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FAO Rice Market Monitor
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HIGHLIGHTS

- FAO has raised its estimates of 2001 global paddy production to 591.1 million tonnes (395.3 million tonnes, in milled equivalent), mainly on account of upward adjustments in Bangladesh and Thailand. At that level, the season would end 7 million tonnes below the output gathered in 2000, with much of the drop concentrated in Asia. Based on current figures, Australia, Bangladesh, India and the United States experienced large increases in production, while Brazil, Mainland China, Egypt, Indonesia, Japan, Pakistan and Vietnam recorded sizeable declines.

- In the Southern Hemisphere, the 2002 paddy season is already well advanced, with the harvest due to commence in March. Prospects remain uncertain, but weather conditions have been less than ideal so far, with drought in January in some important producing countries in South America, excessive rains in Indonesia and Malaysia and lower than normal temperatures since the start of the season in Australia. Growing conditions in Southern Africa have been favourable. A number of countries have expressed concern over a possible recurrence of an El Niño climatic anomaly next spring. El Niño last manifested in 1997-98 through storms and flooding in South America and prolonged drought spells in South East Asia where it seriously damaged agricultural production. Based on recent observations of the National Oceanic and Atmospheric Administration (NOAA), it is likely that a new warm El Niño episode develops in the next three months, although there is still considerable uncertainty as to its strength.

- FAO's forecast for world rice stocks at the close of the 2001/2002 marketing seasons has been raised from the last issue, from 138.9 million tonnes to 151.5 million tonnes. Adjustments have also been made to the stock figures of years 2000 and 2001. Those revisions mainly reflected new estimates of rice inventories in India and, to a smaller extent, Thailand and Vietnam. At the new forecast level, global rice stocks at the close of the 2001 season would be 14 million tonnes smaller than in the previous year. The contraction should be especially marked in China, but a drop is also anticipated in Brazil, Cambodia, Indonesia and Pakistan. By contrast, rice inventories are forecast to be much greater than previously anticipated in India, because of the good 2001 season outturn and record high opening stocks.

- International trade in rice in 2002 is currently forecast to rise by about 2 percent, to 23.8 million tonnes, in milled rice equivalent. Much of the anticipated growth reflects expectation of a surge of imports by China, through to the opening of WTO preferential tariff quota. Among traditional importing countries, rice shipments to Indonesia are also expected to soar. By contrast, smaller imports are likely to be made by Bangladesh, the Philippines and Malaysia, which harvested good crops in 2001. Rice shipments to Africa could also fall. The expected rise in import demand should mainly favour those exporting countries that gathered good crops in 2001, especially Thailand, Myanmar and the United States. Large supplies in India may also encourage the Government to maintain export subsidies, which could boost her shipments during the current year.

- International rice prices have shown signs of a recovery in the past few months, with the FAO price index averaging 90 in January, two points above November. However, prices for individual types of rice have followed divergent trends. Rices from Thailand have benefited from the launching of a new round of Government domestic purchases in November and from strong import demand, due in part to the imposition by Vietnam of a temporary export ban. By contrast, in the United States, large domestic supplies from the excellent 2001 crop have exerted strong downward pressure on rice quotations. Among the other traditional exporters, prices of Indian parboiled rice remained particularly competitive. By contrast, low supplies in Vietnam and Pakistan and the ending of the subsidy programme last September in Egypt have upheld prices in the three countries.

- Prospects for prices in the next few months remain uncertain. Indeed, the maintenance of subsidized export prices in India could exert much downward pressure on the market until the end of March, and beyond if the government export programme is extended. Moreover, by then, Vietnam will have returned to the export market with fresh rice supplies. Prices will then heavily depend on the size of the new rice crops, which will begin to reach the market in March, and on whether China will start buying.

RICE SITUATION UPDATE AS OF 31 JANUARY 2002

I. PRODUCTION

2001

Global rice output falls by 7 million tonnes

Harvesting of the 2001 main paddy crops is nearing conclusion in the major rice producing countries in the Northern Hemisphere, some of which are in the process of planting their second paddy crop. FAO has adjusted its estimates of 2001 global paddy production upward to 591.1 million tonnes (395.3 million tonnes, in milled equivalent). At that level, the season would end 7 million tonnes below the level in 2000, with much of the contraction concentrated in Asia.

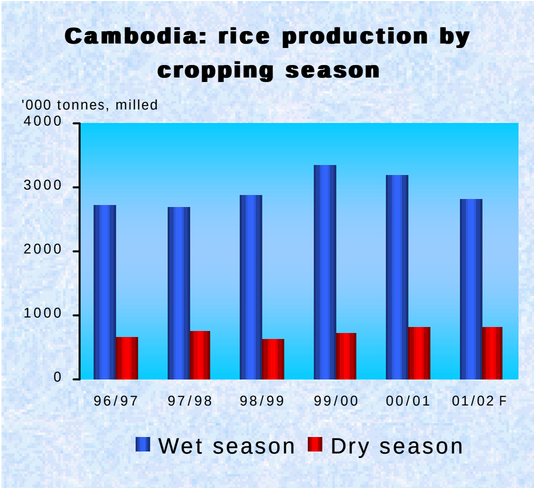
I.1 ASIA

Falls in Production, mainly in China, Cambodia, Indonesia and Vietnam, more than offset gains elsewhere, particularly in Bangladesh and India

In Asia, the 2001 paddy production is currently forecast to dip by about 1 percent to 537.4 million tonnes. This is somewhat above the previous forecast, mainly reflecting large upward revisions of output in Bangladesh and Thailand. By contrast, prospects of production were reduced in a number of countries, in particular Cambodia, Pakistan and the Philippines.

