result, production in 2009 is now set to reach a record 2.9 million tonnes, 4.5 percent more than in 2008.

Rice production in **Uruguay** was strongly affected by adverse weather at the beginning of the 2009 season, as drought conditions and the ensuing reduction of water availability for irrigation constrained plantings by some 5 percent to 160 000 hectares. Later during the season, however, a resumption of the rains allowed yields to be boosted to a record 8.03 tonnes per hectare. As a result, the latest official estimates point to a volume of production of 1.29 million tonnes (901 000 tonnes, milled basis), down 3 percent from 2008. With the 2010 season due to start in October, the Government already released some very early forecasts that point to a full recovery of the rice coverage to 2008 levels. If confirmed, this could sustain a production of 1.344 million tonnes in 2010.

In **Venezuela**, the 2009 season will close with the September-October harvest of summer crops. Expanded plantings and increased productivity look set to allow for a 3 percent boost of output to 1.4 million tonnes (984 000 tonnes, milled basis). Meanwhile, planting activities for the 2010 winter crop are to be launched in October. In preparation for the season, minimum prices paid to producers have been set to Bolivares Fuertes 0.925 per kilo of Type A paddy (USD 431 per tonne) and 0.915 per kilo of Type B Paddy (USD 427 per tonne). The Government has also revised the national classification of rice, defining maximum selling prices to consumers based on percentage of brokens. Accordingly, the price for Type I rice (between 1 to 10 percent brokens) has been set at Bolivares Fuertes 2.82 (USD 1 315 per tonne); for Type II (greater than 10 and 18 percent brokens) at 2.71 and (USD 1 264 per tonne); and at Bolivares Fuertes 2.62 (USD 1 221 per tonne) for Type III rice (greater than 18 and up to 25 percent brokens).



## E. NORTH AMERICA, EUROPE AND OCEANIA

### Favourable 2009 crop prospects in the three regions

In North America, the **United States** started harvesting its 2009 paddy crop in early September. Since the previous issue of the RMM, the USDA has slightly lowered its production forecast for the season to 9.92 million tonnes (6.99 million tonnes on milled basis), which would still outpace production in 2008 by 7 percent. The increase would be driven by an expansion of plantings in all states, excepting Texas and by a 3 percent rise of average productivity to 7.90 tonnes per hectare. The anticipated increase in output would also come from in as much as a 30 percent annual recovery in medium/short grain production, while long-grain rice output is expected to remain unchanged from last year's level.

In Europe, the 2009 season is about to come to a close with the September-October harvest of crops. Owing to significant expansion in area coverage and excellent climatic conditions, the current outlook for **EU-27** points to a 12 percent rise to 2.94 million tonnes (2.1 million tonnes, milled basis). Increased plantings have been particularly pronounced in Spain, where they have risen to 119 000 hectares, 24 percent above last year's, while a 7 percent increase in area was also recorded in Italy, the largest producer in region. However, prospects are negative in France, where yield losses are anticipated to depress production by 1 percent to 102 500 tonnes, and in Portugal where deficient rainfall constrained water availability and plantings. Positive results are expected in the other EU producing countries (Bulgaria, Greece, Hungary and Romania). Elsewhere in the region, paddy production in the **Russian Federation** is forecast unchanged from last year and in the order of 740 000 tonnes (494 000, milled basis). For next season, the Government has set a target to increase production by 100 000 tonnes. To achieve that goal, it is to support the sector through a Rouble 32 million (USD 1 million) fund from the 2008 budget to finance a Rouble 5 400 (USD 171) per tonne rice subsidy. This direct price support would come in addition to the use of seasonal import duties to encourage import substitution. Little change is anticipated in the **Ukraine**, where output is officially forecast to remain in the order of 105 000 tonnes (70 000 tonnes milled basis).

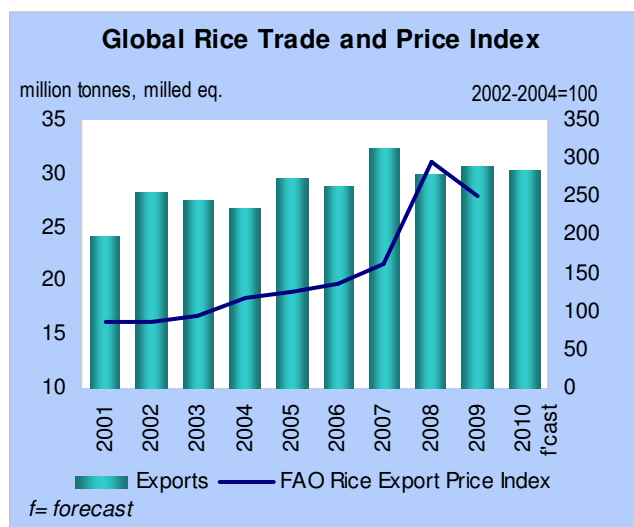
In Oceania, the 2009 paddy season was closed in **Australia** with a limited output recovery to 66 000 tonnes (44 000 tonnes, milled basis), up from a historically low of 18 000 tonnes in 2008. The season was characterised by reduced plantings, given restrained water availability for irrigation, and yields depressed by above average temperatures during February. While planting for the 2010 paddy season is set to commence in September, the Australian Bureau of Agricultural and Resource Economics already predicted lingering water constraints, which may again restrict plantings next season around 8 000 hectares. On the basis of this forecast, the Bureau anticipates paddy production to rise only marginally to 68 000 tonnes. In the region, the **Fiji Islands** is estimated to have harvested 16 000 tonnes (11 000 tonnes, milled basis) in 2009. The country is reported to have earmarked USD 150 000 to the rehabilitation of irrigation infrastructure in the Northern Division, after high rice prices fostered interest in rice cultivation.

## II. INTERNATIONAL TRADE IN RICE

### A. TRADE IN 2009

#### Global rice trade to increase in 2009 but well short of 2007 record level

Since the release of the previous issue of the RMM, FAO has lowered its forecast of global rice trade in calendar year 2009 to 30.7 million tonnes, which is some 300 000 tonnes less than previously foreseen. This new outlook for trade in 2009 takes account of a continued weak import demand, partly explained by the relatively good production results achieved in 2008. It also mirrors the effect of policies in place in some major exporting countries, which have caused artificial tightness of supplies on the world rice market and kept world prices firm both relative to 2007 levels and to the prices of other major cereals, especially wheat.



On the demand side, the adjustment to globally traded volumes would mirror downward revisions in the import forecasts of: **Bolivia** (-10 000 tonnes to 10 000 tonnes), **Burkina Faso** (-17 000 tonnes to 203 000 tonnes), **Cuba** (-100 000 tonnes to 570 000 tonnes), **the Gambia** (-20 000 tonnes to 145 000 tonnes), **Mozambique** (-20 000 tonnes to 360 000 tonnes), **Saudi Arabia** (-300 000 tonnes to 1 million tonnes), **Senegal** (-50 000 tonnes to 850 000 tonnes) and **the United Arab Emirates** (-100 000 tonnes to 500 000 tonnes); which more than offset upwards revisions to purchases in: **Chinese Province of Taiwan** (+60 000 tonnes to

150 000 tonnes), **Colombia** (+45 000 tonnes to 190 000 tonnes), **Indonesia** (+ 100 000 tonnes to 200 000 tonnes), **Peru** (+50 000 tonnes to 90 000 tonnes) and **Singapore** (+70 000 tonnes to 340 000 tonnes).

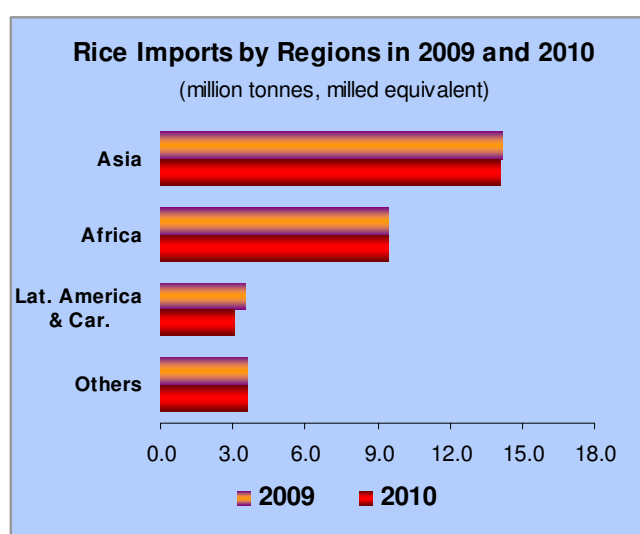
On the other hand, the 2009 export forecasts have been raised in **Cambodia** (+200 000 tonnes to 1.5 million tonnes), **Myanmar** (+100 000 tonnes to 800 000 tonnes), **Peru** (+ 20 000 to 30 000 tonnes) **Thailand** (+ 200 000 tonnes to 8.5 million tonnes) and **Viet Nam** (+1.1 million tonnes to 6.5 million tonnes); being instead downgraded in **China mainland** (-200 000 tonnes to 900 000 tonnes), **Egypt** (-200 000 tonnes to 600 000 tonnes), **India** (-1.2 million tonnes to 2.8 million tonnes), **Indonesia** (-20 000 tonnes to 40 000 tonnes) and **Pakistan** (-400 000 tonnes to 2.8 million tonnes).

