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FAO Rice Market Monitor
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HIGHLIGHTS

- Harvesting of the 2002 main paddy crops in the northern hemisphere is at an advanced stage and many countries are releasing firmer estimates of this season's production. In the Southern Hemisphere and around the equatorial belt, the 2002 crops were generally harvested over the first half of the year and, in many countries, planting of the 2003 crop has already begun.

- FAO's forecast for world paddy production in 2002 has been lowered by over 4 million tonnes since the October issue to 584 million tones (391 million tonnes milled equivalent). At this level, global paddy output in 2002 would be about 13 million tonnes, or 2 percent, down from the previous season.

- The downward revisions to the global outlook in 2002 is mostly on account of adverse weather conditions during the current season in Asia, resulting in poorer harvest prospects for India, China, Thailand, Cambodia, Myanmar, Bangladesh and the Republic of Korea, which have more than offset improved output expectations in Viet Nam, Indonesia and the Philippines.

- For other regions, the paddy outlook has been marginally lowered for Africa, owing to increased output uncertainty in West Africa but also to a lowering of the forecast for Egypt. Aggregate output for the region, however, remains on track to reach an all-time high. In Latin America and the Caribbean, the 2002 rice season is almost over, and a slight production contraction is still foreseen. In the United States, another bumper crop is forecast, while in Europe, expectations point to a moderate increase output. The 2002 production contraction experienced by Australia looks set to deepen in 2003, with officials reporting a 69 percent drop in rice plantings.

- As the end of the year approaches, there is growing evidence that the volume of international transactions in rice in 2002 will now reach the second highest level on record. FAO is now forecasting global rice trade in the current calendar at 27 million tonnes, 1.3 million tonnes more than earlier anticipated and around 12 percent above the revised estimate for 2001. The latest revision is mostly due to upward adjustments to forecast imports for several countries in Africa and also for Indonesia and Mexico, which more than compensate for a substantial cut to expected shipments to the Islamic Republic of Iran. As for exports in 2002, India is currently estimated to ship around 6.3 million tonnes, up 26 percent from prior expectations. Sizeable upward adjustments to delivery estimates have also been made for China and Viet Nam, but for Myanmar, Thailand, Egypt and Australia they have been lowered.

- World rice trade in 2003 has been marginally increased from the previous estimate, forecast to surpass 26 million tonnes. This figure is still highly tentative, since global rice trade next year will depend, to a large extent, on the size of the crops harvested during the current 2002 season, the process of which has still to be completed in many important producing countries. Few substantial changes on the import side are envisaged from the previous report. Expected deliveries to the Islamic Republic of Iran, Philippines and Brazil have been cut in 2003, while forecast shipments to Cuba and Africa have been raised sharply, with Nigeria again expected to be the main engine for growth in its region. The 2003 forecast for rice sales by Viet Nam, China and the United Sates have been increased, while for Myanmar and Egypt, likewise in the current calendar year, export prospects for the new year have been downgraded.

- The forecast for world rice stocks at the close of the marketing seasons in 2003 has been lowered by around 5 million tonnes since the last RMM, to nearly 126 million tonnes, with inventories down from their revised opening level by over 15 percent. Almost all of this season's contraction is likely to be concentrated in rice exporting countries, notably India and China.

- Despite large quantities of new rice arriving on to the market, which normally tends to depress quotations, the FAO Total Export Price Index for Rice (1998-00 =100) averaged 73 points in November, virtually unchanged since July. Such a lack of momentum reflects divergent trends in prices from different origins and qualities, which have tended to offset each other. For instance, FAO's High Quality Indica Price Index declined by one point from September to 73 points, reflecting falls of varying degree in quotations. On the other hand, FAO's Low Quality Indica Price Index has increased by one point from September, as prices for broken rice in major exporting countries have converged, illustrated by quotations for India 25% rice, where steadfast demand has led to a narrowing of its price differential with broken rice of other origin. A strengthening of import demand for Japonica rice, have boosted the quotations of the United States medium grain 2/4 percent, as reflected in FAO's Japonica Price Index, which has staged a slight recovery. By contrast, FAO's Aromatic Price Index has tumbled since September, falling by 7 points to 76 points in November. Prices of Thai fragrant rice have declined by almost 10 percent over this period, nearing the floor set by Thailand's support scheme.

- The price outlook could turn positive as of next year. Sustained intervention by Government procurement agencies in Thailand should dampen price falls associated with the arrival of new rice supplies onto the market in the coming months. Higher prices for export rice in India as of January 2003 should also translate into higher quotations from the country next year. A general tightening of the global supply and demand situation could therefore be felt, which could trigger a marked increase in international prices as of the second quarter of 2003.

RICE SITUATION UPDATE AS OF 24 DECEMBER 2002

I. PRODUCTION

Global paddy production set to contract for the third successive year

Harvesting of the 2002 main paddy crops in the northern hemisphere is at an advanced stage and many countries are releasing firmer estimates of this season's production. In the Southern Hemisphere and around the equatorial belt, the 2002 crops were generally harvested over the first half of the year and, in many countries, planting of the 2003 crop has already begun. FAO's forecast for world paddy production in 2002 has been lowered by over 4 million tonnes since the October report to 584 million tones (391 million tonnes milled equivalent), mainly on account of India, China, Cambodia and Thailand where crops have been affected by adverse weather conditions. At this level, global paddy production in 2002 would be about 13 million tonnes, or 2 percent, down from the previous season.

