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FAO Rice Market Monitor
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HIGHLIGHTS

- FAO's latest estimate of global paddy production in 2002 stands at 582 million tonnes (389 million tonnes in milled equivalent), down 2.4 million tonnes from the previous report. At that level, the season will end with a 16 million tonne year-to-year contraction, with production falling to its lowest level since 1998. While the 2003 paddy season already commenced in the Southern Hemisphere, the prevalence of an El Niño episode is anticipated to influence the weather pattern in several producing countries in the coming months, with likely consequences over production in 2003.

- According to the latest FAO estimate, paddy production in Asia fell by almost 16 million tonnes in 2002, driven by sizeable contractions in the two major world producing countries, i.e. China and India, but also in Cambodia, the Rep. of Korea and Thailand. The impact of these falls was eased to some extent by positive outturns in such countries as Indonesia, the Philippines, the Islamic Republic of Iran and Vietnam.

- In Africa, production is estimated to have risen by about 4 percent last year, reflecting mainly a record crop in Egypt. The 2003 season has already started in Madagascar and Mozambique. In Latin America and the Caribbean the 2002 season is ending with relatively poor results, reflecting a contraction in major producing countries in Central and South America. As for the 2003 season, several of the larger rice-growing countries in the Southern part of the continent have released favourable production forecasts. In the rest of the world, output in 2002 fell somewhat in the United States, but was little changed in the EU. By contrast, a new El Niño episode in Australia led to severe water shortages, bringing down paddy production to a thirty year low. Production prospects for the 2003 season in the country remain extremely poor as drought conditions continue to prevail.

- FAO has raised its estimate of global rice trade in 2002 by 400 000 tonnes to 27.4 million tonnes, in milled equivalent, a level close to the all-time record realized in 1998. The upward adjustment reflects a higher estimate of exports by China, Thailand and India. The surge in exports by India was the most outstanding development of the global rice market in 2002, as the country displaced Vietnam as the second largest world supplier.

- FAO forecast of international trade in rice in 2003 has been revised upward by 500 000 tonnes from the last report and now stands at 26.8 million tonnes. At that level, trade would be somewhat below the current 2002 trade estimate. Most of the difference would be attributable to an expected fall in exports from India and, on the import side, to smaller shipments to a number of traditional importers in Asia that gathered good crops in 2002.

- The forecast of world rice stocks at the end of the marketing seasons in 2003 has been revised downward by more than two million tonnes since the last report and now stands at 124 million tonnes, one of the lowest level on record, and almost 25 million tonnes below opening levels.

- International rice prices have remained under downward pressure since the last Rice Market Monitor, with the FAO Total Price Index (1998-00=100) averaging 72 in January, 1 point below November. While the change in the index has been small, the movements of the single rice quotations have been much wider.

- The near-term prospects for international rice prices remain downcast, with the arrival, in February-March, of new rice crops in South America and from secondary crops in the Northern Hemisphere. The weakness might linger well into 2003, under current prospects of sluggish imports by those countries that have sustained the market in recent years, such as Indonesia, the Philippines or the Islamic Republic of Iran.

RICE SITUATION UPDATE AS OF 20 JANUARY 2003

I. CURRENT PRODUCTION AND CROP PROSPECTS

FAO latest estimate of global paddy production in 2002 stands at 582 million tonnes (389 million tonnes in milled equivalent), 16 million tonnes less than in 2001 and the lowest level since 1998. The year-to-year contraction, which was mainly concentrated in Asia, is mostly imputable to the adverse weather conditions, while lingering low international prices also acted as a disincentive to expand production, especially in exporting countries.

While the 2003 paddy season already commenced in the Southern Hemisphere, the prevalence of an El Niño episode is anticipated to influence the weather pattern in several producing countries in the coming months, with likely consequences over production in the forthcoming season. More specifically, in its December bulletin, the National Oceanic & Atmospheric Administration (NOAA) forecast: 1) drier-than-average over most of Indonesia, Micronesia and northern/north-eastern Australia continuing during the next three months, 2) drier-than-average over south-eastern Africa during January-March 2003, 3) drier-than-average over Northeast Brazil and northern South America during January-April 2003, and 4) wetter-than-average conditions over coastal sections of Ecuador and northern Peru during February-April 2003.

