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FAO Rice Market Monitor
Basic Foodstuffs Service
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HIGHLIGHTS

- World paddy production in 2002 is now forecast at 595 million tonnes, up 6 million tonnes from the previous estimate, but still 1 million tonnes below the 2001 figure.

- The bulk of the 2002 main paddy season crops have now been planted throughout countries of the Northern Hemisphere, while countries located in the Southern Hemisphere and the equatorial belt, are harvesting their secondary crops.

- Much of the upward revision from the June forecast is based on larger expected production in some of the major rice producing countries in Asia, notably China, Indonesia, Myanmar and Thailand. In some cases, such adjustment for the current season followed the release of greater production estimates in 2001, while in others it reflected improved expectations for plantings. For other regions, Africa is on course to register a record output in 2002. A return to normal weather conditions in Central America suggests that production will only be down slightly from the previous year, but output prospects in the United States have been lowered. Estimates of South America's 2002 harvest remain unchanged from the last report, while for Australia's harvest they have been upgraded marginally.

- The 2002 production outlook, however, is still highly uncertain, especially as adverse weather conditions are being reported in several part of the world, including faltering monsoon rains in India.

- World rice trade in 2002 is now forecast at 25 million tonnes, 400 000 tonnes above previous expectation, and 1 million tonnes higher than in 2001. The raising of global trade prospects reflects a net increase in import demand in Asia, concentrated among a few countries, notably Indonesia and the Philippines, facing higher domestic requirements or production shortfalls. Further downward adjustments to China's anticipated purchases, suggest that there is now little prospect of the country being a major buyer of international rice in 2002.

- As for exports in 2002, competition for international market shares has intensified with India forecast to make further inroads. Prospects for rice exports by Myanmar and the United States have also improved since the last report, but they have considerably fallen for China and Viet Nam. Forecast shipments from the other major exporters, including Thailand, remain unchanged from the last report.

- For global rice trade in 2003, preliminary estimates of export availabilities and import demand suggest that global rice trade is likely to rise from the 2002 level by 700 000 tonnes to 25.7 million tonnes. The forecast is extremely tentative since the volume of international transactions in 2003 will depend chiefly on the outcome of the 2002 main paddy crops in Asia – the world's largest trading region – that have yet to reach maturation and which have been recently subjected to weather related uncertainty.

- World rice stocks at the close of the marketing seasons ending in 2002 are estimated at 150.2 million tonnes, slightly higher than in the last report. This would represent a decline of about 13.3 million tonnes from their revised opening levels, most of which will be drawn from China rice inventories to bridge the gap between the country's production and consumption.

- As for the close of the 2003 season, global inventory levels are tentatively forecast to decline by 13.7 million tonnes to 136.5 million tonnes, implying a third annual consecutive fall, to a 15-year low. The bulk of the withdrawal will again be mostly attributable to China (mainland). On the other hand, rice carryovers are foreseen to remain very high in major exporting countries, including India, Viet Nam, United States and to a lesser extent in Thailand.

- International rice prices of different origins and grades have followed opposing trends within the past few months. For instance, rice price quotations from Viet Nam have fallen in the face of low demand together with the arrival of new crop supplies onto its market, while strong demand for United Sates rice, in light of its weakened currency, and short supplies in Pakistan, have firmed price quotations from both origins. In Thailand, currency fluctuations have had the tendency to mask changes in market fundamentals. Prices for the country's high quality rice have exhibited little overall movement since the last RMM. Average July quotations for the Thai 100% B, at US$ 204 per tonne, were unchanged from May and virtually on parity with the United States long grain 2/4 percent. By contrast, prices for Thailand's broken rice have strengthened, matching the evolution of Indian rice, which also firmed by a similar margin over the period.

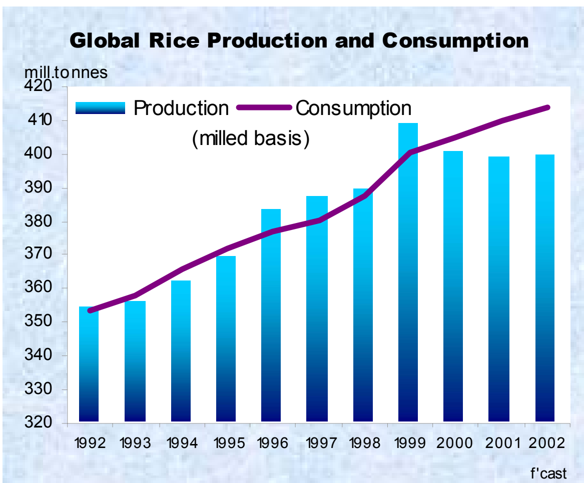
- The price outlook for the short-term is rather optimistic, since global import prospects have somewhat brightened. Furthermore, policy intervention by India and Thailand will continue to support prices, while growing uncertainty about future production prospects in a number of major producing countries is likely to induce larger purchases at a moment when market prices are still considered to be attractive.