I.1. ASIA

Weather problems suggest that regional output could fall to a five-year low

In **India**, the harvest of the main Kharif crop is about to peak, which is rendering possible a better assessment of the effects of the erratic monsoon rains on the 2002 season. In November, officials predicted a 16 percent contraction to Kharif production. However, given the pace of paddy procurement to date in the monsoon affected states of Punjab and Haryana, and, especially, the potential to expand plantings of the Rabi secondary crop, the contraction to overall 2002 rice production in the country might be much less pronounced. Thus, the FAO forecast for the country season output stands at 125 million tonnes, 2.5 million tonnes lower than last reported and 12 million tonnes down from the previous year. On the policy side, the Government has decided to increase procurement prices by 200 rupees (US$ 4) per tonne to 5500 rupees (US$ 114) per tonne for ordinary paddy and to 5800 rupees (US$ 120) per tonne for high quality paddy.

In **China** (**Mainland**), harvesting of the country's third and final rice crop, "the late crop", is underway. Sources in the country have lowered the 2002 overall paddy output to 175.7 million tones, almost 2 million tonnes less than last year, following an estimated weather-induced decline in yields from the recently gathered intermediate rice crop. At this level, rice production in the country would be at its lowest since 1988. The rice sector has experienced a steady contraction in the past five years, reflecting adverse weather conditions and reduced government support since 2000, when the protective price scheme for early indica rice was abolished. More recently, protective prices for the intermediate rice crop were reduced while for the late rice crop, all but the Jiangxi province failed to set a support

level this year. As for the **Chinese Province of Taiwan**, forecast paddy output in 2002 has been revised up to 1.8 million tones, slightly above the level of the previous year. Weather conditions, which have been favourable to the second rice crop, are by and large responsible for the forecast positive outcome.

The 2002 paddy production outlook in **Bangladesh** has been officially lowered but, at 38.5 million tonnes, a record output is still anticipated. The revision reflects a downward adjustment to both forecast area and yields for the country's largest crop, the irrigated 'Boro' crop, which will start to be planted in December. The forecast for production in **Pakistan** stands unchanged from the last report at 5.9 million tonnes, 300 000 tonnes higher than in 2001. A second successive year of irrigated water shortages continues to mar production prospects which remain well below the country's output potential under normal weather conditions. The Government's response to water scarcity has also contributed to this year poor performance, through its promotion of low-yielding but high-value basmati plantings, at the expense of high-yielding, low-value indica production. The paddy production forecast for **Myanmar** has been downgraded from the last report to 21.8 million tonnes, but similar to the record level produced in 2001. The revision reflects flood related losses to the main crop in August, the gathering of which is expected to be completed by December. The arrival of freshly harvested supplies onto the domestic market ought to bring relief to the country, where a surge in domestic rice prices was recently reported. The 2002 paddy outlook in **Cambodia** continues to deteriorate on account of weather problems experienced earlier in the season. Agricultural officials in the country are now anticipating a paddy crop in the order of 3.4 million tonnes. At this level, production would be 700 000 tonnes lower than previously forecast, and a decline of around 17 percent from last year's level. In **Viet Nam**, the 2002 paddy season is drawing to an end with the bulk of the harvest of the country's third and final crop (10th month crop) already complete. Notwithstanding disruptive weather conditions earlier during the year, the Government now anticipates a record paddy crop of 33.6 million tonnes, around 1.6 million tonnes larger than in 2001. A forecast 4 percent expansion to rice area, triggered by relatively high domestic prices, is largely responsible for the upturn in the country's paddy prospects. In **Japan**, the paddy harvest is underway and official estimates of rice area point to a larger than expected crop in 2002, despite a typhoon that hit northern parts in early October. While paddy output is still forecast down from the previous year, the improvement in production prospects in the current season goes against the country's policy to reduce its sizeable rice surpluses.

In **Indonesia**, harvest of the third and final 2002 paddy crop is in progress and preparations for the 2003 paddy season have already started in some parts of the archipelago. The Central Bureau of Statistics has raised its forecast for this year's paddy output by 800 000 tonnes to 51.6 million tonnes, up 1.1 million tonnes from last year's level, and close to the bumper crop harvested in 2000. A moderate expansion in cultivated area and a marked upgrade to estimated yields lay behind the brighter outlook. Paddy prospects in the **Philippines** have also improved from the last report. The official forecast for 2002 production has been raised by 500 000 tonnes from the last report to 13.1 million tonnes, which, if materialized, would match the record achieved in 2001. Despite a prolonged dry spell in the third quarter, better than expected weather conditions since October and the launch of a "quick turn-around"

scheme for rice plantings have lifted the country's prospects.