I.1 ASIA

According to the latest FAO estimate, paddy production in Asia fell by almost 16 million tonnes compared with 2001, driven by sizeable contractions in the two major world producing countries, i.e. China and India, but also in Cambodia, the Rep. of Korea and Thailand. The impact of these falls was eased to some extent by the positive outturns in such countries as Indonesia, the Philippines, the I.R. of Iran and Vietnam.

The majority of the rice growing states in **India** have now completed the harvest of the main Kharif (winter) crop. Under the latest November official forecast, the crop was projected to be 16 percent smaller than last year, owing to erratic monsoon rains. Since then, the brisk pace of Government procurement compared to last year and abundant supplies arriving onto the market place have raised some doubts over the extent of the shortfall. On the other hand, the possibility that the Kharif losses could be recovered through an expansion of the secondary irrigated (summer) Rabi crop have thinned, since official sources have reported delays of over one month in the opening of the Rabi season as reservoir levels in some major growing areas were critically low. On balance, FAO now forecasts the country's 2002 aggregate at 120 million tonnes (80 million tonnes milled equivalent), 17 million tonnes below the previous season and 5 million tonnes less than previously anticipated. If materialized, it would be the lowest output level since the 1995 drought-afflicted season. Basmati rice production, of particular relevance to the high quality export markets, was particularly affected, with the fall estimated at 30 percent.

In **Cambodia**, paddy production from the 2002 season is officially forecast to drop by 18 percent to a six-year low of 3.4 million tonnes, reflecting disruptive weather patterns earlier in the season that sharply depressed both plantings and yields.

The 2002 season is about to be concluded in **China** (**mainland**) and sources in the country confirm that paddy output could reach a fourteen-year low of 175.7 million tonnes, after falling by 2 million tonnes compared with 2001. The decline has coincided with changes in the crop pattern, which has seen a 4 percent expansion in the main, "intermediate" paddy crop this year, while the early and late crops contracted by a combined 9 percent. These movements were largely policy-induced, as pressure on farmers to grow rice has softened in several provinces, with the complete removal of protective prices on early rice and in some provinces, also on late rice.

In the **Chinese Province of Taiwan,** output is expected to stagnate around the depressed 2001 level, as water shortages were recently reported, which might prompt a contraction of the main crop now at the planting stage.

In **Japan**, the first estimate of the country's 2002 paddy production by the Ministry of Agriculture was set at 11.1 million tonnes, around 200 000 tonnes lower than in the previous season. The moderate contraction is partly explained by less than favourable weather, but also by the Government's "gentan" policy, which aims to curtail production through area cuts in response to faltering domestic demand. With regard to the 2003 season, the Government has targeted 1.06 million hectares, or 40 percent of the country's paddy capacity, for set-aside, 50 000 hectares more than in 2002.

Similarly, in the **Republic of Korea**, officials have downgraded slightly their production estimate for the 2002 crop, owing to adverse weather and to policy measures designed to cut the country's stock overhang. The revised figure of 6.7 million tonnes, which is only slightly lower than the earlier FAO estimate, would imply an 11 percent contraction from the previous year and the lowest output since 1995.

The 2002 paddy season is soon to be concluded in **Myanmar**. On account of an officially upgraded 2001 production figure, FAO has marginally raised its paddy forecast to 21.9 million tonnes in 2002 to keep it at about the same level as last season. However, this would be less than the 23.0 million tonnes targeted by the Government, as excessive rainfall problems during the peak harvest period could have impaired activities and caused some losses.

The 2002 paddy harvest in **Pakistan** was completed in November. A return to a regular pattern of monsoonal rainfall has supported larger plantings and yields, resulting in an estimated 14 percent recovery in paddy production from the drought-hit output level of 2001. The current paddy estimate of 6.6 million tonnes, however, would still be short of the record crop gathered in 1999.

Harvesting of the main paddy crop in the **Philippines** is expected to end by January. There is anticipation that aggregate paddy production in 2002 may reach a record level of 13.2 million tonnes, up by 1 percent from the 2001 bumper output. The foreseen production growth is reported to have been fostered by the application of better inputs and an expansion of irrigated fields, despite below normal rainfall in the latter months of 2002. However, as the dry spell is expected to linger in the first half of the 2003, the final production outcome could be less favourable than currently anticipated.