RICE SITUATION UPDATE AS OF 12 AUGUST 2002

I. PRODUCTION

2002 production outlook brightens, but weather related uncertainty rises

The bulk of the 2002 main paddy season crops have now been planted throughout countries of the Northern Hemisphere, while countries located in the Southern Hemisphere and the equatorial belt, are harvesting their secondary crops.



The current FAO forecast puts world paddy production in 2002 at 595 million tonnes, up 6 million tonnes from the previous estimate, but still 1 million tonnes below the 2001 figure. Much of the upward revision from the June forecast is based on larger expected production in some of the major rice producing countries, including China, Indonesia, Myanmar and Thailand. In some cases, such adjustment for the current season followed the release of greater production estimates in 2001, while in others it reflected improved expectations for plantings. The 2002 production outlook, however, is still highly uncertain, especially as adverse weather conditions are being reported in several part of the world, including faltering monsoon rains in India.

I.1. ASIA

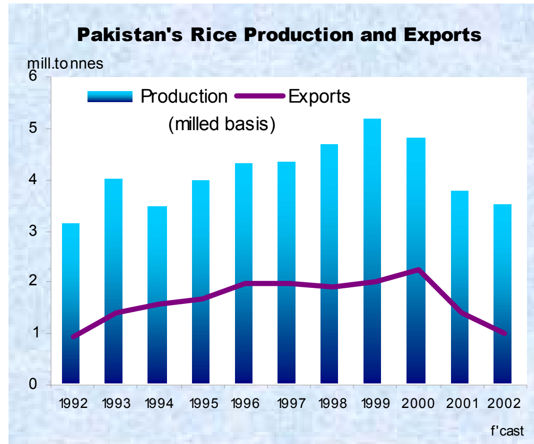
Improved output expectations for the region, but the prospect of weather affected crops I looms over the region.

In **Indonesia**, the Central Bureau of Statistics is now forecasting a paddy output of 50.8 million tonnes, up 2.1 million tonnes from prior expectations and 300 000 tonnes above the revised 2001 total. According to that office, paddy production last season was higher than originally estimated and the forecast for the current year was accordingly raised. However, this figure might be subject to a downward revision, especially as precipitation in Java, where a significant share of the country's secondary rice crop is cultivated, is reported to be below normal. The Government appears set to raise the paddy floor price, that could be effective from 1st January 2003. Officials envisage that the higher floor would encourage the country's farmers to plant more rice, but details of the size of the increase have not yet been released. The current floor price of 1,519 rupiah per kg (US $170/MT) has been left unadjusted for the past two years.

In **India**, throughout much of July, the monsoon precipitation has been weak, irregular and has shifted towards the south, leaving Northern districts, which account for approximately 25 percent of the country's paddy output, under excessive dryness. Even though soil moisture stress is reported to be critical, irrigated water supplies could still bring some relief and rice planting might be extended to mid August, while farmers await for rains. Thus, monsoon developments in the course of the coming weeks will be critical. Pending a new formal crop assessment, paddy output for the country in 2002 remains at 134 million tonnes, 2 million tonnes below 2001.

Flooding problems in **Bangladesh** have caused some minor losses to the harvest of the Aus crop currently underway, but there might be more significant disruption to the recently planted Aman crop. However, the overall impact on this year output is expected to be minimal, since there is scope for replanting and the country remains on course to produce a record 39 million tonnes of paddy this year. Part of this growth will reflect a more extensive use of hybrid rice varieties.

Pakistan appears to be adjusting to a second successive year of water shortages. Paddy output for 2002 remains officially forecast at 5.2 million tonnes, down 400 000 tonnes from the previous year, and 2 million tonnes less than the 2000 'normal' weather level. At the same time, the Government is promoting the adoption of higher quality rice varieties, in the expectation of raising the value of the country's rice exports, which account for some 40 percent of output.



Following the release of official production figures by the Central State Statistical Bureau, **China's (mainland)** 2001 paddy production estimate has been raised by 670 000 tonnes to 177.6 million tonnes. Although some flooding problems have been reported recently, production in the current 2002 season is officially forecast to be slightly above that level, at 177.8 million tonnes, marking a reversal of the contraction experienced in the past two seasons. This positive outcome would be attributable to a 6 percent expansion in the single intermediate rice crop, which would offset an expected 8 percent drop in the lower quality, early crop and a similar contraction in the late rice crop. Over 50 per cent of the country's total rice area is now reported to be sown with higher quality indica and japonica.

On account of the **Chinese Province of Taiwan's** entry to the WTO and the subsequent opening of import quotas, the Provincial Government is considering a new development strategy for its paddy sector. Under the proposal, the country will produce only 70 per cent of its consumption, with the remainder to be fulfilled by imports. As surplus rice lands are to be released for the cultivation of more profitable crops, the proposal will have serious implications for production.