In **Thailand**, the harvest of the main paddy crop is underway in central and northern regions. Recent flooding problems have led the Government to lower its forecast for the main paddy crop to 20 million tonnes, now expected to be 4 percent smaller than in 2001. The anticipated losses could still be partly recovered from an expansion of the minor crop, yet to be planted. Overall, FAO forecast for aggregate output this season has been lowered to 25.8 million tonnes, around 3 percent below the revised 2001 level. From November, coinciding with the start of the main harvest, the Government's new paddy intervention scheme began. Procurement prices for five percent broken rice have been set at 5 235 Baht (US$ 121) per tonne and for fragrant rice at 7250 Baht (US$ 170) per tonne. These prices are reported to be around 5 percent higher than open market levels.

In the **Republic of Korea**, gathering of the 2002 rice crop is virtually complete. The forecast for paddy production has been lowered by 100 000 tonnes from the October figure to 6.7 million tonnes, implying a 11 percent fall from last year's level. The revision partly reflects a downgrading of yields following unfavourable weather (in particular the typhoon "Rusa" that struck the Korean peninsula in August) and partly a lack of sunshine during crop maturation. However, the year-to-year contraction is also on account of policy-induced area cuts that came to bear this season, aimed at reducing the country's very large rice inventories. A recent FAO/WFP mission to the **Democratic People's Republic of Korea** reported that the total area cultivated with paddy in 2002 underwent an expansion of 2 percent, part of which is explained by the shift away from other cereal crops. Accordingly, the FAO forecast for paddy output has been revised up to 2.2 million tonnes, around 100 000 tonnes higher than the previous year.

Harvesting of the 2002 rice crops in the Near East is now over. Preliminary indications reflect a region-wide recovery in water availabilities, with rice production in several producing countries expected to rebound from the drought-afflicted level of the past two years. For instance, in the **Islamic Republic of Iran**, paddy production could reach 2.2 million tonnes, up 200 000 tonnes from the revised 2001 figure. In **Kazakhstan**, based on official estimates for its aggregate cereal harvest, paddy production has been raised by 10 per cent from the last report to 220 000 tonnes, slightly higher than the 2001 outcome. However, in **Uzbekistan**, a sharp area expansion previously envisaged on account of increased water supplies did not materialize. The paddy harvest is now officially estimated at around 140 000 tonnes, still double the level of the previous year, but almost 60 000 tonnes below the earlier forecast.

I.2 AFRICA

Record production forecast in Egypt, but output uncertainty lingers in West Africa

Harvesting of the paddy crop in **Egypt**, the largest producer in the region, is almost complete. The official forecast for the country's current harvest has been reduced by around 100 000 tonnes to 6.0 million tonnes, following a downward revision in rice area. Notwithstanding the revision, production would still be 15 percent higher than in the past year and a record for the country. Internationally, Egypt ranks first

in terms of yield performance. This year, it is expected to reach an all-time high of 9.28 tonnes per hectare, reflecting, to a large extent, the wide use of hybrid, short cycle varieties.

Most countries in the Western Africa have either harvested, or are about to harvest, their main paddy crops. Production estimates are unchanged since the last report, except for the **Côte d'Ivoire**. FAO forecasts this country's output at about 800 thousand tonnes in 2002, 200 000 tonnes less than earlier anticipated, with the outlook subject to high uncertainty. Excessive precipitation in lowland fields and drought conditions in upland areas have reportedly impaired crop development. Aside from disruptive weather conditions, civil unrest has further contributed towards the lowering of the outlook. Approximately 30-40 percent of the country's paddy area is estimated to be outside the control of the Government, placing some doubt on the harvest prospects for this rice. Also, the country's genetic bank of Nerica rice, the new hybrid variety widely anticipated to boost productivity, is also reported to be under the jurisdiction of rebel forces. For other major producers in the sub-region, **Nigeria's** paddy harvest has been completed, but information about its size has not yet been released. The FAO forecast for 2002 paddy output in the country stands unchanged at 3.5 million tonnes, slightly higher than last year.

Planting of the 2003 main season paddy crop is about to be concluded in **Madagascar** and **Mozambique**. As for the 2002 season, official information has not been released in the former country, with the harvest still forecast by FAO at 2.4 million tonnes, while in Mozambique, production is officially confirmed to have reached around 170 000 tonnes. The Government of Mozambique has recently set a paddy output target of 200 000 tonnes for 2003.

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I.3. LATIN AMERICA AND THE CARIBBEAN

2002 production prospects sharply lowered in Central America and the Caribbean

In most of Central America and the Caribbean, harvesting of this year's paddy crop is underway. Aggregate output for the region has been downgraded from the last report by 11 percent to 2.1 million tonnes, implying a 200 000 fall from 2001 production. Much of the region endured a prolonged dry spell at the onset of the season, which caused either delays to rice planting or a partial shift out of rice cultivation. For instance, **Mexico** is anticipated to have suffered a 17 percent contraction to 2002 paddy output, now forecast at 200 000 tonnes. Similarly, production for **Costa Rica** has been adjusted down to 260 000 tonnes, suggesting that output might fall by over 14 percent from the previous year. Virtually no country in the region is expected to register an expansion in paddy output this season.