As a result of these adjustments, the new 2009 trade forecast of 30.7 million tonnes would be only 700 000 tonnes, or 2 percent, above the depressed 2008 volume, and well short of 32.3 million tonne record exchanged in 2007.

## Imports in 2009

### Larger purchases in Europe and Near East countries sustain growth in world imports in 2009

Reflecting the positive results of world production over the 2008 paddy season, much of which was consumed and traded in 2009, global rice imports this year are anticipated to recover by only 2 percent, or some 740 000 tonnes above the 30.0 million tonnes volume in 2008. The decline of international prices from the 2008 high levels has helped global imports to rebound this year, but such effect was limited as world prices remain high compared to historical levels. Based on current prospects, the largest increase in imports is expected to come from Europe and Near East countries, but rice inflows to Latin America and the Caribbean and Africa are also foreseen to be modestly above those recorded in 2008. Far East countries, on the other hand, are anticipated to cut imports by 10 percent from last year's high.



*Asia* is anticipated to remain the main destination of trade in 2009, accounting for 46 percent of global imports. Countries in the region are forecast to take delivery of 14.2 million tonnes during the calendar year, compared with 14.1 million tonnes in 2008 and 15.6 million tonnes in 2007. The slight rise in 2009 imports is expected to stem from increased deliveries to **Afghanistan, China mainland, the Chinese Province of Taiwan, the Islamic Republic of Iran, Iraq, Japan, the Democratic People's Republic of Korea, the Republic of Korea, the Philippines, Singapore, Thailand, the United Arab Emirates and Yemen**. These would more than

offset a decline in imports by **Bangladesh, Indonesia, Malaysia, Sri Lanka and Turkey**.

Rice imports to **Bangladesh** are anticipated to hover around 400 000 tonnes in 2009, which would be less than a quarter of the level delivered to the country in 2008. The fall largely reflects the excellent crops harvested over 2008, which have enabled the country to store 1 million tonnes of rice as emergency food reserve and sharply reduced the need for external supplies. In addition, the flow of imports, which are mostly sourced in India, was also disrupted by the recent decision by this country to halt all non-basmati rice exports in the wake of the poor on-going monsoon.

Deliveries to **Indonesia** are forecast in the order of 200 000 tonnes in 2009, implying a 33 percent cut in purchases from a year earlier. Growing concern over the potential impact of drought caused by the El Nino condition had raised concerns as to whether the country would resume international purchases, but there is growing evidence that the government would not rely on imports to build up its reserves, given the large availability of domestically produced rice.

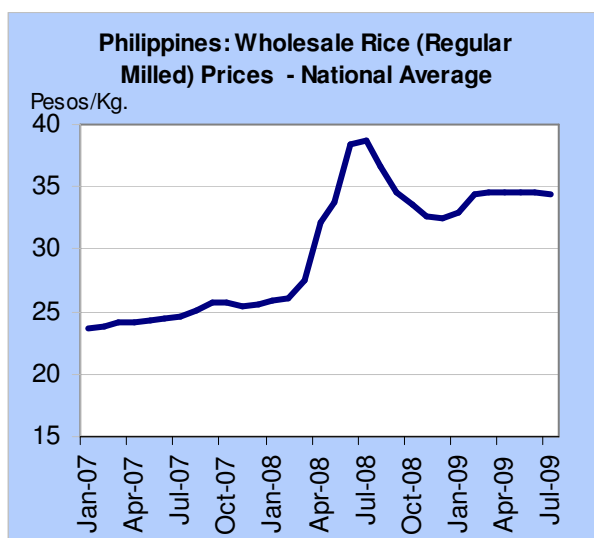
Imports by **Japan** are projected to rise by 17 percent to 700 000 tonnes in 2009, somewhat above the country's WTO import commitment. According to its agreement with the international organization, Japan is to import a minimum of 770 000 tonnes on a husked rice, (equivalent to some 682 000 tonnes of milled rice) and fiscal year (1 April- 31 March) bases. In 2008, the

country officially purchased 597 000 tonnes, which was short of its WTO obligation, due both to the high prevailing world prices but also to the trade disruption caused by the finding of tainted rice in imports in September 2008. Part of the 2008 import shortfall may have to be covered in 2009.

Based on the “Special Treatment” provision agreed with WTO, imports by the **Republic of Korea** are set to rise by 7 percent to 307 000 tonnes in 2009, up from 287 000 tonnes last year. These imports may add pressure on the domestic market, which is already facing a large surplus following a bumper 2008 paddy crop and falling consumption. This situation has led the government to consider the possibility to replace the current import quota regime with a tariff-based system in January 2010.

Given two consecutive below average harvests, the **Democratic People’s Republic of Korea** is projected to step up purchases by 38 percent to 900 000 tonnes. It is unclear, however, whether it would have to purchase the rice on commercial terms, or whether at least part of it can be obtained in the form of food aid.

After harvesting a bumper crop this year, **Malaysia** is anticipated to cut its purchases to 900 000 tonnes, 10 percent below the very high level of imports made in 2008, when the government was striving to raise its stocks to avert shortages.



Deliveries to the **Philippines** during the 2009 calendar year are projected to rise by 3 percent to 2.4 million tonnes in an effort to keep domestic prices in check. Much of these supplies were brought in the first part of the year under government-to-government deals, as the country launched its first rice tender of the year on July 22, awarding the bulk of the 75 000 tonne sale to Thailand and the remainder to Pakistan. Although unconfirmed, an additional agreement with Vietnam would have 400 000 tonnes of rice supplied to the Philippines in exchange for maize. As for the forthcoming implementation of the ASEAN Free Trade Area in January 2010 and the country’s obligation to reduce rice import duties,

the Government has announced that it is to invoke a special protocol on the agreement so as to postpone tariff cuts until the end of 2014. Under the “Protocol Regarding the Implementation of the CEPT Scheme Temporary Exclusion List”, ASEAN member states are permitted to delay the phase-in of a product into the inclusion list, or even suspend the tariff concessions for a product should implementation of the scheme be considered detrimental. The instrument would, nonetheless, require the soliciting country to compensate those ASEAN members having supply interests. In accordance to these provisions, a proposal for compensatory measures would be in the works with ensuing negotiations to be held between the Philippines and both Thailand and Viet Nam.

Purchases by **Saudi Arabia**, one of the major rice international markets, are estimated in the order of 1 million tonnes, unchanged from the previous year. Since December 2007, the government is reported to have granted a subsidy of Saudi riyals 1 000 (USD 267) per tonne on rice imports to mitigate the impact of high international prices on domestic consumers. Over a longer term food

security strategy, Saudi investors, including the Islamic Development Bank (IDB), are financing land development projects in foreign countries, especially in Africa (Mali and Senegal, Sudan and Uganda) and Asia (Indonesia), mostly to grow rice, as a way to secure access to foreign rice supplies.

Aggregate imports to countries in *Africa*, which have come to represent over 30 percent of global trade, are forecast to reach 9.5 million tonnes, against the 9.4 million tonnes purchased in 2008, sustained by greater deliveries to **Angola, Cote d'Ivoire, the Gambia, Ghana, and Togo**. However, imports are also seen on the rise in **Guinea**, where an August Government decision has extended a tariff exemption on the import of 90 000 tonnes of rice for delivery between 15 August and 15 November 2009. The contingent is to be marketed in accordance to a set of reference prices, which in the case of the Conakry zone have been fixed to Guinean Franc 122 000 per 50 kilo bags (USD 509 per tonne). Likewise, a 10 percent increase in purchases to 100 000 tonnes is forecast in **Madagascar**, where earlier this year, the Government announced its intention to bring up to 150 000 tonnes of foreign rice to sell at subsidised prices during the lean season. On account of unfavourable results to the paddy season, imports to the **United Republic of Tanzania and Kenya** are forecast to increase to 150 000 and 300 000 tonnes, respectively. A 13 percent increase is also projected in **South Africa** to some 900 000 tonnes.

Conversely, owing to favourable results from the previous campaign and larger inventories, in **Burkina Faso, Chad, Guinea Bissau, Liberia, Mali, Mozambique, Niger, Nigeria, Senegal, Sierra Leone and Zambia** are all anticipated to cut their imports. In the case of **Senegal**, one of the most important destination of rice trade in the region, shipments are forecast in the order of 850 000 tonnes, marginally lower than in 2008. Deliveries to **Nigeria**, the largest market in the region, are anticipated to decline by 10 percent to 1.8 million tonnes.

#### Rice Import Duties in Nigeria and ECOWAS

In September 2008, Nigeria adopted a new tariff regime in a second attempt to align its structure to the Economic Community of West African States' (ECOWAS) Common External Tariff (CET), adopted in January 2006 as already applied by countries belonging to the West African Economic and Monetary Union (WAEMU). Under the West African customs regime, products are classified into four tariff bands (0, 5, 10 and 20 percent), with paddy rice accruing a 5 percent ad-valorem duty and milled/semi-milled and broken rice a 10 percent rate, both subject to additional 2.7 percent surcharges.