Estimates of paddy production in **Bangladesh** for the 2001 season have been raised mainly reflecting improved expectations for the Boro irrigated crop, which will start to be harvested in March. Based on current estimates by the Ministry of Agriculture, the Boro crop should account for 49 percent of the season output, while the Aus and the Aman crops would contribute respectively 7 percent and 44 percent of the total.

In **Cambodia,** the main wet paddy crop is being harvested while land is being prepared for planting the dry season crop. Drought problems have been reported in November, which might impair the development of long cycle rice varieties. Estimates of production for the 2001 season have been lowered to 3.6 million tonnes, following a downward revision of the area. Of these, 2.8 million tonnes would correspond to the wet season and 823 000 tonnes to the dry season. At the expected level, output in 2001 would be more than 10 percent below 2000, with much of the contraction resulting from an unfavourable rainfall pattern, which depressed both plantings and yields.



In **Mainland China**, most rice production activities have been suspended since December, with the harvest of the late secondary crop, and will not resume until February, when planting of the 2002 early crop will start. Meanwhile, the country's estimate of paddy output in 2001 remains about 8 million tonnes smaller than in 2000 and the lowest level since 1995. Amidst reports of damage from typhoons last November, the figure for 2001 paddy production in the **Chinese Province of Taiwan** has been cut. The reduction could relieve oversupply pressure that is likely to build up this year, under the commitments that the Province made in joining the WTO. Under the Agreement, the Province of Taiwan has pledged to open up its domestic rice market to imports, forbid the use of export subsidies and reduce progressively Government support to producers as of 2002. The policy shift has large potential implications for the rice sector.

Most states in **India** have completed the harvest of the main Kharif crop, while planting of the irrigated Rabi crop is on going in Andhra Pradesh and Karnataka.

Based on the expectation of a normal Rabi output, the outlook for production in 2001 remains relatively high, second in size only to the 1998 paddy crop.

In **Indonesia,** torrential rains were reported to have caused some paddy losses and damage to irrigation infrastructure in the North of the Sumatra Province in December, when harvesting of the main season crop was on-going. Pending an assessment of their impact, the estimate of the country's production in 2001 stays 3.5 percent below the record achieved in 2000.

Following the release of lower official figures for 2000 paddy output in the **Islamic Republic of Iran,** the estimate for 2001 has been reduced below the already depressed output in 2000, reflecting the impact of the severe drought problems that have affected the country for the past three years, and of torrential rains which fell in major rice producing areas, last August.

In **the Republic of Korea**, the latest assessment of the 2001 paddy crop yielded a slightly higher production estimate than earlier anticipated. At the new level, the season would end with an annual growth of 3 percent, reflecting excellent growing conditions during the summer, which have boosted yields. For the forthcoming season, however, increased efforts are likely to be made by the Government to reduce production, to check the burgeoning excess supplies. Under the Uruguay Round Agreement on Agriculture, the country has committed to reduce its support to the sector and to increase the size of its imports. To meet its pledge, the Government recently announced the launching of production control measures, including a land diversion and set-aside programme. However, official purchasing prices to producers should remain unchanged.

Despite much improved rainfall in **Pakistan**, shortages of irrigation water and favourable prices of alternative crops seriously constrained paddy cultivation last season. Latest Government assessment of the season indicates a 2001 paddy output which is 21 percent less than in 2000.

Similarly, the outlook for the 2001/02 (July-June) paddy production in the **Philippines** has deteriorated following the passage, in November, of Typhoon Lingling. Notwithstanding the downward adjustment, output would reach an all-time high. However, the final outcome for the season will also depend on the crop performance in the first half of 2002, with much uncertainty arising from the possible recurrence of an El Niño-induced drought spell.

Although the estimate of paddy output in **Sri Lanka** has been raised by 75 000 tonnes from the previous issue, the season would end with an unexpected 6 percent contraction from 2000, reflecting a 9 percent fall in the Maha crop.

In **Thailand**, harvest of the main paddy crop is progressing satisfactorily, under excellent weather conditions. Output this season is expected to be of the order of 25.2 million tonnes, 1 million tonnes more than the previous forecast, but 400 000 tonnes below the revised level harvested last season. Since November, the Government has been actively purchasing the new harvested rice, to sustain prices. The Government intervention scheme is expected to last until February, when the harvest comes to an end.

Water shortages have considerably constrained production in **Uzbekistan** in the past few years and official estimates point to a level of output in 2001 which is less than half the level harvested in 2000.