Promising signs for the 2003 season in South America despite economic turmoil

In South America, as the 2002 paddy crops have been fully harvested in most of the region, a number of Governments have revised estimates of production for the season. In **Colombia**, on account of a larger area, paddy production has been

officially revised up by 400 000 tonnes to 2.4 million tonnes, slightly higher than last year's revised estimate. On the other hand, despite record yields in **Peru**, a contraction in rice plantings has brought down 2002 production to 1.7 million tonnes, resulting in a year-to-year drop of 300 000 tonnes. However, the production forecast for the region as a whole stands unchanged from the last report at 19.5 million tonnes, down almost 2 percent from the 2001 level.

Nearly all countries in South America have completed, or are about to complete, planting of the 2003 paddy crop. Heavy rainfall in October delayed somewhat the fieldwork in preparation of the new season throughout the region, but financial turmoil in many major producing countries is more of a concern to 2003 regional paddy prospects. However, despite this uncertainty, in several countries where field surveys to assess producer planting intentions have been carried out, the outlook for plantings appears promising. For instance, an expansion of rice area in **Argentina** might bring production to 750 000 tonnes next season, almost 50 000 tonnes higher than in 2002. Similarly, in **Brazil**, the National Food Supply Corporation has predicted an expansion in plantings, which could bring 2003 output to 11.2 million tonnes, about 5 percent more than produced in 2002.

I.4. NORTH AMERICA

A successive bumper crop in the United States

Harvesting of the 2002 paddy crop in the **United States** is virtually closed. Following a sharp upward adjustment in yields, the crop estimate for 2002 has been raised by 250 000 tonnes to 9.6 million tonnes since the last report, slightly below the previous season's record outcome. Officials have estimated a 12 percent expansion in medium and short grain rice output, owing to their relatively high prices in the pre-season, and a 5 percent fall in long grain rice production.

I.5. EUROPE

Regional production slightly higher in 2002

After some weather-related delays, gathering of the 2002 paddy crop is drawing to a conclusion in the **EU**. Production in the region is estimated at 2.6 million tonnes, virtually unchanged from the previous forecast, but almost 50 000 tonnes more than last year. The increase reflects moderate growth in Italy and Greece, where growing conditions have generally been favourable, which has more than offset a weather-associated contraction in Spain. This country is nonetheless likely to face stiff penalties in area payments again this year, for exceeding by 6 000 hectares the maximum national guaranteed area of 104 973 hectares. The penalization is currently estimated to cut payments to Spanish producers by 35.4 percent.

I.6. OCEANIA

2003 paddy season threatened by drought in Australia

In **Australia**, planting of the 2003 season is over. There has been little respite to the drought that has lingered over the major rice growing state of New South Wales. According to the Australian Bureau of Agricultural and Resource Economics, a reduction in water allocations in this state has led to a 69 percent drop in rice area, suggesting a 70 percent contraction in aggregate 2003 paddy output for the country.

II. RICE TRADE IN 2002

Global rice trade could now reach 27 million tonnes

As the end of the year approaches, there is growing evidence that the volume of international transactions in rice in 2002 will now reach the second highest level on record. FAO is now forecasting global rice trade in the current calendar at 27 million tonnes, 1.3 million tonnes more than earlier anticipated and around 12 percent above the revised estimate for 2001. The latest revision is mostly due to upward adjustments to forecast imports for several countries in Africa and also for Indonesia and Mexico, which more than compensate for a substantial cut to expected shipments to the Islamic Republic of Iran.

II.1. IMPORTS

Beginning with Africa, the anticipated flow of rice into the region now stands at 7.6 million tonnes, 200 000 tonnes higher than the record level imported in 2001, and almost 1 million tonnes more than foreseen in the last report. The revision reflects a 200 000 tonne increase in expected deliveries to Nigeria. These are now forecast to reach an all-time high of 1.7 million tonnes, 4 percent more than in 2001, reinforcing the country's position as the second largest rice importer this year. Forecasts for Senegal and South Africa have been raised 100 000 tonnes each, with both countries now expected to have imported 650 000 tonnes in the course of the year. A similar upward revision has been made for Guinea, which is currently forecast to have purchased 250 000 tonnes in 2002. On the assumption that civil turmoil in the Côte d'Ivoire will only have small disrupting effects on rice distribution, expected imports by country could reach 1.0 million tonnes, 100 000 tonnes higher than the previous forecast, but still someway short of the volume imported in 2001.

As for Asia, Indonesia remains the world's leading rice importer, with the anticipated volume in 2002 raised by almost 10 percent to 3.5 million tonnes, over 2 million tonnes more than the quantity transacted last year. The adjustment reflects the expectation of larger purchases by the state trading enterprise, Bulog, to bolster the country's reserve stocks. By contrast, imports by the Islamic Republic of Iran have been lowered by a third to 800 000 tonnes, partly in response to improved

rice production prospects this year and partly due to a downward revision in the official import estimate for 2001.