Thailand's main rice crop is developing well under favourable growing conditions and the country is on course to reach a paddy output of about 25 million tonnes, 400 000 tonnes higher than last reported. The Government has announced a further extension to its paddy procurement programme of the second (2001) paddy crop until the end of September this year, targeting an additional 300 000 tonnes of purchases. To date, almost 1.7 million tonnes have been removed from the market and put in storage under the scheme, surpassing the original 1.5 million tonne target, with procurement prices set at 4 880 baht (US$ 117) per tonne for 5 percent broken rice and at 4 500 baht (US$ 110) per tonne for 25 percent broken rice.

A forecast expansion of the area under rice in **Myanmar** coupled with more optimistic expectations of the plant growing conditions have led to the upgrading of the country's 2002 paddy crop by 1.5 million tonnes to a record 22.2 million tonnes.

By contrast, in the **Philippines**, official estimates for 2002 paddy production have been lowered to 12.9 million tonnes, marginally down from the record achieved last season, since below normal precipitation earlier in the year hindered rice cultivation. The Government, mindful of self sufficiency goals, has announced that over the next two years, one-fifth of the country's irrigated rice lands (about 7 percent of total rice area), are to be planted with high yielding varieties.

A serious drought in **Cambodia** is reported to have disrupted cultivation of the country's early wet season rice crop. Accordingly, the Government, which earlier envisaged a 10 percent increase in plantings, has downgraded its 2002 paddy forecast from 4.7 million tonnes to 4.5 million tonnes. At this level, production would still be 400 000 tonnes higher than last year's record and 200 000 tonnes above the previous RMM forecast. In the past few weeks, further drought problems have been reported, which might have further hindered the crop. Pending additional information on their impact, the official forecast of 4.5 million tonnes is used in this report.

In **Vietnam**, the harvest of the 2002 winter-spring rice, which opens the season, has now been completed. Estimates from the Government point to a record crop of 16.5 million tonnes, which would be almost 7 per cent greater than the same crop in 2001. Prospects for the Summer-Autumn crop do not appear not so bright. Contrasting weather extremes have been hampering activity. For instance, in the Mekong Delta, where the gathering of the summer-autumn rice crop is underway, flood related losses have been officially estimated at 370 000 tonnes (paddy). On the other hand, in central districts, subnormal precipitation has disrupted the sowing and early-stage development of the 10th month crop. However, given the record performance of the winter-spring crop, the Government's 2002 paddy forecast of 32.3 million tonnes could still materialize.

A recent FAO/World Food Programme mission to the **Democratic People's Republic of Korea** reports that in spite of delays to receiving inputs and unevenly distributed irrigation water, the country's main paddy crop is progressing well. Authorities have targeted 583 000 hectares of rice plantings in 2002, slightly above the level last year, and measures to expand rice cultivation further are currently being undertaken. The FAO forecast for the country's 2002 paddy crop remains at 2 million tonnes, unchanged from the previous year.

In the **Republic of Korea**, the forecast for 2002 paddy production stands the same as the last report at 7.3 million tonnes, down 150 000 tonnes from the previous year. Policy measures to gear the country's paddy sector towards market liberalization in 2005 have recently been implemented. The Government has shifted its policy from price supports to income supports in an effort to reduce the country's large rice surpluses. Under the new scheme, which comes into effect this season, paddy farmers will receive direct payments of 500 000 won (US$ 415) per hectare for 'agricultural promotion areas' (AMAs) and 400 000 won (US$ 332) per hectare for non AMAs. Official procurement prices for 2002 have been left unchanged from 2001 levels at 2097 won per kg (US$ 174 per tonne).

According to private sources in the **Islamic Republic of Iran**, the country looks set to harvest a paddy crop of 2 million tonnes in 2002, unchanged from the last report, reflecting a return to a more normal rainfall pattern. This would constitute a recovery of 15 percent from the drought-afflicted crop of the previous year. Similarly, ample water availability in **Uzbekistan** has led to a significant expansion of the rice area in the country and paddy output is officially forecast to reach almost 200 000 tonnes in 2002, double the drought stricken level of 2001.

I.2. AFRICA

Record output in 2002 still predicted for the region

Paddy output in Africa is forecast to rise by over 5 percent in 2002, to a record 18.1 million tonnes, slightly higher than last reported. The promising expectations for the continent are underpinned by record plantings foreseen in several West African countries and in **Egypt**, which are developing well under favourable growing conditions.

Upward adjustments in FAO production forecasts have been made since the last RMM for **Mali** and **Senegal**, where improved input usage supported by good weather, are anticipated to lead to substantial improvements to rice yields in both countries.

Prospects though in **Liberia** are somewhat clouded, owing to a resurgence of civil war in the country. During the height of a conflict in the mid 1990s, annual paddy production averaged around 50 000 tonnes. Presently, the 2002 paddy forecast for the country stands at 190 000 tonnes.