FAO has changed the base for reporting production figures for **Vietnam**, adopting the official approach for aggregating the three crops grown in the country. The new aggregation yielded an estimate for 2001 production of 31.9 million tonnes, about 600 000 tonnes less than the previous season, and 300 000 tonnes below the previously reported figure. Much of the year-to-year contraction reflects a shortfall in the Summer-Autumn crop, following a reduction in plantings and floods in the Mekong Delta last November.

Vietnam, paddy production by crop 1999-2001 (million tonnes)

	1999	2000	2001 forecast
Total	**31.4**	**32.5**	**31.9**
Winter/Spring	14.1	15.6	15.5
Summer/Autumn	8.8	8.6	7.8
10th Month Crop	8.5	8.3	8.6

I.2 AFRICA

Production in Africa stagnates, with a fall in output in Egypt fully offsetting gains in Western and Southern Africa

Paddy production in Africa is currently expected to be of the order of 17.2 million tonnes in 2001, unchanged from the previous season. In the region, the 2001 paddy crop has been fully harvested in **Egypt.** Production there is estimated to be 13 percent lower than in 2000. The decline has been associated with a fall in the area, while average yields improved again, reaching a record of almost 9.3 tonnes per hectare. In West Africa, favourable weather conditions boosted the sub-regional production by 5 percent, notwithstanding a massive inflow of imported rice during the year. **Ghana, Mali** and **Nigeria** are expected to account for most of the increase. By contrast, little growth is anticipated in **Cote d'Ivoire**.

I.3 LATIN AMERICA AND THE CARIBBEAN

Disappointing paddy crops harvested in the region

The 2001 season is estimated to end in Latin America and the Caribbean with a 7 percent contraction in output, following reduced plantings in South America and the prevalence of adverse weather conditions throughout Central America and the Caribbean. In subregion, paddy fields were damaged by drought earlier in the season and the impact of hurricanes in November, when harvesting of the summer crops was in full swing. Compared with the previous report, the forecasts of 2001 production **in Haiti, Costa Rica** and **Mexico** have been cut. Overall, production in Central America and the Caribbean is estimated at around 2.1 million tonnes of paddy, down from 2.4 million tonnes in 2000, with bulk of the year-to-year decline concentrated in **Costa Rica, Mexico and Nicaragua**. The **Dominican Republic** stands out as an exception, with an expected increase in production, stemming largely from a growing use of high-yielding rice varieties.

In South America, most countries situated south of the Equator completed their main 2001 paddy season last June. However, a few countries in the northern part of the continent still have some rice to harvest. This is the case of **Colombia,** which is in the process of reaping its winter crop. Official figures for production there have been slightly adjusted upward on account of a higher than anticipated area. Estimates of output in 2001 have been increased also in **Argentina,** reflecting an upward revision in area and yields. In retrospective, the performance of the 2001 rice season has been rather negative in the sub-region, with a 6 percent overall decline, much of which was concentrated in **Brazil, Colombia and Uruguay**. The sector, however, recorded growth in **Chile, Ecuador and Peru**.

I.4 NORTH AMERICA

Bumper crop harvested in the United States

In North America, a bumper crop was harvested in the **United States** in 2001. USDA's latest estimate has been raised to a new record. Yields, which were boosted by good weather conditions and expanded use of improved varieties, were up by 2.4 percent, while the increase in the area was 9 percent. All of the production gain was in the form of long grain rice, while low prices at planting time resulted in falling production of medium and short grain rice.

I.5 EUROPE

Production rises somewhat in the EC, while it falls in the Russian Federation and Ukraine

In Europe, harvesting of the 2001 paddy crop has been concluded. Production in the **EC** is estimated to have risen somewhat compared with 2000. The increase reflects moderate growth in Italy, Portugal and Spain, which has more than offset a contraction in France and Greece. Although planting of the 2002 crop will not start until April-May, the drought that is affecting the northern rice producing regions of Italy may lead to a smaller crop next year, if availability of irrigation water remains short. This could also depress EC overall output, since Italy is the largest Community rice producer, accounting for some 50 percent of the total.

In the **Russian Federation**, the latest figures reported by the Russian State Statistics Committee pointed to a 15 percent contraction of output in 2001. The decline reflects a fall in the area but also a return of yields down to average levels. Likewise, paddy production also fell in **Ukraine.**

2002

Fears of an "El Niño" recurrence

In the Southern Hemisphere, the 2002 paddy season is already well advanced, with the harvest due to commence in March. Prospects for the crops remain uncertain, but weather conditions have been less than ideal so far, with drought in January in some important producing countries in South America, excessive rains in Indonesia and Malaysia and lower than normal temperatures since the start of the season in Australia. Growing conditions in Southern Africa have been favourable.

In **Indonesia**, planting of the first 2002 paddy crop is well advanced in Java and South of Sumatra, where harvest should start in February. The Government has set an ambitious target of 53.9 million tonnes for the 2002 season. However, there is still much uncertainty regarding a possible recurrence of an El Niño-related drought spell, which would jeopardize crop performance. In addition, policy developments will be critical to the sector. So far, the Government has resisted repeated calls for increased tariff protection. In **Malaysia**, harvest of the 2002 main paddy crop is about to start in the Peninsula. So far, conditions there have been less than ideal for rice, with excessive rains pouring in late December and January, which might have negatively affected the crop. **Sri Lanka** is currently about to gather the main 2002 Maha crop.