In **Thailand**, harvest of the main paddy crop is progressing satisfactorily. Output this season is expected to hover around 25.8 million tonnes, 700 000 tonnes below the record produced in 2001, but still the second highest achievement for the country. Cultivation of Thailand's minor crop, which normally accounts for 12 percent of total production, began in January and planting is expected to be concluded by May. Determined to sustain producer prices, the Government has targeted to purchase almost 9 million tonnes of paddy under its 2002/03 paddy procurement programme. Such a scheme is likely to boost this crop, especially as intervention prices have been set at 35 percent above farmers' average production costs.

Official sources in **Vietnam** have raised the 2002 paddy production figure by 500 000 tonnes to a record 34.1 million tonnes, in spite of serious flooding earlier in the season in the Mekong Delta (the principal growing region). The favourable outcome reflects high domestic prices, which contributed to an estimated 4 percent expansion in total rice area and a moderate rise of yields. Nonetheless, the Government, in its drive to shift away from low quality rice production, has recently announced further removals of marginal lands from paddy cultivation, which will take effect in the new season.

Among countries situated in the Southern Hemisphere and along the equatorial belt, **Indonesia** already concluded its 2002 paddy season. Based on a more recent assessment of the crops, the Central Bureau of Statistics has raised its estimate of the 2002 paddy production by 800 000 tonnes to 51.6 million tonnes, which would be 1.1 million tonnes more than in the previous season and close to the 2000 record. A moderate expansion in cultivated area and a marked improvements in yields lay behind the brighter official figure. Meanwhile, planting of the first of the 2003 paddy crops is well underway in several parts of the archipelago. Under Indonesia's concerted efforts to attain self-sufficiency, the Government has set a paddy target of 53 million tonnes for the new season.

The estimated paddy output in **Sri Lanka** for 2002 has been upgraded by 6 percent which would match the record crops of 1999 and 2000. However, excessive precipitation in the northern and eastern parts of the country has caused some disruption to the early maturation stage of the main (Maha) crop, which might compromise the 2003 season.

The 2002 paddy season is about to be concluded in the Near East. Regional paddy production is now forecast to have increased by about 23 percent, to a record 9.6 million tonnes in 2002. The upturn in regional production prospects reflects a sharp improvement in irrigated water supplies compared with the previous year and generally favourable growing conditions in several major rice producing countries. Leading the recovery, the **Islamic Republic of Iran's** paddy output is projected to reach 2.7 million tonnes, up 700 000 tonnes from 2001, owing to sizeable harvest increases in the provinces of Mazandaran and Gilan. In Uzbekistan, the paddy harvest is now officially estimated at around 140 000 tonnes, double the level of 2001 but almost 60 000 tonnes below the Government target, since the increase in water availability failed to trigger a sharp expansion of plantings. Large to moderate production growth is also forecast by FAO in **Afghanistan**, **Iraq**, **Turkey** and **Turkmenistan**.

I.2 AFRICA

In **Egypt**, the 2002 paddy season is virtually over, with the harvest underway in the last remaining paddy areas in the south of the country. Estimate of the crop remains at a record of over 6 million tonnes, reflecting an officially estimated 15 percent expansion in rice area. This would mean that the area ceilings imposed by the Government to control water usage failed to be enforced again this season. Persistent insecurity in the **Democratic Republic of Congo** has led to a forth consecutive annual contraction in paddy production which is officially forecast at 315 000 tonnes in 2002 - the lowest output level in the past two decades. By January, almost all countries in the Western Africa would have completed the harvest of their paddy crops. Below normal precipitation and civil unrest have marred the 2002 season in several of them. A number of revisions have been made to production estimates, which, on balance, have left aggregate prospects for the sub-region unchanged, despite a record inflow of imported rice during the year. For instance, based on the release of official estimates for the preceding season and several recent FAO/WFP missions, output is set to register an expansion in **Benin, Ghana, Mauritania, Nigeria** and **Sierra Leone** but is set to contract in **Burkina Faso, Côte d'Ivoire, Liberia, Mali** and **Senegal**.

POSITIVE NEWS FROM WARDA

In September 2002, rebel troups occupied the northern part of Cote d'Ivoire, where the "West Africa Rice Development Association" (WARDA) international research centre has its headquarters. The Centre conserves the germplasm collection of the local African rice species (Oryza glaberrima), which has been the basis for the creation of the New Rice for Africa (NERICA). Fortunately, in a December price release, WARDA announced that the forces occupying the Centre area had authorized access to the gene bank, resulting in the recovery of 80 percent of the gene collection.