In Southern Africa, the 2002 paddy season is over, while in Eastern Africa, gathering of the main season rice crops is underway. The Southern African Development Community (SADC), has estimated **Tanzania's** rice harvest to be in the order of 482 000 tonnes (milled), which suggests a decline of over 30 000 tonnes from the previous year, and 25 000 tonnes down from the FAO forecast. In **Mozambique**, the Government has predicted a harvest of 168 000 tonnes, but in other rice major producing countries of Southern and East Africa, official information regarding the size of the harvests has not yet been released. However, expectations point to an overall contraction to 2002 production in both sub-regions.

I.3. LATIN AMERICA AND THE CARIBBEAN

Return to normal weather conditions in Central America

In Central America, an El Niño-induced drought had caused some disruption to planting of the new season's rice crops. Many countries in the region had delayed planting by over a month in anticipation of rainfall, however, timely precipitation subsequently allayed fears of any serious disruption to the region's 2002 paddy crop, which remains forecast at 2.3 million tonnes, down 100 000 tonnes from an adjusted 2001 total.

In South America, the bulk of the 2002 paddy crops have now been harvested. Output expectations for 2002 are unchanged from the last report at 19.9 million tonnes, which represents a slight recovery from 2001 but 2 million tonnes below the 1999 record. Paddy farmers in **Argentina**, **Brazil**, **Paraguay** and **Uruguay** will soon begin preparations for the 2003 season. While planting intentions are not known, economic instability in some parts of the region may affect rice cultivation in the new season.

I.4. NORTH AMERICA

Expectations lowered for 2002 season

Harvesting of the 2002 paddy crop has just begun in the **United States**. Based on lower yield performance of paddy harvested in and around the Gulf states, the officially projected 2002 crop has been lowered to 9.3 million tonnes, some 180 000 tonnes less than previously anticipated, and 400 000 tonnes below the previous year's record.

I.5. EUROPE

Weather disruption to EC plantings overshadowed by CAP reform proposals

In the **EC**, there has been a disruption to the rice season in Italy and France where adverse weather conditions to sowing and early stage crop development resulted in the need for some replanting. The current 2002 paddy forecast for the EC, which remains at 2.6 million tonnes, hinges on favourable weather in both countries for the remainder of the season.

On July 10th, the European Commission submitted proposals for a new Rice Common Market Regime, envisaging that the package will significantly cut intervention stocks of rice which stand on average at roughly 25 percent of annual production. The new regime seeks to stabilize farm incomes but to remove emphasis on production subsidies. Under the plans, which require approval by member states, the Commission has proposed:

- a 50 percent reduction in the intervention price to 150 Euro per tonne in 2004/05

- 88 percent of the cut in the intervention price to be compensated by a direct payment to producers of 177 Euro per tonne

- a private storage scheme will come into operation if rice market prices fall below a level of 120 Euro per tonne

In the past, there has been widespread resistance from the major rice producing member states to changes in EC rice policy.

I.6. OCEANIA

Australia's 2002 harvest upgraded

In **Australia**, the official estimate of the 2002 paddy harvest has been raised by 100 000 tonnes to 1.3 million tonnes. However, it remains considerably below the previous season's record crop of 1.8 million tonnes, owing to a fall in plantings caused by water scarcity and a return to normal yields. Preparation for the country's 2003 paddy crop will begin shortly, but even at this early stage, there are concerns that water shortages might also disrupt this crop.

II. INTERNATIONAL TRADE

Trade forecast to expand by 1 million tonnes in 2002

World rice trade in 2002 is now forecast at 25 million tonnes, 400 000 tonnes above previous expectation, and 1 million tonnes higher than in 2001. The raising of global trade prospects reflects a net increase in import demand in Asia, concentrated among a few countries facing production shortfalls or higher domestic requirements. On the supply side, however, competition for international market shares has intensified with India forecast to make further inroads yields.

II.1. IMPORTS

Larger inflows of rice to Indonesia and Philippines, but little prospect of China being a major buyer of international rice in 2002

In **Bangladesh**, duties on rice imports have been reduced from 43 percent to 33 percent in a bid to suppress upward pressure on domestic prices. However, in the expectation of a bumper crop this year, the official forecast for imports in 2002 remains almost 50 percent lower than in the previous year at 200 000 tonnes.

China's (mainland) anticipated rice imports in 2002 have been revised down by 40 percent since the last report to 300 000 tonnes, slightly above the amount imported in 2001, but to a level which translates to just 7.5 percent of its TRQ under the WTO agreement. So far, shipments of rice to the country between January and May have amounted to 63 000 tonnes, down from 102 000 tonnes in the same period last year. The bulk of the country's imports are likely to comprise high quality fragrant rice, since domestic prices of other rice appear too low to make imports viable. Moreover, a series of paddy auctions recently carried out by the Government have depressed prices further, precluding the likelihood of large international purchases.