The CET framework, which was originally due for full implementation by 1 January 2008, allowed for a Type A and a Type B national exceptions to the common tariff: while goods under the Type A exception list were to be aligned to CET rates by the end of a 2006-2007 transitional period, tariffs on the more sensitive products included in the Type B exception list were to be harmonised across the region following negotiations under a joint ECOWAS/WAEMU Committee. Full implementation of the CET across the region was, however, postponed as negotiations over products on the Type B exclusion list collapsed after Nigeria proposed that a fifth tariff band be introduced for goods deemed strategic, such as rice, at a 50 percent rate of duty. The proposal was nevertheless eventually scaled down and on 22 June ECOWAS Heads of State approved the replacement of the original CET framework across the region, with one that includes a fifth band attracting a 35 percent duty.

Ahead of this development and in line with its revised proposal, the 2008 realignment of the Nigerian tariff system, divides products into five categories, adding a fifth tariff band of 35 percent, applicable to goods manufactured locally requiring protection in support of the local industry, to the four established CET bands. The reformed regime maintains the 5 percent duty rate for paddy rice, while milled/semi-milled and broken rice are levied a 30 percent tariff. Although imports are liable to other applicable surcharges, the adoption of this regime implies a sharp tariff reduction for Nigeria, as, prior to its implementation, duties and levies on rice imports exceeded 100 percent.

Total purchases by countries in *Central America and the Caribbean* are forecast at 2.2 million tonnes, marginally above the volume recorded in 2008. In particular, owing to unfavourable production prospects this year, deliveries are anticipated to rise in **Costa Rica** by some 15 percent to 115 000 tonnes, but also slightly in **Cuba** to 570 000 tonnes and in **Nicaragua** to 170 000 tonnes. Imports are also projected to increase by 6 percent in **Haiti** to 350 000 tonnes, while they may remain in the order of 500 000 tonnes in Mexico. By contrast, both **Jamaica** and **Panama** may cut purchases from last year's high levels to 70 000 and 71 000 tonnes, respectively.

In *South America*, imports are forecast to rise by 16 percent to 1.2 million tonnes during calendar 2009. This projected rise would mostly mirror developments in **Brazil**, where imports are officially forecast to rebound to 650 000 tonnes, 51 percent above the reduced purchases recorded in 2008. A substantial increase in imports is also foreseen in **Colombia**, where they might reach 190 000 tonnes, up 73 percent compared with last year. The increase, however, may be restrained by the imposition of tighter sanitary and phytosanitary controls on rice imports, through stricter surveillance on the issuance of certificates and by limiting annual importable volumes to those declared during certificate procedures. The measures, recently announced by the Government, aim to relieve downward pressure from prices, which have been depressed by the large recently harvested crop. On the other hand, increased production in **Bolivia** is expected to prompt a 77 percent cut of imports by to 10 000 tonnes only. Similarly, excellent results from the 2009 paddy season are likely to reduce purchases by **Peru** by 39 percent from the exceedingly high levels recorded in 2008 to 90 000 tonnes. **Venezuela's** imports during the year are also forecast to drop by 44 percent to 100 000 tonnes. Notwithstanding this substantial reduction, the country has signed important purchase agreements with regional partners during the first half of the year, including a deal with Argentina and Ecuador to supply 32 000 tonnes and 60 000 tonnes to the country, respectively.

*Elsewhere in the world*, imports by **Australia** are forecast to rise to 200 000 tonnes this year, 17 percent above 2008, given the small size of the 2009 crop. In the **United States**, they are officially forecast to grow by 8 percent to 700 000 tonnes.

Deliveries to the **European Union** are anticipated to surge to 1.5 million tonnes, up 16 percent from the previous year. This would convert the EU-27 zone into the third most important destination of world rice trade. With the opening of the 2009/10 rice crop year, on 1 September 2009, EU duties on husked and milled or semi-milled rice were reassessed based on import licensed volumes in the 2008/09 season. Because the provisional estimate of imports of milled and semi-milled rice, at 343 822 tonnes, did not exceed the 387 743 tonne threshold, imports from 1 September until 31 March 2010 are to attract a duty of Euro 145 per tonne, the same as applied in the previous six months. Likewise, given that the Commission's estimate of EU husked rice imports of 449 782 tonnes in 2008/09 fell within the range of 382 226 tonnes – 517 130 tonnes, the duty is to be left at its previous six-month level of Euro 42.5 per tonne until 31 March 2010. On the other hand, purchases by the **Russian Federation** could decline by some 3 percent to 260 000 tonnes, reflecting sharp increases of import duties this year.

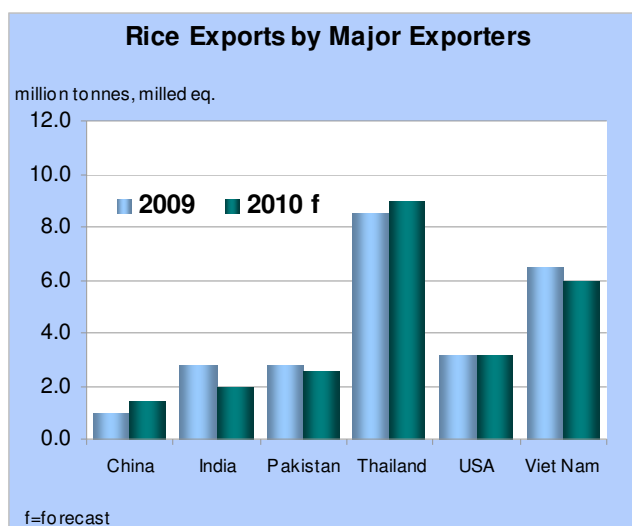
## Exports in 2009

### Several major rice exporters to export less in 2009, with much of the shortfalls to be met by Viet Nam and Myanmar

The global export estimate for 2009 has undergone a near 300 000 tonne downward adjustment since the release of the previous issue of the RMM, reflecting the renewal of export restrictions by India and Egypt and the continued slow pace of deliveries in the first part of the year in all the major origins with the exception of Viet Nam. As a result, world rice exports are now forecast in the order of 30.7 million tonnes in 2009, still 2 percent more than in 2008. Based on current expectations, **Argentina, Brazil, Bangladesh, Ecuador, Egypt, Guyana, Myanmar** and, especially, **Viet Nam** look set to increase their exports compared with 2008, more than compensating for a contraction in **China, India, Pakistan, the United States and Thailand**.

In **Bangladesh**, given the successful outcome of the 2008 Boro crop and an active procurement campaign that has generated ample state stocks, the Government has rescinded the export ban renewed earlier in May allowing aromatic rice to be exported until December this year. Accordingly, deliveries by the country are anticipated in the order of 15 000 tonnes.

Exports by **Cambodia** are currently forecast at 1.5 million tonnes, virtually unchanged from their level in 2008. The country's export industry continues to be constrained by a lack of storage and milling capacity, requiring large volumes of rice to be routed through neighbouring countries. Important initiatives have been announced that look to address these hurdles, amongst which a potential joint state venture with Viet Nam to construct a mill and a USD 7.8 million investment on a packaging facility in the province of Battambang. Improvements in rice quality are indeed required if the country wishes to take advantage of the European Union's Everything-but-Arms initiative, which as of 1 September 2009 is to allow for unlimited duty-free imports of rice from the Least-Developed countries subscribed under the initiative.



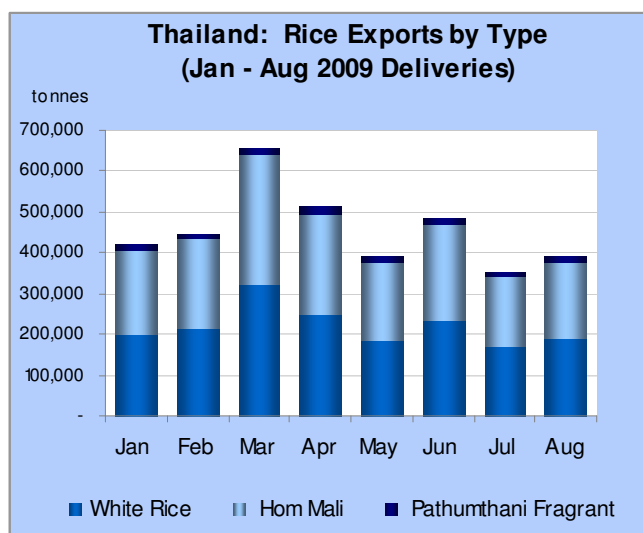
Consignments by **China, mainland** continue to lag behind last year's levels notwithstanding a June decision to eliminate taxes levied on exports. Cumulative deliveries during the January-August period, in fact, stood 31 percent below their level last year amounting to 535 000 tonnes. In view of the slow pace of exports maintained thus far, forecast of deliveries by the country have been revised downward to 900 000 tonnes, implying a 7 percent reduction in shipments from the already low level recorded in 2008, when export taxes ranged 5 and 3 percent.