El Niño

El Niño is a climatic event that recur every two to seven years. Its last occurrence was in 1997-98, when it had strong adverse effects on agricultural production in South America and South East Asia. In South America, it was accompanied with floods and storms in Peru, Ecuador and Chile. In South East Asia, in particular in Papua New Guinea, Indonesia and the Philippines, it was associated with severe drought (La Niña). An El Niño episode is normally preceded in December - January by an unusual warming of the Pacific waters along the Peruvian coast. Based on recent observations, the National Oceanic and Atmospheric Administration (NOAA) is considering a possible return of El Niño next spring, although there is still considerable uncertainty over its strength and amplitude.

Several countries in South America started planting their 2002 main paddy crops in September last year, some of which have already entered the pinnacle filling stage. Conditions for crop development have been favourable in Dedember, but drought prevailed in the first half of January in **Argentina**, **Uruguay** and in the Southern parts of **Brazil**, which, if they persist, could impair a satisfactory development of the crop. In **Argentina**, preliminary forecasts for the 2002 season by the national authorities point to a 16 percent fall in planting. Assuming average yields, output in the country could dip to some 700 000 tonnes, which would be the lowest performance since 1995. By contrast, official forecasts in **Brazil**, point to a recovery in 2002 production, based on expectations of an increase in the area, consistent with the strengthening of domestic prices observed in recent months.

The 2002 season crop is also well advanced in Southern Africa, in particular **Madagascar**, but also in **Mozambique**, **Uganda**, and **the Congo Democratic Republic**, favoured by a good rainfall pattern since late November, when planting began.

In Oceania, the development of the rice plants for the 2002 season in **Australia** has been delayed by cool temperatures at the onset of the season in October last year and again in January. As a result, yield forecasts by Abare have been lowered substantially from 9.5 tonnes in 2001 to 8.4 tonnes per hectare in 2002. Combined with a 10 percent contraction in the area to 167 000 hectares, production is expected to reach 1 397 000 tonnes, down from 1 760 000 tonnes in 2001.

II. INTERNATIONAL TRADE
2001

World trade in rice expands somewhat in 2001, driven mainly by enlarged purchases by African countries

FAO's estimate of global rice trade in 2001 has been raised to 23.4 million tonnes, in milled equivalent, from the earlier forecast of 22.8 million tonnes. The upward adjustment reflects the raising of export estimates for Egypt, Pakistan and Thailand, of about 300 000 tonnes each, which more than compensated reduced sale prospects by Brazil, Mainland China and Vietnam. From the import side, the revision is mainly the result of higher estimates of deliveries to Brazil, Nigeria and Senegal. Based on the current estimates, trade in rice in 2001 would be some 500 000 tonnes larger than in the previous year.

2002

Larger imports by China and Indonesia expected to sustain trade in 2002

International trade in rice in 2002 is currently forecast to record a moderate expansion of about 2 percent, to 23.8 million tonnes, in milled rice equivalent, 600 000 tonnes higher than the previous outlook. The adjustment is mainly on account of greater shipments to Cameroon, Nigeria, Senegal and the Islamic Republic of Iran.

Much of the anticipated growth in trade in 2002 reflects expectation of a surge of imports by **Mainland China**, through the opening of WTO preferential tariff quota, to about 1 million tonnes. At that level, the country's imports would still fall short of the volume it should allow to enter the country under a preferential tariff, because domestic prices still appear too low to warrant a larger rice inflow. On the other hand, the **Chinese Province of Taiwan** is expected to buy the full 145 000 tonnes committed under the WTO minimum import commitment.

China: Rice Wholesale prices

	1999	2000	2001
	US$ per tonne		
Early Indica[1]	207.1	162.4	174.4
Japonica[2]	254.7	204.0	238.0

Source: China National Grains&Oil Information Centre
1/ No. 1 Indica, milled
2/ No. 1 Japonica, milled, Sale Areas

Among traditional importing countries, rice shipments to **Indonesia** are expected to soar by some 40 percent from last year, mainly reflecting the disappointing performance of the 2001 rice season. Domestic prices have reportedly been rising, obliging Bulog, the State Food Agency, to release supplies on the market. By contrast, smaller imports are likely to be made by **Bangladesh, the Philippines and Malaysia**, which harvested good crops in 2001. Moreover, the Government of **Malaysia** has announced a new set of measures to prevent rice from entering the country illegally. Shipments to **Sri Lanka** may also fall compared to last year, if a recently announced six-month ban on rice imports is implemented. By contrast, the reduction of imports tariffs to the pre-October 2001 levels in **Turkey** could boost somewhat rice purchases by the country.

Provisions regarding
China's Rice Tariff Rate Quota

(State Development and Planning Commission's Announcement 1, 2002)

On 8 February 2002, China issued the regulations it will apply to administer the preferential tariff rate quotas (TRQs) for agricultural products.

The TRQ for rice has been set at 3.99 million tonnes in 2002, half of which (1.995 million tonnes) in the form of long grain or indica rice and half (1.995 million tonnes) in all other forms, including medium and short-grain rice.