Based on rice volumes contracted to date, mostly food aid, forecast imports by the **Democratic Peoples Republic of Korea** have been lowered by 100 000 tonnes since the last report, to 500 000 tonnes, almost 200 000 tonnes lower than in the previous year. The revision reflects a likely reduction in aid shipments from the Republic of Korea in response to the July naval conflict between the two countries. However, according to a recent World Food Programme mission, the country faces a substantial uncovered food deficit for the remainder of the year, despite brighter output prospects.

On the other hand, **Indonesia's** import requirements for 2002 have been raised by 200 000 tonnes to 3.2 million tonnes, on account of anticipated higher domestic needs. Local prices have been reported to be rising putting pressure on Bulog to import more, especially as fears of a crop shortfall intensify.

Similarly, purchases by **Philippines** are expected to rise to 940 000 tonnes in 2002, 340 000 tonnes higher than previously anticipated. The National Food Authority has authorised additional deliveries to bolster the country's buffer stocks, against the lowering of paddy output prospects in the country and an anticipated rise in domestic requirements.

Elsewhere in Asia, forecast rice imports in 2002 by **Sri Lanka** have been raised 70 000 tonnes since the last report to 140 000, and anticipated rice deliveries to **Uzbekistan** are up 50 000 tonnes to 150 000 tonnes, while the forecast for the **Syrian Arab Republic** has been lowered by 30 000 tonnes to 170 000 tonnes.

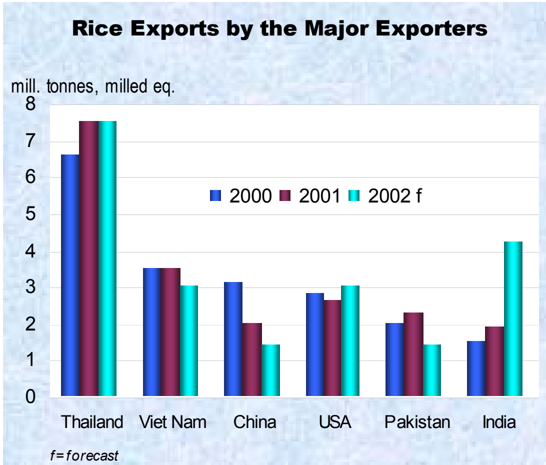
For other regions, little changes to previous expectations are envisaged. The flow of rice into Africa remains at 6.4 million tonnes, down 700 000 tonnes from the revised 2001 figure, and forecast imports by North America in 2002 have been raised 20 000 tonnes to 2.4 million tonnes.

II.2. EXPORTS

India set to gain market share in 2002

With regard to exports, rice shipments by **Viet Nam** for the first six months of the calendar year officially amounted to less than 1.6 million tonnes which compares to a figure of over 1.8 million tonnes in the previous year. Accordingly, despite increased rice availabilities from the current harvest, the Government anticipates 2002 export performance to fall to a seven-year low of 3 million tonnes, 500 000 tonnes less than it previous forecast and 500 000 tonnes lower than the official amount exported in 2001.

Rice sales by **China (mainland)** have also fallen substantially in the first five months of the year, from 704 000 tonnes in 2001 to 497 000 tonnes this year. On a calendar basis, exports by the country are now forecast at 1.3 million tonnes, down from the previous estimate of 2.0 million tonnes and 550 000 tonnes less than the previous year.



Thai active policy to sustain domestic prices is reportedly slowing down the closure of new sale contracts. Accordingly, **Thailand's** forecast exports in 2002 have been lowered by 100 000 tonnes to 7.5 million tonnes, equal to the record volume shipped last year. Low international rice quotations remain a concern for the Government, which has recently called on the other major exporters to adopt a common strategy to raise export prices.

By contrast, **India's** rice deliveries are expected to sharply rise in 2002. The forecast now stands at 4.2 million tonnes, an increase of 600 000 tonnes from the last report and 2.2 million tonnes above the previous year. Exportable supplies of rice made available from public (FCI) stocks remain in abundance, despite a worsening of production prospects this year. In addition, the FCI's decision to raise sale prices of paddy to rupees 5910 (US$ 120) per tonne and parboiled rice to rupees 6300 (US$ 128) per tonne effective from 1st August, is unlikely to hinder export performance, since quotations will still remain very competitive. However, restrictions on deliveries from FCI warehouses, port congestion and freight problems are causing some delays to shipments. The FCI will soon announce the outcome of a review of its entire export policy, which is reported to have addressed the issue of the compatibility of grain subsidization with WTO rules. With regard to India's exports of basmati, the Government has increased advisory prices by US$ 25-30 per tonne, in response to claims that some earlier traded basmati failed to meet quality requirements. Basmati that is contracted below the newly announced prices would be subject to compulsory inspection by authorities.