Given the prevailing drought conditions, officials in **India** announced in July that, in order to ensure domestic availability of rice, exports of wheat and non-premium varieties of rice would be halted. The move effectively overturns earlier relaxations of restrictions, which would have had one million tonnes of non-basmati rice exported to 21 African countries through government-to-

government deals. Moreover, given the dismal outlook for the current Kharif crop, the Government is also reported to be considering the suspension of the current 70 percent duty on rice imports. Although the measure would serve to stimulate private imports, the country is not expected to buy rice on foreign markets this year or even in 2010, given the 33.1 million tonne rice reserves held by the government following a record procurement drive from the 2008 bumper crop.<sup>4</sup> In light of these developments, the FAO forecast for India's exports in 2009 has been revised downwards to 2.8 million tonnes. At this level, deliveries would stand 21 percent below 2008 and consist for a large part of basmati rice, the sale of which continues to be sustained by active demand from Near East countries particularly for Pusa 1121. Basmati rice exports are also to benefit this year from a September notification which lowered minimum export prices for premium varieties by USD 200 to USD 900 per tonne.

Exports by **Myanmar** have surged on the first half of the year on the back of competitive prices and high demand from African countries. Although consignments during the coming months are expected to carry on at a slower pace, forecast for exports for the full calendar year have been upgraded to 800 000 tonnes, the highest export level since 2002 and some 600 000 tonnes more than in 2008.

In view of the negative prospects for the 2009 paddy season, exports by **Pakistan**, have been revised down to 2.8 million tonnes, 400 000 tonnes less than previously reported and 1 percent below consignments in 2008. The Government has reportedly been contemplating a reform of the state paddy procurement policy, in order to avoid the set backs experienced at the start of the year. State intervention was indeed made responsible for an erosion of the country's competitiveness by pushing prices upwards. Under the proposal, the Pakistan Agricultural Storage and Supply Corporation (PASSCO) and the Trade Corporation of Pakistan (TCP) would only be allowed to intervene through open sale markets and only if prices fell below an established reference level. Under a separate development, Kenya has extended the concessional tariff rate of 35 percent to Pakistani imports, by renewing the preferential treatment for an additional year.



Exports by **Thailand**, the largest rice supplier, have been revised upwards to 8.5 million tonnes in 2009. At the current forecast level, deliveries by the country would stand 15 percent below 2008, with much of the reduction imputable to the government's high price policy, which has substantially eroded the competitiveness of Thai rice. With an estimated 7-8 million tonne stock owned by the government as a result of the 2008-2009 rice pledging scheme, three auctions held in August and September released 756 984 tonnes of white rice and fragrant rice. The measure provided only partial market relief, as it coincided with

an extension of the second crop mortgage scheme, from 9 to 30 September with allocations to cover an additional 450 000 tonnes. High prices relative to other competing origins are much behind a 24 percent drop of Thai exports from January to June 2009 compared with their corresponding level in 2008. Nonetheless, India's restrictions on non-basmati sales and their

<sup>4</sup> Figure as of 11 September.



further recent tightening, offer new export opportunities, which may accelerate the pace of Thai sales in the second half of the year. For instance, a deal for a large shipment of parboiled rice to South Africa is currently in the making and further discussions are being held to set up a Thai distribution centre in the African country.

In light of good harvest results expected in the Mekong Delta, FAO forecast for exports from **Viet Nam** have been raised to 6.5 million tonnes, representing a near 40 percent jump in deliveries from the previous year. According to statistics provided by the Vietnam Food Association, by August rice exports totalled 4.7 million tonnes, up 40 percent year-on-year. Although no confirmation has yet been provided, under an agreement reported to have been struck with the Philippines, the country would be supplied with maize in exchange for a delivery of up to 400 000 tonnes of rice. Should the deal be finalised, total deliveries to the Philippines alone this year would effectively amount to 1.9 million tonnes. However, with the arrival of an anticipated bumper summer-autumn crop, concern has arisen over continued downward pressure on prices, which is resulting in a lower value of exports, notwithstanding an increased volume. Meanwhile, as part of its commitments to the World Trade Organisation, the Government is reported to have approved a measure allowing foreign individuals and enterprises to engage in the distribution and export of rice as of this year, ahead of the 1 January 2011 schedule.

Following the April amendment to the rice export ban, **Egypt** issued a ministerial decision in July that doubled the duties levied on exports to Egyptian pounds 2000 per tonne (USD 363). In support of millers holding large stockpiles of rice procured at high prices at the beginning of the season, now unable to dispose of them due to unfavourable prices, in September the Government announced that it was to purchase 100 000 tonnes of rice outside of the auction mechanism established earlier this year. Meanwhile, in July, the export ban on broken rice kernels was also rescinded, allowing for deliveries of rice pieces not exceeding half the normal length of the raw and unprocessed grain. The export tax on such rice was further lowered from Pounds 300 (USD 54) per tonne to Pounds 100 per tonne (USD 18) in August, to adjust to falling world broken rice prices. As a result, rice exports by the country are forecast in the order of 600 000 tonnes in 2009, up from the 500 000 tonnes in 2008.

In South America, **Argentina** is officially forecast to export 488 000 tonnes of rice in 2009, nearly 60 percent above the volume recorded last year. Following a deal for delivery of 32 000 tonnes reached earlier in the year, under what has been called a historical agreement with Venezuela, the sale of a further 32 000 tonnes has been agreed between the two countries, for consignment in the coming months. In the January to August period, deliveries by **Brazil** have reached 423 000 tonnes, 30 percent above those during the previous year. Total export by the country are forecast at 600 000 tonnes, that is 17 percent above shipments last year, large part of which would be in the form of parboiled rice. Exports by **Ecuador** are forecast to recover to a more normal level of 70 000 tonnes, following the lifting in March 2009 of the rice export ban that has been active since June 2008. Of these, 60 000 tonnes have already been agreed for consignment to Venezuela under a deal signed in July. Elsewhere in the region, an abundant crop has enabled **Peru** to resume rice exports to neighbouring countries. Export volumes by the country are projected in the order of 20 000 tonnes. Meanwhile, shipments from **Uruguay** are forecast unchanged from last year at 800 000 tonnes.

Official estimates in the **United States**, have further lowered the estimate of rice exports in calendar 2008 to 3.27 million tonnes, while prospects for shipments in 2009 remain unchanged at 3.1 million tonnes. Deliveries by the country are being supported by larger shipments of medium grain varieties, which have benefited from reduced competition on world markets following

Egypt's renewed restrictions on rice exports and Australia's drought impaired crop. Nonetheless, at this level, they would stand 5 percent below the revised 2008 level.

## B. TRADE IN 2010

### Trade in rice anticipated to contract in 2010

Based on current expectations for 2009 paddy crops in northern hemisphere countries and preliminary projections of 2010 crops in nations located south of the Equator, FAO's first forecast of rice trade during the 2010 calendar year points to a 1 percent contraction in globally traded volumes to 30.3 million tonnes. This near 400 000 tonne retrenchment would arise from both weak demand from major rice importers, given positive expectations for the 2009 season output, but also from an anticipated tightening of supplies in key exporting countries, constrained by adverse climatic factors.

### Imports in 2010

#### Reduced imports by the Philippines largely behind the expected contraction of world trade in 2010.

The anticipated slide to global rice trade would partly arise from slightly smaller shipments to Asian countries, as overall imports to the region are forecast to decline by 1 percent to 14.1 million tonnes. This reduction would mostly reflect an anticipated 25 percent cut of purchases by the main importer in the region, the **Philippines**, to 1.8 million tonnes, substantially smaller than the 2.4 million tonnes anticipated for 2009. **Afghanistan**, the **Democratic People's Republic of Korea**, **Indonesia** and **Sri Lanka** look also set to cut their purchases somewhat. On the other hand, imports to Near East countries are likely to increase. For instance, unfavourable prospects for a water-strained crop in **Iraq** are anticipated to boost imports by 9 percent to 1.2 million tonnes, while larger supply needs in both **Saudi Arabia** and the **United Arab Emirates** may lead purchases to rise to 1.3 million tonnes and 600 000 tonnes, respectively. Barring a change in the country's import policy, purchases by the **Republic of Korea** are projected to rise in line with its WTO commitments to 327 000 tonnes, against the 307 000 tonnes foreseen in 2009. Although the country was expected to deliberate soon on plans to liberalise its rice market ahead of the scheduled 2015 date, recent deadlocks in negotiations have led to a decision to postpone negotiations until after harvest time, making it unlikely that any reform would take place before 2011. Imports by **China, mainland**, mostly composed of high quality fragrant varieties, may increase by 25 percent to 500 000 tonnes next year. Given the negative outlook for production in the on-going 2009 paddy season, imports by **Nepal** could rise to 250 000 tonnes, 67 percent above the 2009 estimate. Imports by the remaining importers in the region are anticipated to remain close their 2009 levels.

Based on the current production outlook, rice imports to Africa are forecast steady in the order to 9.5 million tonnes. Notwithstanding this, **Burkina Faso**, **Cameroon**, **Chad**, **Kenya**, **Niger** and **Senegal** may step up their purchases, under relatively poor crop prospects in 2009. Conversely, shipments to **Guinea**, **Liberia**, **Madagascar** and **Mozambique** are projected to decline, while maintenance of export restrictions may eliminate the need for **Egypt** to purchase rice on external markets during 2010. Deliveries to the largest importer in the region, **Nigeria**, are expected to hold steady around 1.8 million tonnes. Likewise, little change in purchase volumes is expected

from the remaining large markets in the region with imports by **Cote D'Ivoire**, and **South Africa** anticipated to remain both in the order 900 000 tonnes.