The regulation distinguishes two types of TRQs, those directed to domestic consumption, which fall under class "A", and those aimed at processing for re-export, which fall under class "B".

Applicants to the TRQs should meet one of the following conditions: be a state-owned enterprise, have state reserve functions, have import trade record for 2001, be a wholesale or retail grain entreprise with minimum annual sales of over RMB 200 million, or an enterprise with annual import and export trade volume of over US$ 50 million.

Allocation of TRQs "A" should be made on the base of historical records and other characteristics of the firms, such as their processing capacity, etc..

Applications for the 2002 TRQs should be submitted to the China's State Development and Planning Commission (SDPC) by 21 February 2002, that is less than two weeks from the present announcement and right after the celebration of the Chinese New Year.

Rice shipments to **Africa** could fall from the exceptionally high level of 7.1 million tonnes last year to 6.3 million tonnes in 2002, with much of the decline arising from smaller shipments to **Cote d'Ivoire, Madagascar, Nigeria and Senegal**. While the rise of imports to the region in 2001 mainly reflected a strong domestic demand and low world rice prices, the fall anticipated for the current year is mainly on account of relatively large opening stocks and of the possibility of a strengthening of international prices. Given the important role the region is playing on the world rice market, it is noteworthy that changes in import policies there could have a large impact on international prices, especially of parboiled and broken rices, which are the preferred types imported into the region.

In **Latin America and the Caribbean**, shipments to **Nicaragua** have officially been forecast to double to some 60 thousand tonnes, consistent with the fall in production expected this year. By contrast, **Colombia** is expected to cut them to some 15 000 tonnes, down from an estimated 100 000 tonnes last year. The revision follows from the issuance by the Government, in January, of a resolution that states the level to be imported during the year, all of which should be sourced in Andean Pact countries. Little changes have been made to the 2002 forecast for the rest of the region. Record purchases are expected to be made by **Cuba**, following two years of disappointing harvests. Increased imports are also expected to be made by **Mexico,** while those by **Brazil** could fall, given the current expectations of increased output in 2002.

Among developed countries, forecast purchases by the **Russian Federation** have been lowered somewhat. Last October, the country announced it would increase tariffs on rice imports from 5 to 10 percent, in an attempt to limit these to some 40 percent of domestic consumption, or about 350 000 tonnes. The introduction of an import ceiling for an equivalent amount has also been prospected. Shipments to **Japan** are forecast to remain about unchanged, while those to the **EC** are expected to hover around 600 000 tonnes, as in previous years.

Regarding exports, the 600 000 tonnes difference between FAO current and past 2002 trade forecast is mainly on account of larger expected deliveries by **Mainland China, Egypt, Thailand and the United States**, which more than offset downward revisions for **Cambodia, Pakistan and Vietnam**.

Rice exports by **Mainland China** have been raised somewhat from the previous forecast, but they still will be the smallest since 1998. It is noteworthy that under its commitments with WTO, China has agreed to ban the use of export subsidies on all agricultural exports. Official forecasts for rice deliveries by **Egypt** stand at 850 000 tonnes in 2002, substantially above the original FAO figure, and 100 000 tonnes more than in 2001. The country's rice export policy in 2002 has not yet been officially announced. Under the subsidy program launched between October 2000 and September 2001, US$ 25 per tonne were granted on exports of medium grain rice and US$ 50 per tonne on long grain rice. Exports from **Thailand** in 2002 are now expected to remain close to last year's record level of 7.5 million tonnes, 200 000 tonnes more than previously foreseen and much above the government target of 7.0 million tonnes. The official forecast for the **United States** has been also raised somewhat. In this connection, in the preliminary allocations of rice concessional sales in fiscal year 2002, the country has earmarked 166.1 thousand tonnes under the P.L. 480 programme, which allows especially favourable credit conditions to eligible countries, and 1.6 thousand tonnes under the Food for Progress Programme. Indonesia and Uzbekistan were designated as the main beneficiary of those concessional sales.

By contrast, the forecast of sales by **Cambodia** has been sharply lowered, following the downward revision in production there. Likewise, prospects for exports from **Pakistan** and **Vietnam** have been downsized. In the case of **Vietnam**, the official Government export target has been reduced from 4 million tonnes to 3.8 million tonnes, which would still imply an increase from last year. Export activities in the country have been at a standstill since the introduction of an export ban last December, which is to last until March, when the 10th month crop will start being harvested. The measure was adopted in response to the limited supplies coming from the summer/autumn crop and low rice inventories, to prevent domestic shortages from arising. High relative domestic prices are reportedly depressing sales from Pakistan.

Forecast exports by the other major rice exporters in 2002 remain unchanged. Shipments from **India** could surge to over 2 million tonnes if the Government maintains its current policy to subsidize sales abroad, a reasonable assumption given the very large size of its rice inventories. So far, under a current export policy proposal, the validity of current sale price of rice for export is to be extended until March 2002. Sales from **Myanmar** are also likely to rise further, reaching their highest level in the 1990s.