Myanmar appears to have firmly re-established itself as a major international supplier of rice, with exports forecast to reach record of 1.1 million tonnes, up 400 000 tonnes from the last RMM, in spite of an official increase to export prices of US$ 3 per tonne. The turnaround in export performance is notable, since in 2000, the country officially managed only to export 140 000 tonnes.

In the **United Sates**, even though several disputes with major trading partners remain unresolved, the USDA has upgraded its forecast for 2002 rice shipments by 200 000 tonnes to 3 million tonnes, as historically low export prices are sustaining the country's sales.

Cambodia might export 100 000 tonnes in 2002, 30 000 tonnes higher than last reported, but the forecast hinges on favourable weather conditions returning to the country's current rice crop.

As for other major exporters, including **Pakistan, Egypt, Argentina, Uruguay and Australia**, forecast shipments are unchanged from the last RMM.

II.3. INTERNATIONAL TRADE IN 2003

FAO'S first forecast for trade in 2003 points to a further expansion

Preliminary estimates of export availabilities and import demand suggest that global rice trade is likely to rise from the 2002 level by 700 000 tonnes to 25.7 million tonnes. The forecast is extremely tentative since the volume of international transactions in 2003 will depend chiefly on the outcome of the 2002 main paddy crops in Asia – the world's largest trading region – that have yet to reach maturation and which have been recently subjected to weather related uncertainty.

On the basis of changes from 2002, China may import 800 000 tonnes of rice in 2003, twice more than in the previous year. Based on current expectations, domestic consumption is likely to outpace production again in 2003. Since stocks in the past three years have already been depleted by some 30 million tonnes, the pressure to reduce the size of inventories will be less, which could facilitate the filling of at least part of the preferential import quotas. Thus, prospects for trade next season will mainly depend on a political decision on whether to continue releasing stocks or allowing the entry of overseas rice under preferential terms. Moderate increases in imports are also forecast for the Philippines and Malaysia.

On the export side, India may see rice shipments rising by 500 000 tonnes to a record 4.7 million tonnes, assuming no major crop shortfall during the current season. Increases in exports are also foreseen in Myanmar, Vietnam and Uruguay, but for Pakistan and the United States, exports are predicted to fall. Shipments from Thailand are forecast to remain at the same level as last year.

III. STOCKS

Global rice inventory levels to significantly contract over the next two seasons

World rice stocks at the close of the marketing seasons ending in 2002 are estimated at 150.2 million tonnes, slightly higher than in the last report. This would represent a decline of about 13.3 million tonnes from their revised opening levels, most of which will be drawn from China's rice inventories to bridge the gap between the country's production and consumption.

Upward revisions to stock levels since the last report have been made to China (400 000 tonnes), following the upward revision to 2001 production, and to Viet Nam (200 000 tonnes), mainly reflecting reduced export expectations this year. By contrast, larger forecast sales abroad have led to lower rice closing inventories in India (- 300 000 tonnes).

Unprecedented high rice surpluses in the Republic of Korea, which are estimated to be in excess of 1.5 million tonnes, have led the Government to announce a sale of 400 000 tonnes to its feed sector.

Additional measures of reducing inventories are currently being reviewed.

Global rice stocks at the close of the 2003 season are tentatively forecast to decline by 13.7 million tonnes to 136.5 million tonnes, implying a third annual consecutive fall, to a 15-year low. The bulk of the withdrawal will again be mostly attributable to China (mainland). On the other hand, rice carryovers are foreseen to remain very high in major exporting countries, including India, Viet Nam, United States and to a lesser extent in Thailand.

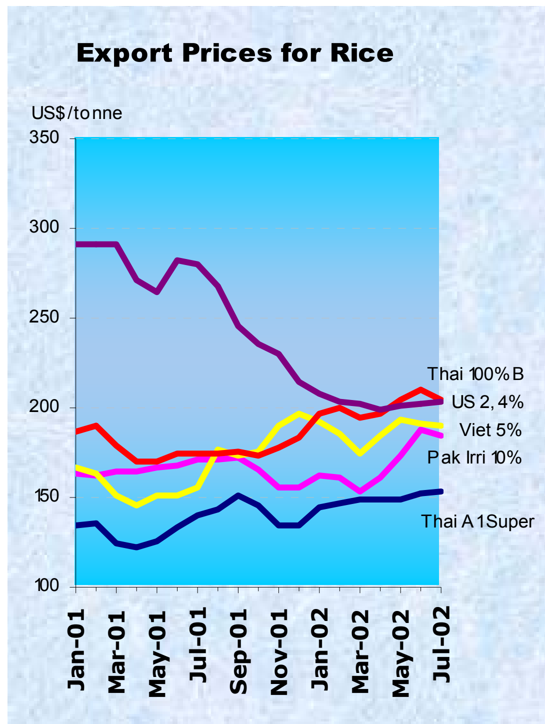
IV. INTERNATIONAL PRICES

Optimistic short-term outlook for international prices

International rice prices of different origins and grades have followed opposing trends within the past few months, offsetting any movement in the FAO Export Price Index for Rice (1982-84 =100), that has remained at 90 points since May through to the first three weeks of July.