In ***Latin America and the Caribbean***, rice imports are forecast in the order of 3.1 million tonnes, which would imply a 10 percent contraction compared to 2009. The foreseen retrenchment mostly results from reduced shipments to **Brazil**, the principal importer in the region, forecast to fall to 450 000 tonnes, 31 percent below officially estimated imports in 2009. Shipments are also projected to decline in **Argentina, Cuba, Colombia, the Dominican Republic, Panama** and **Peru**. Based on current expectations for 2010 paddy output, in the rest of the region only **Bolivia** is envisaged to increase imports.

In ***North America***, purchases by the **United States** are officially projected to rise by 5 percent to 735 000 tonnes, the highest level in the decade.

In ***Europe, the Russian Federation*** is forecast to maintain purchases in the order of 260 000 tonnes. However, they may end lower, should Government adopt a proposal to raise the import duty on rice from a current level of 70 euro per tonne to 120 euro per tonne.

Elsewhere in the region, imports by the **EU-27** are forecast steady at 1.5 million tonnes. Until 31 March, when the first half of the 2009 marketing season (which spans from 1 September 2009 to 31 August 2010) ends, import duties levied on husked and on milled/semi-milled rice will remain at Euro 42.5 per tonne and Euro 145 per tonne, respectively. However, as part of the Everything-but-Arms initiative subscribed in 2001, rice imports from the 49 Least Developed Countries covered by the initiative have been granted unlimited and duty free entry into the EU territory as of 1 September 2009.

Of recent, discussions on the EU's zero tolerance policy for traces of unauthorised genetically modified crops in consignments have intensified. Much as a reflection of developments in the feed and livestock industry, calls have been made for the policy to be revisited, since, in addition to the disruptive effect on trade and the long import authorisation procedures, doubt has been cast on the ability for traders to comply with a zero tolerance limit.

According to a study conducted by the Commission's Joint Research Centre, in the case of rice, no GM variety is being grown on a commercial basis in any country of the world. However, five GM rice crops have received commercial approval in one country or are undergoing regulatory assessments to do so, and ten others are in advanced R&D stages. Thus, it foreseeable that, by 2015, fifteen genetically modified crops could be globally available for wide scale cultivation.

**GM rice in the commercial, regulatory and advanced R&D pipeline worldwide:<sup>5</sup>**

Developer	Product name	Event name / genes	Trait	Unique identifier
<i>Rice events authorised in at least one country but not yet commercialised anywhere</i>				
Bayer CropScience	LibertyLink	LLRICE62 *	Herbicide tolerance (to glufosinate)	ACS-OSØØ2-5
<i>Rice events in the regulatory pipeline in at least one country</i>				
n/a (China)	n/a	Bt63 * #	Insect resistance	n/a
n/a (China)	n/a	KMD1 * #	Insect resistance	n/a
n/a (China)	n/a	Xa21 * #	Disease resistance (against leaf blight)	n/a
n/a (Iran)	n/a	B827 * #	Insect resistance	n/a
<i>Rice events at advanced stages of R&amp;D</i>				<b>Possible commercialisation</b>
IRRI (Philippines)	Golden Rice 1	n/a	Crop composition (betacarotene cont.)	2011
Bayer CropScience	n/a	n/a	Herbicide tolerance	2011-13
Bayer CropScience	n/a	n/a	Insect resistance	2011-13
n/a (China)	n/a	Bar68-1	Herbicide tolerance (to glufosinate)	2012
IRRI (Philippines)	Golden Rice 2	n/a	Crop composition (betacarotene cont.)	2012
n/a (India)	n/a	CP iORF-IV	Virus resistance	2012
n/a (India)	n/a	RTBV-ODs2	Virus resistance (to tungro bacilliform)	2012
n/a (India)	n/a	chi11 tlp	Disease resistance	2013
n/a (India)	n/a	cry1Ac	Insect resistance	2013-15
n/a (India)	n/a	cry1Ab, cry1C & bar	Insect resistance	2013-15
n/a (India)	n/a	Glyoxalase I and II	Abiotic stress tolerance (to salinity)	2015+
n/a (India)	n/a	Osmotin	Abiotic stress tolerance (to drought)	2015+
n/a (Indonesia)	n/a	Bacillus thuringiensis **	Insect resistance	2015+
n/a (Pakistan)	n/a	Bacillus thuringiensis **	Insect resistance	2015+
<p><i>Authors' notes:</i> "Until early 2009, events marked with an asterisk (*) are not yet authorised in the EU for any use and events marked with a hash (#) are not even submitted for authorisation in the EU. In Indonesia and Pakistan (**) more than one event are currently under development. The possible commercialisation dates marked in italics are estimates by the authors only; events that could only be commercialised the earliest in 2015 are not considered in the further analysis."</p>				

<sup>5</sup> Source: Alexander J. Stein and Emilio Rodríguez-Cerezo. *The global pipeline of new GM crops - Implications of asynchronous approval for international trade*. European Commission: Joint Research Centre. Institute for Prospective Technological Studies. 2009.

## Exports in 2010

### Supply constraints to undermine deliveries by India and Pakistan, while exports by China and Thailand look set to rebound

Based on preliminary outlook for trade in 2010, cuts to export volumes are expected across several regions. Amongst Asian exporters, trade restrictions in **India** are likely to be maintained given the current poor prospects for crops in 2009. As a result, in 2010, rice deliveries may further contract by 29 percent to 2 million tonnes. Lower output is also likely to condition exports by **Pakistan**, currently projected in the order of 2.6 million tonnes, down 200 000 tonnes from 2009. Meanwhile, deliveries by **Viet Nam** could remain around 6 million tonnes; high if compared to volumes shipped in recent years, but still below the record 6.5 million tonne anticipated for 2009. The decline may well be driven by less attractive world prices. On the other hand, given the positive outlook for the 2009 paddy season, exports from **China, mainland** are forecast to recover to a more normal 1.4 million tonne level. Similarly, shipments from **Thailand** may rebound by 6 percent to 9 million tonnes, especially if, as intended, the substitution of the rice pledging programme with the guaranteed price system results in lower domestic prices leading to more competitive export quotations. Capitalising on investments on infrastructure to support the export sector, **Cambodia** is also expected to step-up exports in 2010 to 1.6 million tonnes. In **Myanmar**, they are expected to continue growing to 1 million tonnes.

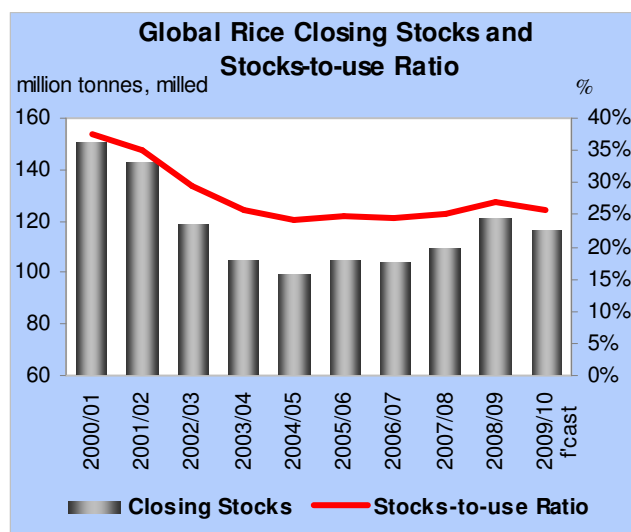
The expected decline in global exports would also stem from reduced deliveries by major exporters outside of Asia. From these, **Egypt** is anticipated to cut sales by 100 000 tonnes to 500 000 tonnes, curbed by the recent increase in export duties. Deliveries by the country could, however, fall even more, should the Government impose an announced 400 000 tonne export limit as of the coming harvest. The measure is part of its efforts to contain rice production due to concerns over water scarcity. Shipments by the **United States** are officially forecast to decline to 3.05 million tonnes, 2 percent below the volume anticipated for 2009, while shipments by **Australia** are anticipated to remain around 50 000 tonnes, in view of the very limited supplies the country is expected to hold again next year. Marked declines in deliveries are also anticipated in **Brazil** and **Uruguay** where they may contract to 500 000 and 700 000 tonnes respectively, while a slight increase to 500 000 tonnes is forecast in **Argentina**.

## III. CLOSING STOCKS

### Global rice inventories to close at an even higher level in 2009, while a 4 percent draw down is anticipated for 2010.

FAO's June forecast of global stocks at the closing of the 2008-2009 marketing seasons has been revised upwards to 121.4 million tonnes, 2.2 million tonnes more than previously reported and the highest since 2002. At this level, world carry-over stocks are nearly 12 million tonnes, or 11 percent, above their opening level. The revision mainly derives from larger than previously estimated inventories in Asian countries, generally resulting from upward adjustments of outputs from the 2008 paddy season. The most important revisions to carryovers concern: Afghanistan (+ 35 000 tonnes), China, mainland (+200 000 tonnes), India (+2.5 million tonnes), Indonesia (+100 000 tonnes), Nepal (+ 10 000 tonnes), Pakistan (+ 260 000 tonnes), the Philippines (+ 676 000 tonnes), and Singapore (+ 20 000 tonnes) and the United States (+233 000 tonnes), which more than compensated for downgraded stockpiles in Cambodia (-120 000 tonnes), Cuba (-25 000

tonnes), Colombia (-45 000 tonnes), Iraq (-30 000 tonnes), Lao PDR (-20 000 tonnes), Myanmar (-50 000 tonnes), Saudi Arabia (-130 000 tonnes), Senegal (-20 000 tonnes), Thailand (-50 000 tonnes), Viet Nam (-1.2 million tonnes) and Yemen (-50 000 tonnes).