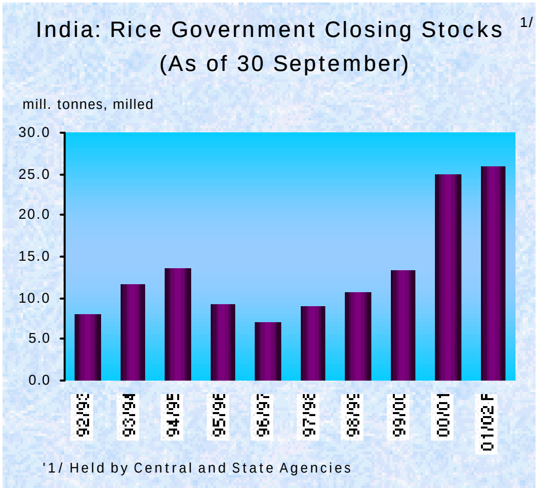
By contrast, little change in exports compared with last year is currently anticipated for Australia and traditional suppliers in South America.

III. RICE STOCKS

Global stocks in rice drawn down as consumption should again outpace production

FAO's forecast for world rice stocks at the close of the marketing seasons ending in 2002 has been raised substantially from the last issue, from 138.9 million tonnes to 151.5 million tonnes. Sizeable adjustments have also been made to the stock figures of years 2000 and 2001. Those revisions mainly reflected new estimates of the rice inventories of India and, to a smaller extent, Thailand and Vietnam. In the case of Vietnam, the variations were associated with the shift to a new base for reporting the rice season. At the new forecast level, global rice inventories in 2002 would be 13.7 million tonnes smaller than in the previous year. Although traditional importing countries' share in the total is relatively small, at 12 percent, it is noteworthy that, according to FAO estimates, the size of their stocks is forecast to decline by over two million tonnes, to 17.7 million tonnes, which would mark a change in the direction observed since 1998. At the same time, rice holdings by major rice exporting countries are anticipated to shrink to 133.8 million tonnes, the lowest level since 1998.

The expected decline in global rice inventories reveals that growth in world production would fail to keep pace with consumption requirements again this year. This would be especially the case in **China**, where the drawdown could exceed 11 million tonnes. The contraction in 2001 production is also likely to result in much smaller stocks at the close of the season in **Brazil**, **Cambodia, Indonesia** and **Pakistan**. By



contrast, rice inventories are forecast to be much greater than previously anticipated in **India,** because of the good 2001 season outturn and record high opening stocks.

The revision for the country follows the release of a figure of 24.8 million tonnes for rice held by Government agencies at the close of last season, on 30 September 2001, which is much higher than previously forecast.

Such large stocks in public stores can be explained by the relatively high official procurement prices, which have encouraged large sales to Government agencies and low offtake from Government stores. The increase in production in 2001 is also expected to boost closing stocks in **Bangladesh, the Republic of Korea** and **the United States.** Little change is anticipated for the other countries, including **Thailand, Vietnam** and **the Philippines.**

IV. INTERNATIONAL PRICES

Diverging trends narrow the price differential between United States and Thailand rices

WORLD PRICE INDICES FOR RICE				
		FAO INDICES		
		All	Quality	
			High	Low
January-December Averages		1982-84 = 100		
1995		129	124	146
1996		136	136	136
1997		127	129	120
1998		127	128	126
1999		114	115	110
2000		98	101	89
2001		90	91	84
2001	January	94	97	84
	February	94	97	84
	March	91	94	79
	April	87	90	77
	May	88	90	79
	June	88	91	81
	July	91	93	83
	August	89	90	87
	September	89	89	88
	October	88	89	88
	November	88	89	87
	December	89	88	90
2002	January	90	90	92

Source*: FAO*

N.B.-The FAO indices are calculated using the Laspeyre formula.

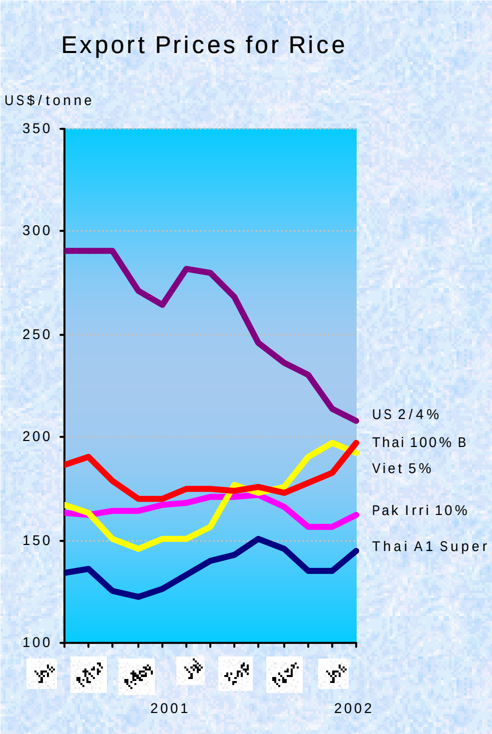
The Rice Export Price Index is calculated for 15 export prices.