In addition, breeding in the WARDA's sub-regional stations in Senegal and Nigeria have continued. WARDA is moving its staff to Bamako in Mali temporarily, which should facilitate the continuation of WARDA's research programme and activities, which are critical to the development of the rice sector in Africa.

More information can be accessed on WARDA’s site: http://www.warda.cgiar.org

Official estimates for 2002 paddy production have been made available for the minor producing countries of **Kenya, Sudan** and **Rwanda**. Output is expected to rebound sharply in the latter two countries, but to remain unchanged in Kenya.

The 2003 rice season is advancing in the major producing countries of **Madagascar** and **Mozambique**, but information regarding the state of these crops is not forthcoming. With regard to the 2002 season, a recent FAO/WFP mission to **Madagascar** concluded that the rice production might have reached 2.7 million tonnes, 300 000 tonnes higher than the prior forecast, and similar the levels produced in the past two seasons.

I.3 CENTRAL AMERICA AND THE CARIBBEAN

While the 2003 paddy season already commenced in the Southern Hemisphere, the prevalence of an El Niño episode is anticipated to influence the weather pattern in several producing countries in the coming months, with likely consequences over production in the forthcoming season. As the 2002 rice season draws to a close in Central America and the Caribbean, several countries have released firmer output figures, which has led an upturn in the regional production estimate. For instance, based on unofficial sources in the **Dominican Republic**, paddy output is estimated at a record 740 000 tonnes, some 140 000 tonnes more than prior expectation and up 9 percent from 2001. Favourable growing conditions and high domestic support prices have had a positive effect on both yields and rice area. Similarly in **Panama**, the Government anticipates a record paddy crop of 320 000 tonnes, up 15 percent from the previous year. For the other major producers in the region, rice production in **Costa Rica, Mexico** and **Nicaragua** is estimated to have undergone a contraction, while in **Cuba** moderate growth is foreseen.

1.4 SOUTH AMERICA

With the exception of a few South producing countries situated north of the equator, which are in the process of gathering their winter paddy crops, the 2002 rice season in South American countries ended in June of last year. The aggregate output estimate remains unchanged at 19.5 million tonnes, 3 percent down from the 2001 level, reflecting a diversion of land to other crops in Argentina, Ecuador and Uruguay and adverse weather conditions in Guyana. Production in Brazil, the largest producer in the region, recovered only partly, as low prices continued to depress plantings.

As for the 2003 season, most countries in South America, began planting their main paddy crops last October. As these crops approach maturation, several of the larger rice-growing countries in the region have released preliminary production forecasts, which all appear promising, despite widespread economic uncertainty. For example, in Argentina, a sharp area expansion might lead to production rebounding by around 24 percent from last year's level. In Brazil, the region's largest producer, output is forecast to increase by 3 percent from 2002, based on trend growth in yields. However, excessive rainfall during the planting stage has cast some doubt on the country's prospects. A production recovery could also take place in Uruguay, led by a forecast increase in plantings.

I.5 NORTH AMERICA

According to the USDA, **United States'** rice production registered a 2 percent contraction from the 2001 high, but the agency confirmed that the crop still stands as the second largest in history. Although several major producing states posted record yields, a decrease in long-grain production, attributed to a price-induced fall in planted area, more than offset a sharp rise in medium grain output.

I.6 EUROPE

In the **European Union** (EU), harvesting of the 2002 crop is over and, with the 2003 not starting before spring, there is little field activity going on. The latest estimate of 2002 paddy production remains at 2.6 million tonnes, little changed from the previous year, as increases in Italy, France and Greece compensated for a weather-related contraction in Spain.

EU COMMISSION PROPOSAL FOR A RICE POLICY REFORM

In January, the EU Commission presented for discussion by member states the proposal of reform of the Common Agricultural Policy.

For rice, a reduction of 50 percent of the intervention price to € 150 per tonne is considered, which would be partly compensated through an increase of direct payments to paddy producers from the current € 52 to € 177 per tonne. These will include a single farm payment of € 102 per tonne, paid on the basis of historical rights and subject to the current maximum guaranteed areas, and a crop specific aid of € 75 per tonne.

Market support should be provided to sustain producer prices, through aids to private storage, if prices fall below the € 150 per tonne floor level for two consecutive weeks, and through direct intervention purchases, if they fall below € 120 per tonne for two consecutive weeks.