All of the projected increase to global rice inventories in 2009 is anticipated to concentrate in **developing countries**, now forecast to hold 118.3 million tonnes on reserve, 11.8 million tonnes more than the previous year. By contrast, stocks are projected to close with a 5 percent decline in **developed countries** where they are foreseen in the order of 3.1 million tonnes. The adjustment to world rice reserves has also resulted in a higher global **stocks-to-use ratio** estimated at 27 percent, with world inventories covering roughly 3.2 months of global rice utilization, providing a comfortable level of food security.

From a trade perspective, stocks held by **rice importing countries** are set to rise by 16 percent to 21.7 million tonnes. On the back of output gains and increased government procurement, notable gains are anticipated in **Bangladesh** where stocks may reach 6 million tonnes, 22 percent above a year earlier. Likewise, carry-overs held by **Indonesia** are predicted to rise by 700 000 tonnes to 3.5 million tonnes, while a bumper harvest in the **Republic of Korea** coupled with decreased per caput rice consumption are estimated to lead to an end-of-season inventory gain of 27 percent to 880 000 tonnes. **The Philippines** is also expected to rebuild reserves, with stock levels reaching 2.8 million tonnes, against 2.2 million tonnes in 2008. Amongst other major importers, larger reserves are also projected in **Cote D'Ivoire, Malaysia, Mexico and Nigeria**; while, on the contrary, **Brazil, Iran, Saudi Arabia, South Africa, and the United Arab Emirates** are projected to incur inventory cuts.

Overall stocks carried over by **rice exporters** are also forecast to close with a 9 percent gain to 99.7 million tonnes, part of which will be available for trade in 2010. From these, carry-over stocks held by **China, mainland** are foreseen in the order of 63.6 million tonnes, 5.4 million tonnes above their opening level. Meanwhile, owing to outstanding results from the 2008 season and an unprecedented volume of purchases by Government this year, end-of-season inventories in **India** have been raised to 21 million tonnes in 2009, well above the 16.7 million tonnes held in 2008. In light of the favourable seasonal results, a twofold stock expansion to 700 000 tonnes is also predicted in **Pakistan**, while a slower pace of exports in 2009 coupled with large volumes committed to the government procurement programme is largely behind a forecast increase to 4.65 million tonnes in **Thailand**. By contrast, a surge in deliveries this year may lead inventories held by **Myanmar** to drop to 3.75 million tonnes and in **Viet Nam** by 1 million tonnes to 3.4 million tonnes. Amongst other exporters, **Egypt and the United States** are anticipated to increase rice holdings, respectively to 1.4 million tonnes and 974 000 tonnes.

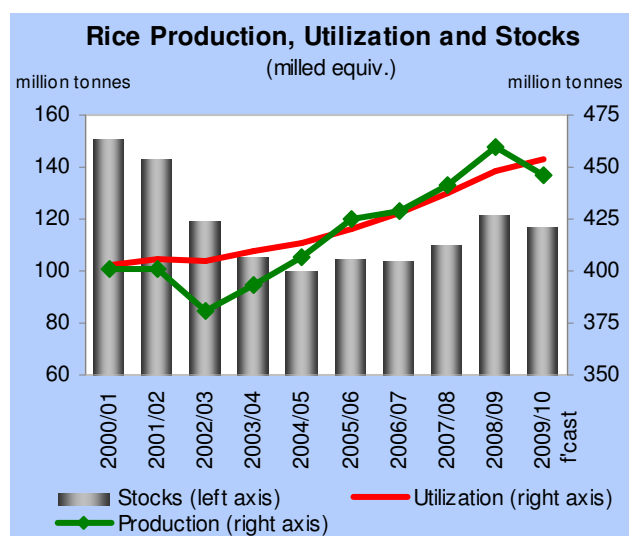
Based on current expectations for production from the 2009 paddy season, FAO is forecasting **stocks at the end of the 2009-2010 marketing year** to fall to 117.4 million tonnes, 3 percent below their opening level. The contraction would mostly reflect an anticipated 10 million tonne decline in inventories held by **India**, as drought-affected output from the 2009 paddy season is

likely to fall short of national consumption, requiring the country to draw substantially from the large reserves it amassed from the 2008 season, while also cutting exports. Based on the current forecasts, **China mainland** is expected to increase rice inventories by a further 6.4 million tonnes to 70.0 million tonnes, consistent with Government plans to reconstitute reserves of strategic commodities. Meanwhile, a pick up in stock levels is also anticipated in the **United States** where they are officially forecast at 1.4 million tonnes. Much as a result of these trends, rice stocks held by exporting countries are projected to close with a 4.7 million tonne contraction to 95.1 million tonnes in 2010. On the other hand, in rice importing countries, they are foreseen to rise by an additional 673 000 tonnes to 22.3 million tonnes. In particular, a substantial increase is anticipated in **Indonesia**, where, adding to private inventories, the Government is striving to enlarge national reserves to 1 million tonnes by 2010, through increased procurement in anticipation of potential shortfalls in production caused by El Niño. **Brazil**, the **Republic of Korea**, **Mali**, **Saudi Arabia** and **Uruguay** could also close the year with enlarged inventories. By contrast, a stock drawdown is expected in numerous countries, amongst which **Argentina**, **Japan**, **Malaysia**, **Myanmar**, **Nigeria**, **Pakistan**, the **Philippines**, **Thailand** and **Viet Nam**.

#### IV. RICE UTILIZATION

##### Positive results from 2008 season give way to higher per caput rice consumption in 2009

Rice utilization comprises use of rice for food, feed purposes along with other end-uses, amongst which seeds, non-food industrial uses and post harvest losses. Reflecting the positive results of the 2008 paddy season from which supplies are drawn, **global rice utilization in 2009** is forecast to rise by 2.4 percent to 448 million tonnes on milled rice equivalent. This near 11 million tonne increase would reflect greater world consumption of rice as food, which accounting for 86 percent of total use, is projected at 384 million tonnes, 1.6 percent more than in 2008. Forecasts also point to an increased use of rice for other end-uses with allocations amounting to 52 million tonnes, 10 percent more than in 2008, while the small volume of rice committed to animal feed is forecast to drop to 12 million tonnes. On the basis of these volumes, annual per caput food consumption is now anticipated to rise to 57.2 kilograms, against the 57.0 kilograms recorder in 2008. This would mirror an increase in average rice consumption in developing countries, to 68.5 kilograms per person, but also in developed countries where it is expected to rise by 1 percent to 12.8 kilograms. The increase is expected to be facilitated by a decline of prices compared to the high levels faced



in 2008, although in many parts of the world, rice remains expensive if compared with 2007. Although many consumers have been also hit by the economic downturn, its impact on rice demand has been much more limited than for other food products.

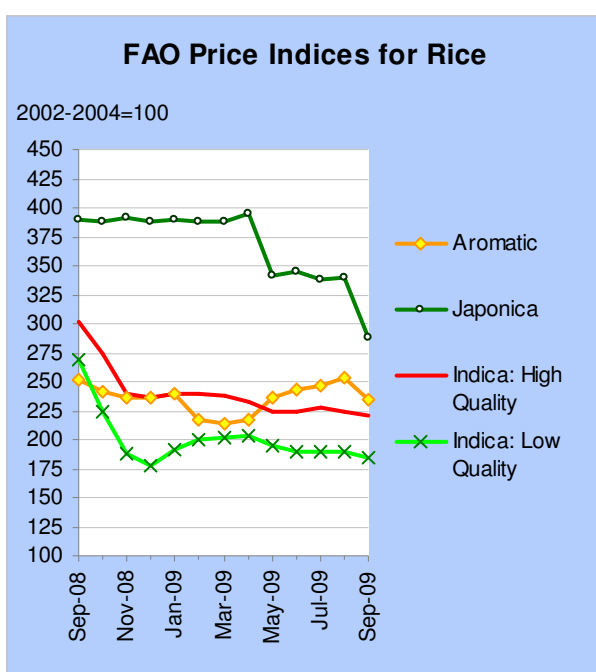
At a regional level, per caput food intake in Asia is anticipated in the order of 83.4 kilos, up slightly from the 83.1 kilos in 2008. Increased average consumption is also forecast in African countries where it might amount to 22.0 kilo per person, up 0.5 percent, reflecting mostly a 3 percent recovery in West Africa, where it had been

reduced to 34.2 kilo in the previous year in the backdrop of high rice prices. Per caput food intake is also expected to increase in North America, to 11.3 kilo, and in Europe, to 5.5 kilos. By contrasts, both Latin America and the Caribbean and Oceania are anticipated to consume less, with per caput rice use amounting to 29.7 kilo and 13.7 kilo, respectively.