International rice prices have shown signs of a recovery since last reported, with the FAO price index averaging 90 in January, two points above November. However, prices for individual types have followed divergent trends. Rices from Thailand have benefited from strong import demand, in part because of the temporary withdrawal from the market of Vietnam, and from the launching of a new round of Government domestic purchases in November. The price of the higher quality Thai 100% B reached US$ 197 per tonne in January, up from US$ 178 per tonne in November (see Graph). Prices for the lower quality Thai A1 Super also firmed from the November level, but strong competition from India depressed prices of Thai parboiled rice.

Large domestic supplies from the excellent 2001 crop continued to exert strong downward pressure on rice quotations in the United States. As a result, most prices of rices from US origin fell between November and January, including the price of the higher quality, long grain rice N. 2/4, which dipped from US$ 214 per tonne to US$ 208 per tonne.

The divergence of trends in Thailand and the United States has significantly narrowed the price differential traditionally existing between similar rices from the two origins. For instance, the United States price premium on the high quality long grain was only US$ 11 per tonne in January, down from US$ 52 per tonne in November and US$ 104 per tonne in January last year.

Among the other traditional exporters, prices of Indian parboiled rice remained particularly competitive at US$ 155 per tonne in January. By contrast, low supplies in Vietnam and Pakistan and the ending of the subsidy programme last September in Egypt have pushed prices up further since November in the three countries.



Prospects for prices in the next few months remain uncertain, although the global supply/demand situation continues to be tight. Indeed, the maintenance of subsidized export prices in India could weight heavily on the market until the end of March, and beyond, if the programme is extended. By March, Vietnam is likely to return on the market with fresh rice supplies for export. The prospects for prices in the next few months will then very much depend on the size of the new rice crops coming onto the market (the 2001 second crops in the Northern Hemisphere and main 2002 crops in the Southern Hemisphere) and on whether China will start buying.

EXPORT PRICES FOR RICE (f.o.b. US$/tonne)

Type	Effective Date	Latest	1 week ago	1 month ago	1 year ago	Average (82-84)
Thai 100B	25/01/2002	198	200	182	188	236
Thai 35%	25/01/2002	167	170	151	153	213
Thai A1 Super	25/01/2002	147	151	133	134	174
Viet 5%	25/01/2002	187	187	n.a.	167	n.a.
India PR 106 25%	25/01/2002	132	132	132	224	n.a.
Pak 10%	25/01/2002	166	162	156	162	n.a.
Pak Basmati ordinary	25/01/2002	345	347	350	335	631
US 2/4% Long Grain	25/01/2002	208	208	208	291	393

Source: International rice brokers, rice merchants and national sources.
n.a. not available

WORLD PADDY PRODUCTION

	1999	2000 (estimated)	2001 (forecast)
		million tonnes	
ASIA	**555.0**	**544.6**	**537.4**
Bangladesh	34.6	36.5	39.1
China 1/	200.4	189.8	181.4
India	134.2	129.4	132.0
Indonesia	50.9	51.9	50.1
Iran, Islamic Rep. of	2.3	2.0	1.9
Japan	11.5	11.9	11.3
Korea Rep. of	7.1	7.2	7.4
Myanmar	20.1	20.1	20.6
Pakistan	7.7	7.2	5.7
Philippines	12.0	12.5	12.7
Sri Lanka	2.9	2.9	2.7
Thailand	24.2	25.6	25.2
Viet Nam	31.4	32.5	31.9
AFRICA	**17.2**	**17.2**	**17.2**
North Africa	**5.9**	**6.0**	**5.3**
Egypt	5.8	6.0	5.2
Sub-Saharan Africa	**11.4**	**11.2**	**11.9**
Western Africa	7.2	7.3	7.7
Côte d'Ivoire	1.0	1.0	1.1
Guinea	0.8	0.9	0.8
Mali	0.7	0.7	0.8
Nigeria	3.3	3.3	3.5
Central Africa	0.4	0.4	0.4
Eastern Africa	0.8	0.9	0.9
Tanzania	0.6	0.6	0.7
Southern Africa	2.9	2.6	2.9
Madagascar	2.6	2.3	2.6
Mozambique	0.2	0.2	0.2
CENTRAL AMERICA	**2.4**	**2.4**	**2.1**
Mexico	0.4	0.4	0.3
SOUTH AMERICA	**21.9**	**21.0**	**19.8**
Argentina	1.7	0.9	0.9
Brazil	11.6	11.4	10.4
Colombia	2.2	2.3	2.1
NORTH AMERICA	**9.3**	**8.7**	**9.7**
United States	9.3	8.7	9.7
EUROPE	**3.1**	**3.2**	**3.1**
EC 2/	2.6	2.5	2.6
OCEANIA	**1.4**	**1.1**	**1.8**
Australia	1.4	1.1	1.8
WORLD	**610.3**	**598.3**	**591.1**
Developing countries	584.3	573.0	564.8
Developed countries	26.0	25.3	26.3