Other major changes to import forecasts in 2002 from the last report include China (mainland), whose international purchases, which this year have only consisted of high quality indica and fragrant rice, have been cut to 200 000 tonnes. On account of stock replenishment, forecast imports by Bangladesh and Saudi Arabia, have each been raised by about 100 000 tonnes, to 300 000 tonnes and 900 000 tonnes, respectively. International purchases by Mexico are expected to have increased by 20 percent from 2001, reaching an estimated 600 000 tonnes in 2002. Expected rice deliveries to Cuba in 2002, mostly made under Government to Government contracts, have been increased to 550 000 tonnes, or 10 percent more than last year, following the poor 2001 paddy season. For all other major importers, forecast rice inflows are unchanged from the last RMM.

II.2. EXPORTS

Regarding rice exports in 2002, the forecast for India has been raised by 1.3 million tonnes to 6.3 million tonnes. A tightening of regulations by the Food Corporation of India's (FCI) on rice sales in October does not appear to have dampened the pace of shipments, which stood at an estimated 5.9 million tonnes from January through mid-November. Recently, the FCI announced it would raise sale prices to exporters by rupees 350 per tonne (US$ 7) for ordinary rice and by rupees 600 per tonne (US$ 12) for parboiled rice, effective from 1st January 2003.

On the basis of the volume of shipped between January and October, China's (mainland) forecast exports have also been adjusted upward from the last report, by 400 000 tonnes to 1.7 million tonnes, slightly below the 2001 level. The revised export figure, however, would still imply a reduction of over 1 million tonnes from 2000, consistent with the substantial contraction in output that the country has experienced in the past two seasons. A 400 000 tonnes increase has also been applied to sales from Viet Nam, now forecast at 3.4 million tonnes. At this level, exports would match last year's performance, but would still be over 1 million tonnes below the volume shipped in 1999.

By contrast, rice deliveries by Myanmar in 2002 are now forecast at 700 000 tonnes, similar to the official amount exported in 2001, but down from the earlier forecast of 1 million tonnes. High inflation rates in the country are encouraging farmers to hold back on their product rather than selling it at fixed prices to the Government, which holds a monopoly on rice exports. As a result, the volume procured by the state agencies might not be sufficient to sustain a sizeable increase in shipments from last year.

Egypt's rice shipments to date suggest that exports in 2002 might only reach 500 000 tonnes, 350 000 tonnes less than the official forecast, and 200 000 tonnes down from 2001. Thailand's rice sales through to October, also point to a sharp fall in 2002 performance, with deliveries down 12 percent compared with the same period last year. Such a contraction reflects to a large extent increased price competition from India in traditional markets. Exports by the country are now forecast to reach 7 million tonnes, 100 000 tonnes less than last reported, and 500 000 tonnes below the record level of the previous year. Forecast

shipments from Australia have also been lowered, by 50 000 tonnes to 500 000 tonnes, implying a 19 percent contraction from the previous year.

As for other major exporters, forecast deliveries are unchanged from the last report. Pakistan's exports were of the order of 1.2 million tonnes between January and October and are estimated to reach about 1.4 million tonnes by the end of the year some 900 000 tonnes less than in 2001. Reduced supplies and comparatively high quotations are behind the expected annual decline. Shipments from Argentina and Uruguay continue to point to a contraction in 2002, while the United Sates might increase theirs substantially from 2001 level.

III. RICE TRADE IN 2003

World trade prospects remain bright

World rice trade in 2003 has been marginally increased from the last report, forecast to surpass 26 million tonnes. This figure is still highly tentative, since many of the countries that could influence the level of global rice trade, have yet to complete the harvest of their main paddy crops.

III.1. IMPORTS

Few substantial changes on the import side are envisaged from the last report. Forecast shipments to Africa have been revised up by 400 000 tonnes to 7.2 million tonnes, with Nigeria again expected to be the main engine for growth in regional trade prospects. A promising production outlook this year in Bangladesh might lead to a one-third reduction in rice deliveries to the country in 2003. Similarly in Brazil, ample domestic supplies could bring about a 100 000 tonne fall in imports next year, while uncertainty in Côte d'Ivoire has led to forecast imports being cut by the same magnitude. On the other hand, purchases by Saudi Arabia and Cuba have each been raised by 100 000 tonnes, unchanged from the current year.

The Philippines has announced some relaxation of the de facto state trading monopoly (the National Food Authority) as of next year. From January 2003, producer groups will be allowed to import high quality rice. However, sufficient domestic supplies suggest that the country may now import 1.1 million tonnes of rice in 2003, 100 000 tonnes down from previous expectations, and down by the same amount from the 2002 estimate.

Among other traditional importers, Indonesia is still forecast to import 3.2 million tonnes of rice next year, or 300 000 tonnes less than in 2002. The Government is reportedly considering an earlier proposal to raise border protection, which, if implemented, could result in a more substantial contraction.

III.2. EXPORTS

As for exports in 2003, some revisions have been made in the case of a few major international suppliers. For instance, an anticipated bumper crop in Viet Nam this year, could boost the country's exports to 3.9 million tonnes of rice in 2003, 500 000 tonnes more than previously reported. Forecast exports by China (mainland) have been upgraded to 1.3 million tonnes, but an overall contraction of about 400 000 tonnes is still anticipated in 2003. A recovery in Pakistan's production this year, could lift exports by around 100 000 tonnes to 1.5 million tonnes in 2003. A good crop outcome this season could also lead to the United States exporting about 3.4 million tonnes of rice next year, 300 000 tonnes more than originally expected.