For instance, rice price quotations from Viet Nam have fallen in the face of low demand together with the arrival of new crop supplies onto its market, while strong demand for United Sates rice, in light of its weakened currency, and short supplies in Pakistan, have firmed price quotations from both origins.

In Thailand, currency fluctuations have had the tendency to mask changes in market fundamentals. Prices for the country's high quality rice have exhibited little overall movement since the last RMM, even though some sharp increases were recorded in June. The average July quotations for the Thai 100% B, at US$ 204 per tonne, were unchanged from May and virtually on parity with the United States long grain 2/4 percent. By contrast, prices for Thailand's broken rice have strengthened, as illustrated by the Thai A1 Super which has risen by US$ 4 per tonne from May to US$ 153 per tonne in July. This rise closely follows the evolution of Indian rice, which also firmed by a similar margin over the period.



The price outlook for the short-term is rather optimistic for several reasons. Firstly, global import prospects have somewhat brightened, since some major importing countries have lowered production prospects this season. Secondly, policy intervention by India and Thailand will continue to support prices. Finally, growing uncertainty about future production prospects in a number of major producing countries is likely to induce larger purchases at a moment when market prices are still considered to be attractive.

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	July	91	93	83
	August	89	90	87
	September	89	89	88
	October	88	89	88
	November	88	88	87
	December	88	88	90
2002	January	91	90	92
	February	90	90	91
	March	89	89	89
	April	89	88	91
	May	90	89	93
	June	90	89	93
	July	90	89	93

Source*: FAO*
N.B.-The FAO indices are calculated using the Laspeyre formula.
The Rice Export Price Index is calculated for 15 export prices.

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	19/07/2002	201	201	211	174	236
Thai 25%	19/07/2002	176	175	179	154	n.a.
Thai 35%	19/07/2002	172	171	175	150	213
Thai A1 Super	19/07/2002	154	153	153	139	174
Viet 5%	19/07/2002	191	191	189	155	n.a.
Viet 25%	19/07/2002	167	167	163	138	n.a.
India PR 106 25%	19/07/2002	135	135	132	236	n.a.
Pak 10%	19/07/2002	180	188	185	n.a.	n.a.
Pak 25%	19/07/2002	170	178	175	154	n.a.
Pak Basmati ordinary	28/06/2002	370	n.a.	366	325	631
US 2/4% Long Grain	19/07/2002	203	203	202	280	393

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

WORLD PADDY PRODUCTION

	2000	2001 (estimated)	2002 (forecast)
	million tonnes		
WORLD	**598.8**	**595.9**	**594.7**
Developing countries	573.5	569.6	569.4
Developed countries	25.3	26.3	25.3
ASIA	**544.9**	**541.9**	**540.6**
Bangladesh	37.6	37.8	39.0
Cambodia	4.0	4.1	4.5
China 1/	189.8	179.3	179.5
India	127.3	137.4	134.0
Indonesia	51.9	50.5	50.8
Iran, Islamic Rep. of	2.0	1.7	2.0
Japan	11.9	11.3	11.0
Korea Rep. of	7.2	7.5	7.3
Myanmar	21.3	21.8	22.5
Pakistan	7.2	5.6	5.2
Philippines	12.5	13.0	12.9
Sri Lanka	2.9	2.7	2.8
Thailand	25.6	25.3	25.0
Viet Nam	32.5	32.0	32.3
AFRICA	**17.4**	**17.2**	**18.1**
North Africa	**6.0**	**5.3**	**6.1**
Egypt	6.0	5.2	6.1
Sub-Saharan Africa	**11.4**	**12.0**	**11.9**
Western Africa	7.3	7.6	7.8
Côte d'Ivoire	1.0	1.1	1.0
Guinea	0.9	0.8	0.8
Mali	0.7	0.8	0.9
Nigeria	3.3	3.4	3.5
Central Africa	0.4	0.4	0.4
Eastern Africa	1.0	1.1	1.0
Tanzania	0.8	0.8	0.8
Southern Africa	2.6	2.9	2.7
Madagascar	2.3	2.6	2.4
Mozambique	0.2	0.2	0.2
CENTRAL AMERICA	**2.5**	**2.4**	**2.3**
Mexico	0.4	0.2	0.3
SOUTH AMERICA	**21.0**	**19.8**	**19.9**
Argentina	0.9	0.9	0.7
Brazil	11.4	10.4	11.0
Colombia	2.3	2.1	2.1
NORTH AMERICA	**8.7**	**9.7**	**9.3**
United States	8.7	9.7	9.3
EUROPE	**3.2**	**3.2**	**3.3**
EC 2/	2.5	2.6	2.6
OCEANIA	**1.1**	**1.8**	**1.3**
Australia	1.1	1.8	1.3