WORLD IMPORTS OF RICE

	2000	2001 (estimated)	2002 3/ (forecast)
		million tonnes, milled	
ASIA	**11.5**	**11.3**	**12.5**
Bangladesh	0.5	0.5	0.2
China 1/	0.2	0.2	1.1
Indonesia	2.0	1.4	2.0
Iran, Islamic Rep. of	1.1	1.0	1.2
Japan	0.7	0.7	0.7
Malaysia	0.7	0.7	0.6
Philippines	0.7	0.9	0.7
Saudi Arabia	0.8	0.8	0.8
Sri Lanka	0.0	0.1	0.1
AFRICA	**6.4**	**7.1**	**6.3**
Côte d'Ivoire	1.0	1.1	0.8
Nigeria	1.2	1.5	1.2
Senegal	0.5	0.7	0.6
South Africa	0.5	0.6	0.6
SOUTH AMERICA	**0.9**	**1.0**	**0.8**
Brazil	0.7	0.7	0.6
Peru	0.1	0.1	0.1
NORTH & C. AMERICA	**2.1**	**2.2**	**2.3**
Mexico	0.4	0.4	0.5
EUROPE	**1.5**	**1.4**	**1.5**
EC 2/	0.6	0.6	0.6
OCEANIA	**0.4**	**0.3**	**0.3**
WORLD	**22.8**	**23.4**	**23.8**
Developing countries	19.3	19.9	20.2
Developed countries	3.5	3.5	3.6

WORLD EXPORTS OF RICE

	2000	2001 (estimated)	2002 3/ (forecast)
		million tonnes, milled	
ASIA	**17.3**	**17.8**	**18.0**
China 1/	3.1	1.8	1.5
India	1.4	1.5	2.1
Myanmar	0.1	0.5	0.7
Pakistan	2.0	2.3	1.8
Thailand	6.6	7.5	7.5
Viet Nam	3.5	3.6	3.8
AFRICA	**0.6**	**0.8**	**0.9**
Egypt	0.6	0.8	0.9
SOUTH AMERICA	**1.5**	**1.3**	**1.3**
Argentina	0.4	0.3	0.3
Uruguay	0.7	0.6	0.6
NORTH AMERICA	**2.8**	**2.7**	**2.8**
United States	2.8	2.7	2.8
EUROPE	**0.2**	**0.2**	**0.2**
EC 2/	0.2	0.2	0.2
OCEANIA	**0.5**	**0.7**	**0.7**
Australia	0.5	0.7	0.7
WORLD	**22.8**	**23.4**	**23.8**
Developing countries	18.9	19.3	19.6
Developed countries	4.0	4.1	4.3

FOOTNOTES:
Totals computed from unrounded data.
1/ Including Taiwan Province.
2/ Fifteen member countries.
3/ Tentative.

RICE : Estimated Supplies and Utilization in the Main Exporting Countries. (National Crop Years)

	UNITED STATES (Aug./Jul.)			THAILAND 2/ (Nov./Oct.)		
	1999/00	**2000/2001** prelim.	**2001/2002** f'cast	**1999/00**	**2000/2001** prelim.	**2001/2002** f'cast
	(......... thousand tonnes ....)			*(......... thousand tonnes ....)*		
Open.Stocks	694	867	887	1400	1660	1700
Production 1/	6504	5939	6571	16002	16953	16682
Imports	319	339	339	1	0	0
Tot.Supply	7517	7145	7797	17402	18613	18383
Domestic Use	3843	3660	3774	9172	9393	9323
Exports	2807	2598	2714	6570	7520	7500
Clos.Stocks	867	887	1309	1660	1700	1560

	CHINA 2/ 3/ (Jan./Dec.)			PAKISTAN 2/ (Nov./Oct.)		
	1999/00	**2000/2001** prelim.	**2001/2002** f'cast	**1999/00**	**2000/2001** prelim.	**2001/2002** f'cast
	(......... thousand tonnes ....)			*(......... thousand tonnes ....)*		
Open.Stocks	113150	112880	106515	560	1050	850
Production 1/	137363	130109	124370	5156	4802	3800
Imports	243	240	1140	0	0	0
Tot.Supply	250756	243229	232025	5716	5852	4650
Domestic Use	134824	134920	135357	2650	2702	2700
Exports	3052	1794	1520	2016	2300	1750
Clos.Stocks	112880	106515	95148	1050	850	200

	VIET NAM 2/ (Nov./Oct.)			TOTAL		
	1999/00	**2000/2001** prelim.	**2001/2002** f'cast	**1999/00**	**2000/2001** prelim.	**2001/2002** f'cast
	(......... thousand tonnes ....)			*(.......... million tonnes ....)*		
Open.Stocks	1400	3100	4000	117.2	119.6	114.0
Production 1/	20940	21698	21294	186.0	179.5	172.7
Imports	2	2	2	0.6	0.6	1.5
Tot.Supply	22342	24800	25296	303.7	299.6	288.2
Domestic Use	15765	17250	17496	166.3	167.9	168.6
Exports	3477	3550	3800	17.9	17.8	17.3
Clos.Stocks	3100	4000	4000	119.6	114.0	102.2

Footnotes:
Totals computed from unrounded data.
For the forecast year figures refer to export availabilties and import requirements.
1/ Milled basis.
2/ Rice trade data refers to the calendar year of the second year shown.
3/ Including Taiwan province.