Although very preliminary, the outlook for **global rice utilization in 2010** points to a slight increase to 450.5 million tonnes. Given the expected contraction in global output, however, combined volumes committed to non-food uses are anticipated to decline in order to meet a 1.2 percent increase in global food use now forecast at 388.6 million tonnes. At this level, per caput food consumption would remain unchanged from 2009 and in the order of 57.2 kilo per year.

## V. INTERNATIONAL PRICES

**Although falling, international rice prices remain high relative to 2007 values and also to international wheat prices**

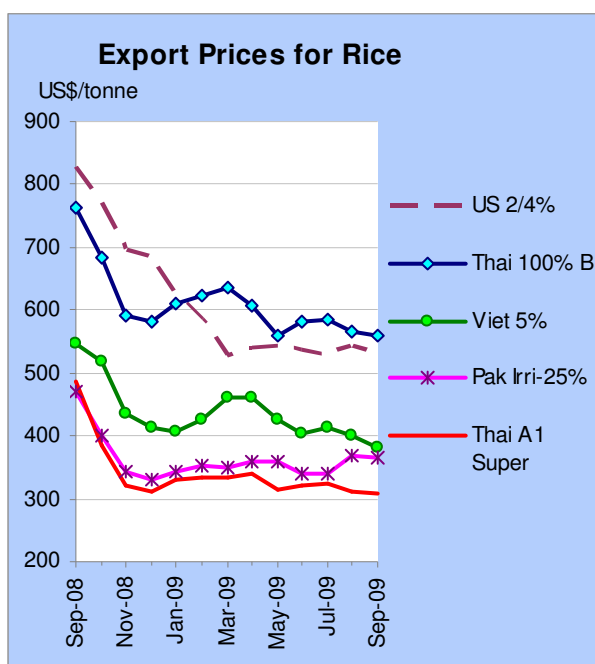


Notwithstanding the arrival of newly harvested supplies into the market from 2008 secondary crops, rice export prices remained generally steady in July and August 2009. This tendency was reflected by the FAO All Rice Price Index which averaged 251 points in both months, against 252 points in June. By September, however, export quotations resumed their downward trend, as the average Index fell 20 points below its June value to 232. The decrease has been particularly pronounced in the case of Japonica (medium grain) prices, which, after reaching an annual high in April amidst tight supplies from Egypt's export restraints and Australia's drought affected crop, in September reversed direction to slump 101 points below their January value. Nonetheless, prices have also subsided across the remaining market segments with both higher and lower quality Indica rice

dropping by 4 points each since June, on the back of sluggish demand. While the contrary held true for fragrant varieties, which began their path of recovery in April sustained by a dynamic pace of exports to countries in the Near East, over the past month they have also weakened by 8 points, as reflected by the Aromatica Index. As a result, on a yearly basis the January-September Index averaged 257 points, 45 points below its corresponding 2008 value but still 96 points above its 2007 average.

From an origin perspective, **Thai** rice prices held steadfast through the end of July as a result of the second round of the price pledging programme. However, by September, the benchmark Thai 100% B white rice was quoted at USD 560 per tonne, 4 per cent lower than June. The downward direction of Thai quotes was aided by three rounds of much awaited Government stock releases in August and September which served to relieve a market which had until then borne very tight conditions. Consequently, Thai prices ended generally lower in September, with the exception of





both fragrant and parboiled rice which have each recovered by 5 percent to USD 1 023 and USD 616 respectively in September, after having eased the previous month.

Sluggish demand has kept prices in the United States largely subdued, with quotes for U.S. Long grain 2/4% falling to USD 532 per tonne in September, or 1 percent less than in June. A more pronounced slide has been experienced by medium grain varieties, which had held exceptionally strong until August, with the US N. ¼ medium grain prices dipping to USD 883 per tonne in September, 27 percent below their June value. Such weakening of prices, along with the falling value of US Dollar, have further eroded the premium US rice normally enjoys. Actually, since February, US rice has been consistently cheaper on international markets than similar

Thai rice qualities. Meanwhile, Viet Nam's rice quotations have steadily declined since the April rescindment of restrictions on export contracts and have been put under further downward pressure by the arrival of large supplies from the bumper summer-autumn harvest in the Mekong delta. Quotes for 25 percent broken rice from the country, in fact, lost 1 percent in July and 4 percent in both August and September, ending 8 percent below their June value at USD 333. On the contrary, prices for Indian basmati rice were on the rise in both July and August, showing signs of decline only in September, in line with the lowering of minimum export prices to USD 900 announced at the beginning of the month.

As to prospects for the upcoming months, current expectations of below average paddy seasons in major world suppliers, especially India and Pakistan, have been supportive of prices, as has been the weakening of the US dollar relative to currencies of several major exporting countries. However, the arrival of freshly harvested supplies from Thailand and Viet Nam in the next few months is likely to cause a slide of prices. Actions by governments will remain of foremost importance, with much attention being placed on the large stocks held by the government in Thailand and on their possible release, but also on the effects of the new price insurance scheme in the country, which may result in a further weakening of export quotations in 2010. Last but not least, the continued fall in international wheat prices, which in September had lost 30 percent year-on-year, may exert further downward pressure on world rice prices.

FAO Rice Price Indices					
	All	Indica		Japonica	Aromatic
		High quality	Low quality		
2002-2004 = 100					
<b>2004</b>	<b>118</b>	<b>120</b>	<b>120</b>	<b>117</b>	<b>110</b>
<b>2005</b>	<b>125</b>	<b>124</b>	<b>128</b>	<b>127</b>	<b>108</b>
<b>2006</b>	<b>137</b>	<b>135</b>	<b>129</b>	<b>153</b>	<b>117</b>
<b>2007</b>	<b>161</b>	<b>156</b>	<b>159</b>	<b>168</b>	<b>157</b>
<b>2008</b>	<b>295</b>	<b>296</b>	<b>289</b>	<b>315</b>	<b>251</b>
<b>2008</b> September	313	302	269	389	252
October	291	275	225	388	242
November	269	239	188	391	237
December	265	237	178	388	237
<b>2009</b> January	270	240	192	389	239
February	270	240	200	388	218
March	269	238	201	388	214
April	271	232	204	394	218
May	251	224	195	341	236
June	252	225	189	344	243
July	251	227	189	338	247
August	251	224	190	339	253
September	232	221	185	288	235
<b>2008</b> Jan.-Sep.	302	311	319	290	255
<b>2009</b> Jan.-Sep.	257	230	194	357	234

Source : FAO

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

RICE EXPORT PRICES													
	Thai White 100% B Second grade	Thai Parboiled 100%	U.S. Long Grain 2,4%	Thai 5%	Viet 5%	Thai 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%
	<i>(US \$/tonne, f.o.b.)</i>												
<b>2004</b>	244	247	372	238	224	225	212	230	207	493	317	468	443
<b>2005</b>	291	285	319	285	255	259	239	235	219	418	327	473	404
<b>2006</b>	311	300	394	304	266	269	249	230	217	512	353	516	470
<b>2007</b>	335	332	436	325	313	305	294	290	275	557	404	677	550
<b>2008</b>	695	722	782	682	614	603	553	498	506	913	n.a.	1077	914
<b>2008</b>													
September	764	776	826	749	546	626	489	472	487	1119	n.a.	1100	899
October	683	670	770	667	517	538	431	400	385	1113	n.a.	1100	835
November	591	584	698	576	434	464	352	342	320	1102	n.a.	1100	810
December	582	597	683	566	414	454	323	330	310	1102	n.a.	1100	820
<b>2009</b>													
January	611	664	625	577	407	471	360	342	332	1102	n.a.	1100	876
February	624	677	586	595	425	480	393	353	333	1075	n.a.	900	879
March	637	666	529	608	460	488	400	350	335	1123	n.a.	900	880
April	606	604	540	568	460	473	400	360	341	1208	n.a.	900	888
May	559	575	544	529	426	445	377	360	316	1202	760	1060	901
June	581	612	537	551	405	457	362	340	320	1150	780	1100	916
July	586	632	530	556	413	459	359	340	323	1067	767	1100	956
August	565	586	544	532	400	443	345	370	310	948	762	1100	972
September	560	616	532	530	380	440	332	364	306	882	762	838	1022
<b>2008 Jan.-Sep.</b>	721	757	804	708	667	642	614	545	562	849	n.a.	1070	945
<b>2009 Jan.-Sep.</b>	592	626	552	561	420	462	370	353	324	1115	956	1000	921
<b>% Change</b>	-17.9	-17.3	-31.3	-20.8	-37.0	-28.0	-39.7	-35.2	-42.3	31.3	n.a.	-6.5	-2.5

Sources: Jackson Son & Co. (London) Ltd., Thai Department of Foreign Trade (DFT) 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 broken, sacked, California mill.