By contrast, following the deterioration of Myanmar's production forecasts, exports from the country in 2003 have been cut by over 50 percent to 700 000 tonnes, matching the less optimistic performance currently foreseen in 2002. On the basis of expected rice availabilities, Egypt's exports in 2003 have been lowered to 700 000 tonnes, 40 percent more than expected this year.

For other major exporters, no changes to previous expectations have been made. India remains forecast to export 4.5 million tonnes in 2003, or 1.8 million tonnes less than the expected performance in 2002. By contrast, sales by Thailand might rise to 7.5 million tonnes, matching the 2001 record level, while rice deliveries by Australia could fall to a twelve-year low of 400 000 tonnes, reflecting the widely expected production shortfall next year.

IV. STOCKS

Global ending inventories in 2003 set to contract by over 15 percent

The forecast for world rice stocks at the close of the marketing seasons in 2003 has been lowered by around 5 million tonnes since the last report to nearly 126 million tonnes, with inventories below their revised opening level by almost 22 million tonnes – one of the largest declines on record.

The recent downward revision mostly reflects the lower production outlook for China and India, which will imply a larger drawdown from inventories than previously anticipated to smooth the impact of reduced output on consumption in these countries. In contrast to last year, when stocks fell considerably in several major importing countries, almost all of this season's contraction is likely to concentrate in rice exporting countries.

In particular, carry over stocks in China (Mainland) are forecast to fall by 14 million tonnes from last year, to 79 million tonnes, down 2 million tonnes from the preceding forecast. A 7 million tonnes drop could also be recorded by India under the current expectations of falling 2002 production, which compares to the earlier forecast of 5 million tonnes. Closing stocks in the country are now expected to fall to 17.5 million tonnes at the end of the season. Some downward stock adjustments have also been made in the case of Thailand and the Republic of Korea, in parallel with the lowering of their production forecasts while improved production prospects have led to an upward revision in closing inventories in the United States, Vietnam and Indonesia.

V. INTERNATIONAL PRICES

Outlook for international prices could turn positive in 2003

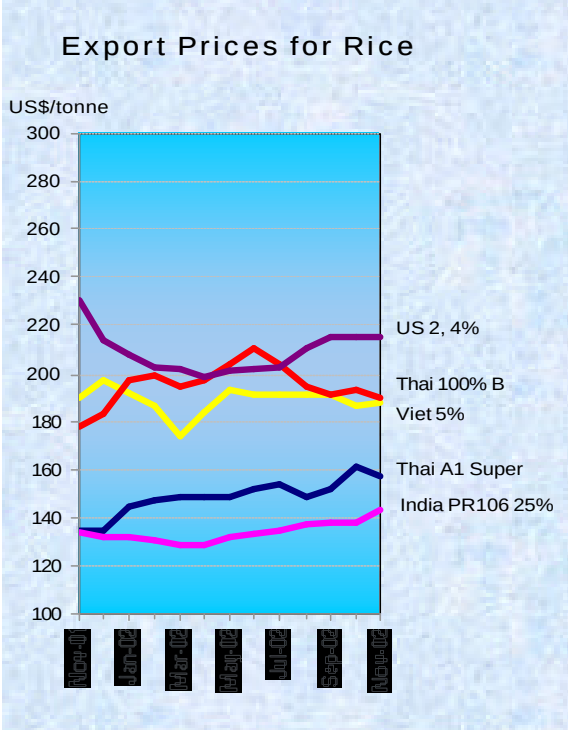
Despite large quantities of new rice arriving on to the market, which normally tends to depress quotations, the FAO Total Export Price Index for Rice (1998-00 =100) averaged 73 points in November, virtually unchanged since July. Such a lack of momentum reflects divergent trends in prices from different origins and qualities, which have tended to offset each other.

FAO's High Quality Indica Price Index declined by one point from September to 73 points, reflecting falls of varying degree in quotations. For example, prices of the Thai 100%B have been largely sustained by the Government paddy procurement schemes. Since September, prices of Viet Nam 5% and Pakistan-Irri 10%, have dropped slightly, reflecting to some extent the arrival of the new crops onto the market.. On the other hand, notwithstanding a bumper harvest in the United states, quotations for US 2/4% long grain have been static at US$215, but for 2/4% parboiled, they have climbed moderately.

FAO's Low Quality Indica Price Index has exhibited little overall movement since September, as prices for broken rice in major exporting countries have converged, illustrated by quotations for India 25% rice, where steadfast demand has led to a narrowing of its price differential with broken rice of other origin.

Import demand for Japonica rice by Japan, the Chinese Taiwan Province and Turkey, boosted the quotations of the United States medium grain 2/4 percent, as reflected in FAO's Japonica Price Index, which has staged a slight recovery, climbing by 2 points in October before falling back one point in November to a level of 68 points.