On account of lower plantings, the 2002 rice production estimate in the Russian Federation has been downgraded since the last outlook to 480 000 tonnes, around 3 percent below the figure of last year.

I.7 OCEANIA

In Australia, paddy production from the drought-stricken 2003 season appears set to fall to a thirty-year low. In December, the Australian Bureau of Agricultural and Resource Economics confirmed that owing to severe water shortages, related to the recurrence of El Niño weather anomaly, the area sown to rice would cover only 30 percent of the 2002 level. This could bring the paddy crop down to 380 000 tonnes, compared to 1.3 million tonnes in 2002. The situation might even deteriorate further, given that the current drought conditions are forecast to prevail up to the harvest month of April.

II. RICE TRADE

II.1 SITUATION IN 2002

FAO has raised its estimate of global rice trade in 2002 by 400 000 tonnes to 27.4 million tonnes, in milled equivalent, a level close to the all-time record realized in 1998. The upward adjustment reflects a much higher estimate of exports by India, which are now believed to reach 6.5 million tonnes, up from a previous 6.3 million tonnes forecast and the greatest volume ever dispatched by the country. Changes in the 2002 exports figures were also made for other countries on the basis of reported shipments. This was the case of mainland China, where strong activity during the latter months of the year should allow the country to repeat the 2001 performance of 1.8 million tonnes, in spite of the contraction in output. Similarly, official estimate of exports by Thailand was lifted by 300 000 tonnes to 7.3 million tonnes. At that level, the outcome in 2002 would be only 200 000 tonnes below the record export level achieved in 2001. By contrast, the size of Egypt's rice exports have been lowered by 100 000 tonnes to some 400 000 tonnes, which would imply a 40 percent year-to-year reduction from the exceptionally high level of 2001, when exporters benefited from government export subsidies. On the import side, the higher trade estimate for 2002 reflects upward adjustments to Africa, where shipments are now anticipated to reach a record 7.8 million tonnes, up by 200 000 tonnes from the earlier figure, and to Central America and the Caribbean.

II.2 OUTLOOK FOR 2003

FAO forecast of international trade in rice in 2003 has been revised upward by 500 000 tonnes from the last report and now stands at 26.8 million tonnes. At that level, trade would be somewhat below the current 2002 trade estimate, with most of the difference attributable to an expected fall in exports from India and, on the import side, to smaller shipments to a number of traditional importers in Asia that gathered good crops in 2002 and to the African region.

Part of the anticipated dip in trade in 2003 would be on account of smaller deliveries to **Indonesia**, which are now forecast to reach 3.2 million tonnes, 300 000 tonnes less than last year. The drop in imports there should be facilitated by the favourable production outcome in 2002 and could be more pronounced should the ambitious production target for 2003 materialize, especially in the light of the new tariffs, which were raised from Rupees 430 to Rupees 510 per kilo as of 1 January. A similar outlook arises for **the Philippines**, which is expected to cut rice imports in 2003, consistent with current expectations of a record 2002 crop. Starting in 2003, the Government will allow the private sector, including farmers and local traders, to participate in importing activities alongside the National Food Agency, the sole importer until last year. However, this opening is not expected to boost purchases, since the Government will maintain strict control on the flow entering the country through tariff and non-tariff barriers, such as licensing, maximum quantities per trader and time limitations on shipment arrivals. In **the Islamic Republic of Iran**, the ending of the drought that has gripped the country since 1999 and the expected recovery in 2002 production should also prompt a fall in shipments during the current year. In general, rice trade with **countries in the Near East** could be disrupted should a military conflict start in the sub-region. Current threats of an attack to Iraq were already reported to be delaying the clinching of trade deals between exporters and those countries. Expectation of a surge of imports by **Mainland China**, following the opening of a WTO preferential tariff quota did not materialize in 2002. Although the supply situation has tightened further, a sharp increase in rice purchases this year is not yet anticipated, with China's imports now forecast at 200 000 tonnes, the same level as in 2002 but down substantially from the previous

600 000 tonnes forecast. At that level, imports would be only a fraction of the tariff quota of 3.8 million tonnes (2.26 million MTS of long grain rice and 1.53 million MTS of medium and short grain rice) that the Government has recently announced to open in 2003 within the framework of WTO. By contrast, the **Chinese Province of Taiwan** is expected to buy the full 150 000 tonnes committed under the WTO minimum import commitment. Purchases by **Bangladesh**, which used to be a large rice importer, are again anticipated to shrink in the face of the large production gains recorded in 2002.