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

<b>WORLD PADDY PRODUCTION</b>			
	<b>2007</b>	<b>2008</b>	<b>2009</b>
		(estimated)	(forecast)
	<i>million tonnes</i>		
<b>WORLD</b>	<b>660.8</b>	<b>688.2</b>	<b>668.0</b>
Developing countries	636.5	663.8	642.9
Developed countries	24.3	24.4	25.1
<b>ASIA</b>	<b>601.5</b>	<b>623.5</b>	<b>601.3</b>
Bangladesh	43.4	47.9	48.0
Cambodia	6.7	7.2	7.6
China	187.4	193.4	196.1
of which Taiwan Prov.	1.4	1.5	1.4
India	145.0	148.7	121.5
Indonesia	57.2	60.3	62.6
Iran, Islamic Rep. of	3.3	2.6	2.8
Japan	10.9	11.0	10.7
Korea Rep. of	6.0	6.5	6.4
Myanmar	31.5	30.5	31.5
Pakistan	8.3	10.4	8.9
Philippines	16.6	17.1	17.5
Sri Lanka	3.1	3.9	3.7
Thailand	32.1	31.4	31.1
Viet Nam	35.9	38.6	39.0
<b>AFRICA</b>	<b>22.0</b>	<b>25.5</b>	<b>25.4</b>
<b>North Africa</b>	<b>6.9</b>	<b>7.3</b>	<b>7.0</b>
Egypt	6.9	7.2	7.0
<b>Sub-Saharan Africa</b>	<b>15.1</b>	<b>18.2</b>	<b>18.4</b>
Western Africa	8.9	11.5	11.5
Côte d'Ivoire	0.6	0.7	0.7
Guinea	1.3	1.5	1.4
Mali	1.1	1.6	1.7
Nigeria	3.2	4.2	4.3
Central Africa	0.4	0.4	0.4
Eastern Africa	1.8	1.8	1.8
Tanzania	1.4	1.4	1.3
Southern Africa	3.9	4.4	4.6
Madagascar	3.6	4.1	4.2
Mozambique	0.2	0.2	0.3
<b>CENTRAL AMERICA</b>	<b>2.5</b>	<b>2.6</b>	<b>2.7</b>
Cuba	0.4	0.4	0.5
Dominican Rep.	0.7	0.8	0.8
Mexico	0.3	0.3	0.3
<b>SOUTH AMERICA</b>	<b>22.1</b>	<b>23.9</b>	<b>24.8</b>
Argentina	1.1	1.2	1.2
Brazil	11.3	12.1	12.6
Colombia	2.4	2.4	2.6
Peru	2.5	2.8	2.9
Uruguay	1.1	1.3	1.3
<b>NORTH AMERICA</b>	<b>9.0</b>	<b>9.2</b>	<b>9.9</b>
United States	9.0	9.2	9.9
<b>EUROPE</b>	<b>3.6</b>	<b>3.5</b>	<b>3.8</b>
EU	2.8	2.6	2.9
<b>OCEANIA</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>
Australia	0.2	0.0	0.1

**FOOTNOTES:**

Totals computed from unrounded data.

1/ Highly tentative.

<b>WORLD IMPORTS OF RICE</b>			
	<b>2008</b>	<b>2009</b>	<b>2010<sup>1/</sup></b>
		(estimated)	(forecast)
	<i>million tonnes, milled eq.</i>		
<b>WORLD</b>	<b>30.0</b>	<b>30.7</b>	<b>30.3</b>
Developing countries	25.4	25.5	25.0
Developed countries	4.6	5.2	5.3
<b>ASIA</b>	<b>14.1</b>	<b>14.2</b>	<b>14.1</b>
Bangladesh	1.7	0.4	0.4
China	0.7	0.9	1.0
of which Taiwan Prov.	0.1	0.2	0.2
Indonesia	0.3	0.2	0.1
Iran, Islamic Rep. of	1.0	1.2	1.2
Iraq	0.8	1.1	1.2
Japan	0.6	0.7	0.7
Malaysia	1.0	0.9	0.9
Philippines	2.3	2.4	1.8
Saudi Arabia	1.0	1.0	1.3
Sri Lanka	0.1	0.0	0.0
<b>AFRICA</b>	<b>9.4</b>	<b>9.5</b>	<b>9.5</b>
Côte d'Ivoire	0.9	0.9	0.9
Nigeria	2.0	1.8	1.8
Senegal	0.9	0.9	0.9
South Africa	0.8	0.9	0.9
<b>CENTRAL AMERICA</b>	<b>2.2</b>	<b>2.2</b>	<b>2.2</b>
Cuba	0.6	0.6	0.5
Mexico	0.5	0.5	0.5
<b>SOUTH AMERICA</b>	<b>1.1</b>	<b>1.2</b>	<b>0.9</b>
Brazil	0.4	0.7	0.5
Peru	0.1	0.1	0.0
<b>NORTH AMERICA</b>	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>
Canada	0.3	0.3	0.3
United States	0.7	0.7	0.7
<b>EUROPE</b>	<b>1.8</b>	<b>2.0</b>	<b>2.0</b>
EU	1.3	1.5	1.5
Russian Fed.	0.3	0.3	0.3
<b>OCEANIA</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>

<b>WORLD EXPORTS OF RICE</b>			
	<b>2008</b>	<b>2009</b>	<b>2010<sup>1/</sup></b>
		(estimated)	(forecast)
	<i>million tonnes, milled eq.</i>		
<b>WORLD</b>	<b>30.0</b>	<b>30.7</b>	<b>30.3</b>
Developing countries	26.3	27.1	26.7
Developed countries	3.7	3.6	3.7
<b>ASIA</b>	<b>24.0</b>	<b>24.3</b>	<b>24.1</b>
China	1.0	1.0	1.5
of which Taiwan Prov.	0.1	0.1	0.1
India	3.5	2.8	2.0
Myanmar	0.2	0.8	1.0
Pakistan	2.8	2.8	2.6
Thailand	10.0	8.5	9.0
Viet Nam	4.7	6.5	6.0
<b>AFRICA</b>	<b>0.5</b>	<b>0.6</b>	<b>0.5</b>
Egypt	0.5	0.6	0.5
<b>SOUTH AMERICA</b>	<b>2.0</b>	<b>2.4</b>	<b>2.2</b>
Argentina	0.3	0.5	0.5
Guyana	0.2	0.2	0.2
Uruguay	0.8	0.8	0.7
<b>NORTH AMERICA</b>	<b>3.3</b>	<b>3.1</b>	<b>3.1</b>
United States	3.3	3.1	3.1
<b>EUROPE</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>
EU 2	0.1	0.1	0.3
<b>OCEANIA</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
Australia	0.1	0.1	0.1

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

	CHINA 2/ 3/ (Oct./Sep.)			INDIA 2/ (Oct./Sep.)		
	2007/2008	2008/2009	2009/2010 <sup>5/</sup>	2007/2008	2008/2009	2009/2010 <sup>5/</sup>
		prelim.	f'cast		prelim.	f'cast
	(..... thousand tonnes .....)			(..... thousand tonnes .....)		
Opening Stocks	56345 F	58260 F	63700 F	12300 F	16700 F	21000 F
Production 1/	128429 G	132518 G	134392 *	96690 G	99150 G	81004 F
Imports	389 F	550 F	650 F	50 F	50 F	50 F
Total Supply	185163	191328	198742	109040	115900	102054
Domestic Use	125881	126678	127192	88812	92100	89054
Exports	1022 F	950 F	1450 F	3528 *	2800 F	2000 F
Closing Stocks	58260 F	63700 F	70100 F	16700 F	21000 F	11000 F
	PAKISTAN 2/ (Nov./Oct.)			THAILAND 2/ (Nov./Oct.)		
	2007/2008	2008/2009	2009/2010 <sup>5/</sup>	2007/2008	2008/2009	2009/2010 <sup>5/</sup>
		prelim.	f'cast		prelim.	f'cast
	(..... thousand tonnes .....)			(..... thousand tonnes .....)		
Opening Stocks	400 F	350 F	700 F	4350 F	4000 F	4650 F
Production 1/	5559 G	6954 G	5949 G	21250 G	20776 G	20588 F
Imports	1 F	1 F	1 F	150 G	200 F	200 F
Total Supply	5960	7305	6650	25750	24976	25438
Domestic Use	2781	3805	3650	11781	11826	11938
Exports	2829 G	2800 F	2600 F	9969 G	8500 F	9000 F
Closing Stocks	350 F	700 F	400 F	4000 F	4650 F	4500 F
	UNITED STATES 4/ (Aug./Jul.)			VIET NAM 2/ (Nov./Oct.)		
	2007/2008	2008/2009	2009/2010 <sup>5/</sup>	2007/2008	2008/2009	2009/2010 <sup>5/</sup>
		prelim.	f'cast		prelim.	f'cast
	(..... thousand tonnes .....)			(..... thousand tonnes .....)		
Opening Stocks	1266 G	942 G	974 G	4800 F	4350 F	3350 F
Production 1/	6345 G	6515 G	6970 G	23969 G	25767 G	26013 F
Imports	760 G	608 G	670 G	200 F	200 F	200 F
Total Supply	8371	8065	8614	28969	30317	29563
Domestic Use	4079	4082	4140	19899	20467	20563
Exports	3350 G	3009 G	3070 G	4720 G	6500 F	6000 F
Closing Stocks	942 G	974 G	1404 G	4350 F	3350 F	3000 F

**Symbols:**

- G Official figure  
\* Unofficial figure  
F FAO estimate/forecast

**Footnotes:**

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