By contrast, FAO's Aromatic Price Index has tumbled since September, falling by 7 points to 76 points in November. Prices of Thai fragrant rice have declined by almost 10 percent over this period, nearing the floor set by Thailand's support scheme. Much of the decline reflected the discounted sale of fragrant rice from the 2001 crop, as newly harvested supplies were becoming available. Similar falls have also been registered in Basmati quotations.



The price outlook could turn positive as of next year. Sustained intervention by Government procurement agencies in India and Thailand should dampen price falls associated with the arrival of new rice supplies onto the market in the coming months. A general tightening of the global supply and demand situation could subsequently be felt, which could precipitate a marked increase in international prices as of the second quarter of 2003.

EXPORT PRICES FOR RICE

	Thai 100% B 1/	U.S. 2/4% Long grain	Viet 5%	Thai 25%	India 25%	Viet 25%	Pak 25%	Thai A1 Super 2/	U.S. 2/4% Medium Grain 3/	Pak Basmati 4/	Thai Fragrant 100%
	US $/tonne, f.o.b.										
1997	**316**	**439**	**256**	**256**	**252**	**224**	**218**	**214**	**416**	**458**	**458**
1998	**315**	**413**	**288**	**258**	**243**	**255**	**241**	**215**	**412**	**492**	**492**
1999	**253**	**333**	**228**	**215**	**237**	**204**	**206**	**192**	**405**	**486**	**486**
2000	**207**	**271**	**183**	**172**	**232**	**159**	**163**	**143**	**289**	**418**	**418**
2001	**177**	**264**	**166**	**153**	**185**	**148**	**148**	**135**	**256**	**332**	**332**
2001											
November	178	230	190	153	134	170	146	135	254	363	238
December	183	214	197	157	132	185	144	135	244	350	252
2002											
January	197	208	192	169	132	177	150	145	231	347	254
February	200	203	186	169	131	167	148	147	222	350	267
March	195	202	174	166	129	158	148	149	212	356	268
April	197	199	184	167	129	166	152	149	206	358	271
May	204	201	191	174	132	173	163	149	206	362	285
June	210	202	191	178	133	168	175	152	208	371	326
July	204	203	191	177	135	166	174	154	231	377	362
August	195	210	191	170	137	168	166	149	231	390	344
September	191	215	191	170	138	171	160	152	213	396	353
October	193	215	186	174	138	170	165	161	231	397	325
November	190	215	188	171	143	172	156	157	220	348	313
2001 Jan.-Nov.	177	268	164	152	190	145	149	136	257	330	278
2002 Jan.-Nov.	198	207	188	171	134	169	160	151	219	368	306

Sources: Jackson Son & Co. (London) Ltd. and other public sources.

1/ White rice, 100% second grade, f.o.b. Bangkok. 2/ White brokens rice. 3/ F.A.S. basis. 4/ Basmati ordinary, f.o.b. Karachi.

FAO Rice Price Indices

		All	Indica		Japonica	Aromatic
			High	Low		
		1998-2000 = 100				
1997		**114**	**117**	**110**	**115**	**117**
1998		**115**	**117**	**115**	**113**	**113**
1999		**101**	**99**	**101**	**105**	**98**
2000		**84**	**84**	**83**	**83**	**89**
2001		**74**	**74**	**74**	**76**	**69**
2001	November	71	72	71	71	66
	December	71	72	73	70	66
2002	January	72	73	74	71	66
	February	71	72	72	68	67
	March	69	70	71	67	68
	April	69	71	73	64	69
	May	72	73	75	67	71
	June	72	74	77	64	75
	July	73	74	77	68	78
	August	73	73	75	67	80
	September	73	74	76	67	83
	October	74	74	77	69	80
	November	73	73	77	68	76
2001	Jan.-Nov.	75	74	74	77	70
2002	Jan.-Nov.	72	73	75	67	74