Rice shipments to **Africa** are currently forecast to reach an overall 7.5 million tonnes in 2003, 300 000 tonnes more than previously reported, but somewhat below the revised estimate for 2002. The upward adjustment in 2003 mainly reflected higher figures for Kenya, Niger, Nigeria, Senegal and South Africa. From an historical perspective, imports into the region have been soaring since 1998, sustained by strong increases in consumption and relatively open import regimes. The small year-to-year decline in imports foreseen for 2003, which would go counter to that tendency, is based on current expectations of a decline in the volume flowing to the two major destinations in the region, namely the Cote d'Ivoire and Nigeria. In the **Cote d'Ivoire**, trade is foreseen to be constrained by the military conflict that has divided the country geographically and which is hindering inland transportation of supplies. As for **Nigeria**, higher production in 2002 and the stepping of import tariffs last December might slow down the pace of imports. Little year-to-year changes are currently anticipated for the other major importers, including Senegal and South Africa, where shipments in 2002 were already high, at around 700 000 tonnes each. It is noteworthy that the above forecasts are still subject to a high degree of uncertainty in absence of official assessments of the paddy crops in 2002. Rice imports to **Latin America and the Caribbean countries** are forecast to reach some 3 million tonnes in 2003, about 250 000 tonnes more than earlier anticipated and similar to the revised volume in 2002. The adjustment to the 2003 figure reflects mainly increased shipments to Mexico and Brazil. **In the rest of the world**, official estimates of imports by the **United States** remained unchanged at close to last year level, while they were raised slightly for the **European Union**.

As regards exports, the new trade figure for 2003 reflects larger expected shipments by **Argentina**, **China and the United States**, which more than offset downward revisions for **Australia** and **Egypt**. In the case of **Mainland China,** exports during the current calendar year are now expected to reach 2 million tonnes, 700 000 tonnes more than the previous forecast and 200 000 tonnes up from 2002. Despite falling production in the past seasons, domestic prices have remained fairly low, as supplies have been released from stocks. Since the same strategy is likely to be followed in course of the year, it should enable the country to keep sales abroad relatively buoyant in 2003, barring a large negative shock on production or tumbling international prices. Similarly, exports from the **Chinese Province of Taiwan** have been raised to 100 000 tonnes, following the announcement of food aid commitments. Favourable crop prospects in **Argentina** in the coming season could also sustain a 25 percent recovery in exports, which are now foreseen to reach 350 000 tonnes, 50 000 tonnes more than earlier anticipated. The official outlook for the **United States** remains at a record 3.4 million tonnes, based on expectations of larger paddy sales to some Latin American countries, especially Mexico and Brazil. This improved outlook contrasts with deteriorating prospects for exports by

Australia in the face of the severe production shortfall expected this year, and by Egypt. Shipments from **Australia** have been halved to a mere 200 000 tonnes, which would be the lowest level since 1976. For **Egypt**, exports are now anticipated to reach 600 000 tonnes, down 100 000 tonnes from the previous report, which would still imply a 50 percent increase from the previous year.

Little change was made to the other countries' export forecast for 2003. **Thailand** shipments in 2003 are currently expected to equal the 2001 record of 7.5 million tonnes, which would imply an increase of 200 000 tonnes from last year. The forecast for **India** remains at 4.5 million tonnes, a level relatively high for the country but well below the revised 6.5 million tonnes shipped in 2002, which propelled the country to the second position among exporters. The sharp drop in production in 2002 and the recent announcement of increases in sale prices from the Food Corporation of India all point to a reduction in exports this year. Unlike for Thailand and India, sales from **Vietnam** are anticipated to expand strongly in 2003, following the gathering of a record 2002 crop. Export prospects for **Pakistan,** at 1.5 million tonnes, point to a small recovery from the depressed level of last year, but far below the 2 million tonnes the country shipped annually between 1997 and 2001. Similarly, exports from **Uruguay** are expected to partly recover during the year.