WORLD IMPORTS OF RICE

	2001	2002 (estimated)	2003 3/ (forecast)
	million tonnes, milled		
WORLD	**24.0**	**25.0**	**25.7**
Developing countries	20.2	21.1	21.8
Developed countries	3.8	3.9	3.9
ASIA	**11.5**	**13.3**	**13.8**
Bangladesh	0.4	0.2	0.2
China 1/	0.3	0.4	0.8
Indonesia	1.5	3.2	3.2
Iran, Islamic Rep. of	1.0	1.2	1.2
Japan	0.6	0.7	0.7
Malaysia	0.6	0.6	0.7
Philippines	1.0	0.9	1.0
Saudi Arabia	0.8	0.8	0.8
Sri Lanka	0.1	0.1	0.1
AFRICA	**7.2**	**6.4**	**6.5**
Côte d'Ivoire	1.1	0.9	0.9
Nigeria	1.6	1.2	1.2
Senegal	0.6	0.6	0.6
South Africa	0.6	0.6	0.6
SOUTH AMERICA	**1.1**	**1.0**	**1.0**
Brazil	0.7	0.7	0.7
Peru	0.1	0.1	0.1
NORTH & C. AMERICA	**2.3**	**2.4**	**2.4**
Mexico	0.5	0.5	0.5
EUROPE	**1.6**	**1.6**	**1.6**
EC 2/	0.7	0.7	0.7
OCEANIA	**0.3**	**0.4**	**0.4**

WORLD EXPORTS OF RICE

	2001	2002 (estimated)	2003 3/ (forecast)
	million tonnes, milled		
WORLD	**24.0**	**25.0**	**25.7**
Developing countries	19.9	20.7	21.5
Developed countries	4.1	4.3	4.2
ASIA	**18.4**	**19.3**	**19.8**
China 1/	2.0	1.4	1.0
India	1.9	4.2	4.7
Myanmar	0.6	1.1	1.5
Pakistan	2.3	1.4	1.0
Thailand	7.5	7.5	7.5
Viet Nam	3.5	3.0	3.4
AFRICA	**0.8**	**0.9**	**0.9**
Egypt	0.8	0.9	0.9
SOUTH AMERICA	**1.3**	**1.1**	**1.3**
Argentina	0.3	0.3	0.3
Uruguay	0.6	0.5	0.7
NORTH AMERICA	**2.6**	**3.0**	**2.9**
United States	2.6	3.0	2.9
EUROPE	**0.2**	**0.2**	**0.2**
EC 2/	0.2	0.2	0.2
OCEANIA	**0.7**	**0.6**	**0.6**
Australia	0.7	0.6	0.6

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.)		
	2000/2001	**2001/2002**	**2002/2003**	**2000/2001**	**2001/2002**	**2002/2003**
		prelim.	f'cast		prelim.	f'cast
	(......... thousand tonnes ....)			*(......... thousand tonnes ....)*		
Open.Stocks	867	887	1136	1660	1800	1730
Production 1/	5939	6765	6385	16953	16751	16550
Imports	339	422	422	0	0	0
Tot.Supply	7145	8074	7943	18613	18551	18280
Domestic Use	3570	3890	3966	9292	9321	9380
Exports	2688	3048	2879	7521	7500	7500
Clos.Stocks	887	1136	1098	1800	1730	1400

	CHINA 2/ 3/ (Jan./Dec.)			PAKISTAN 2/ (Nov./Oct.)		
	2000/2001	**2001/2002**	**2002/2003**	**2000/2001**	**2001/2002**	**2002/2003**
		prelim.	f'cast		prelim.	f'cast
	(......... thousand tonnes ....)			*(......... thousand tonnes ....)*		
Open.Stocks	112902	106500	93600	1080	940	500
Production 1/	130109	122901	123055	4810	3747	3500
Imports	294	440	750	0	0	0
Tot.Supply	243305	229841	217405	5890	4687	4000
Domestic Use	134801	134851	134545	2688	2787	2800
Exports	2004	1390	1020	2262	1400	1000
Clos.Stocks	106500	93600	81840	940	500	200

	VIET NAM 2/ (Nov./Oct.)			TOTAL		
	2000/2001	**2001/2002**	**2002/2003**	**2000/2001**	**2001/2002**	**2002/2003**
		prelim.	f'cast		prelim.	f'cast
	(......... thousand tonnes ....)			*(.......... million tonnes ....)*		
Open.Stocks	3100	4020	4500	119.6	114.1	101.5
Production 1/	21698	21324	21544	179.5	171.5	171.0
Imports	2	2	2	0.6	0.9	1.2
Tot.Supply	24800	25346	26046	299.8	286.5	273.7
Domestic Use	17311	17846	18146	167.7	168.7	168.8
Exports	3469	3000	3400	17.9	16.3	15.8
Clos.Stocks	4020	4500	4500	114.1	101.5	89.0

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.