Source *: FAO*

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

WORLD PADDY PRODUCTION

	2000	2001 (estimated)	2002 (forecast)
	million tonnes		
WORLD	**599.2**	**597.3**	**584.4**
Developing countries	573.9	571.0	558.6
Developed countries	25.3	26.3	25.8
ASIA	**545.3**	**543.2**	**531.0**
Bangladesh	37.6	37.8	38.5
Cambodia	4.0	4.1	3.4
China 1/	189.8	179.3	177.5
India	127.3	137.4	125.0
Indonesia	51.9	50.5	51.6
Iran, Islamic Rep. of	2.0	2.0	2.2
Japan	11.9	11.3	11.2
Korea Rep. of	7.2	7.5	6.7
Myanmar	21.3	21.8	21.8
Pakistan	7.2	5.6	5.9
Philippines	12.5	13.1	13.1
Sri Lanka	2.9	2.7	2.7
Thailand	25.8	26.5	25.8
Viet Nam	32.5	32.0	33.6
AFRICA	**17.4**	**17.2**	**17.6**
North Africa	**6.0**	**5.3**	**6.1**
Egypt	6.0	5.2	6.0
Sub-Saharan Africa	**11.4**	**11.9**	**11.5**
Western Africa	7.3	7.6	7.3
Côte d'Ivoire	1.0	1.1	0.8
Guinea	0.9	0.8	0.8
Mali	0.7	0.8	0.8
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**	**2.3**	**2.1**
Mexico	0.4	0.2	0.2
SOUTH AMERICA	**21.0**	**20.0**	**19.5**
Argentina	0.9	0.9	0.7
Brazil	11.4	10.4	10.7
Colombia	2.3	2.3	2.4
NORTH AMERICA	**8.7**	**9.7**	**9.6**
United States	8.7	9.7	9.6
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	**24.1**	**27.0**	**26.3**
Developing countries	20.2	22.9	22.5
Developed countries	3.8	4.1	3.8
ASIA	**11.3**	**13.8**	**13.7**
Bangladesh	0.4	0.3	0.2
China 1/	0.3	0.3	0.8
Indonesia	1.5	3.5	3.2
Iran, Islamic Rep. of	0.8	0.8	0.8
Japan	0.6	0.7	0.7
Malaysia	0.6	0.6	0.7
Philippines	1.0	1.2	1.1
Saudi Arabia	0.8	0.9	0.9
Sri Lanka	0.1	0.1	0.1
AFRICA	**7.4**	**7.6**	**7.2**
Côte d'Ivoire	1.1	1.0	0.9
Nigeria	1.6	1.7	1.7
Senegal	0.6	0.7	0.6
South Africa	0.6	0.7	0.6
SOUTH AMERICA	**1.1**	**1.0**	**0.9**
Brazil	0.7	0.7	0.6
Peru	0.1	0.1	0.1
NORTH & C. AMERICA	**2.3**	**2.5**	**2.5**
Mexico	0.5	0.6	0.6
EUROPE	**1.6**	**1.7**	**1.6**
EC 2/	0.7	0.7	0.7
OCEANIA	**0.4**	**0.4**	**0.4**

WORLD EXPORTS OF RICE

	2001	2002 (estimated)	2003 3/ (forecast)
	million tonnes, milled		
WORLD	**24.1**	**27.0**	**26.3**
Developing countries	20.1	22.6	21.8
Developed countries	4.0	4.4	4.5
ASIA	**18.5**	**21.5**	**20.2**
China 1/	2.0	1.8	1.3
India	1.9	6.3	4.5
Myanmar	0.7	0.7	0.7
Pakistan	2.3	1.4	1.5
Thailand	7.5	7.0	7.5
Viet Nam	3.5	3.4	3.9
AFRICA	**0.7**	**0.5**	**0.7**
Egypt	0.7	0.5	0.7
SOUTH AMERICA	**1.4**	**1.2**	**1.4**
Argentina	0.4	0.3	0.3
Uruguay	0.7	0.6	0.7
NORTH AMERICA	**2.6**	**3.1**	**3.4**
United States	2.5	3.1	3.4
EUROPE	**0.2**	**0.2**	**0.2**
EC 2/	0.2	0.2	0.2
OCEANIA	**0.6**	**0.5**	**0.4**
Australia	0.6	0.5	0.4

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** prelim.	**2002/2003** f'cast	**2000/2001**	**2001/2002** prelim.	**2002/2003** f'cast
	(..... thousand tonnes .....)			*(..... thousand tonnes .....)*		
Open.Stocks	867	887	1219	1660	1800	2550
Production 1/	5939	6668	6636	17109	17552	17080
Imports	339	413	360	0	0	0
Tot.Supply	7145	7968	8215	18769	19353	19630
Domestic Use	3669	3804	3912	9448	9803	9680
Exports	2589	2945	3286	7521	7000	7500
Clos.Stocks	887	1219	1017	1800	2550	2450

	CHINA 2/ 3/ (Jan./Dec.)			PAKISTAN 2/ (Nov./Oct.)		
	2000/2001	**2001/2002** prelim.	**2002/2003** f'cast	**2000/2001**	**2001/2002** prelim.	**2002/2003** f'cast
	(..... thousand tonnes .....)			*(..... thousand tonnes .....)*		
Open.Stocks	112902	106500	93000	1080	940	530
Production 1/	130109	122901	121653	4810	3747	3935
Imports	294	340	750	0	0	0
Tot.Supply	243305	229741	215403	5890	4687	4465
Domestic Use	134801	134951	134913	2688	2757	2785
Exports	2004	1790	1320	2262	1400	1500
Clos.Stocks	106500	93000	79170	940	530	180

	VIET NAM 2/ (Nov./Oct.)			TOTAL		
	2000/2001	**2001/2002** prelim.	**2002/2003** f'cast	**2000/2001**	**2001/2002** prelim.	**2002/2003** f'cast
	(..... thousand tonnes .....)			*(..... million tonnes .....)*		
Open.Stocks	3100	4020	4500	119.6	114.1	101.8
Production 1/	21698	21324	22411	179.7	172.2	171.7
Imports	2	2	2	0.6	0.8	1.1
Tot.Supply	24800	25346	26913	299.9	287.1	274.6
Domestic Use	17311	17446	18113	167.9	168.8	169.4
Exports	3469	3400	3900	17.8	16.5	17.5
Clos.Stocks	4020	4500	4900	114.1	101.8	87.7

~~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.