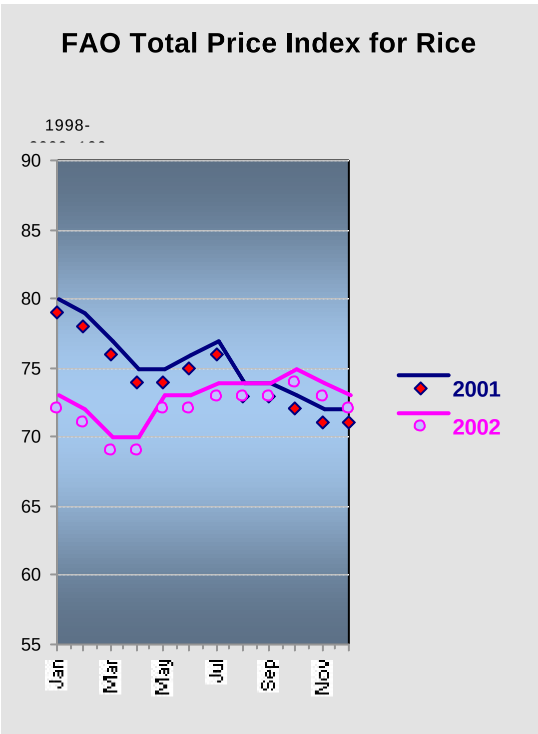
III. STOCKS

The forecast of world rice stocks at the end of the marketing seasons in 2003 has been revised downward by two million tonnes since the last report and now stands at 124 million tonnes, one of the lowest level on record, and almost 25 million tonnes below opening levels. The reduction in the size of world inventories confirms the continuation of the tendency that has prevailed since 1999, when **China** initiated a deliberate policy to reduce the size of its grain inventories. Unlike in recent years, however, the contraction this season was not principally the making of China, but also of **India**, which also engaged last year in a similar strategy to cut public rice reserves. Based on the new estimate, the global stock-to-utilization ratio for rice would now stand at 30 percent, down from 42 percent in 2000.

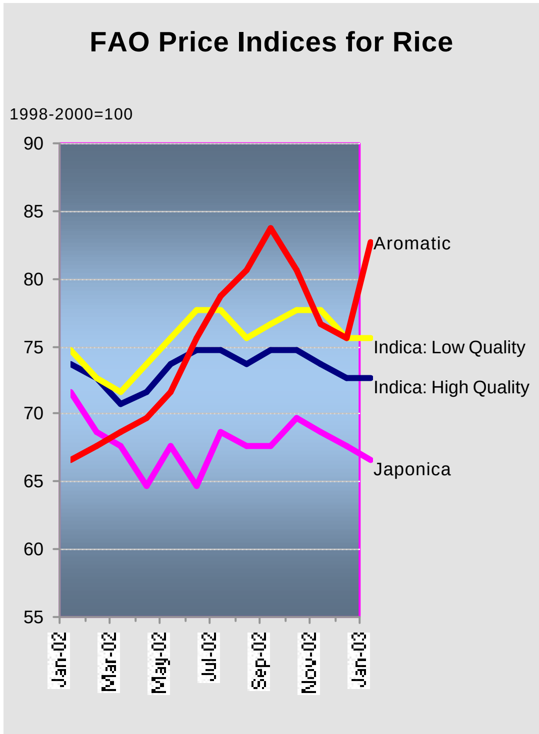
The lowering of the world stock figure compared with the last report mainly reflects the downward revision for India's production, which resulted in an additional 2.5 million tonne draw-down from the country rice pile, to 15 million tonnes. This would imply a year-to-year reduction in India's stocks of almost 10 million tonnes from their opening levels. Similarly for **China**, larger shipments than previously anticipated in 2002 have reduced the size of the country's rice carry-over by a further 700 000 tonnes to 78.3 million tonnes. At that level, China's stocks would have been depleted by almost 15 million tonnes from last year and by an overall 35 million tonnes since 2000. By contrast, the size of the carry-over has been raised for **Japan**.

IV. INTERNATIONAL PRICES

International rice prices have remained under downward pressure since the last issue of the Rice Market Monitor, with the FAO Total Price Index (1998-00=100) averaging 72 in January, 1 point below November. The little movement exhibited since May 2002 by the index has tended to mask countervailing trends in prices of different origins and qualities. For instance, since November, quotations have strengthened in Thailand, sustained by domestic intervention via the Government's procurement scheme and, lately, by the imposition of weight restrictions on internal haulage. Similarly, the Food Corporation of India recently raised its selling prices for export. On the other hand, quotations from other origins, notably Vietnam, the United States and Pakistan, have fallen in the wake of new crop arrivals onto their markets.

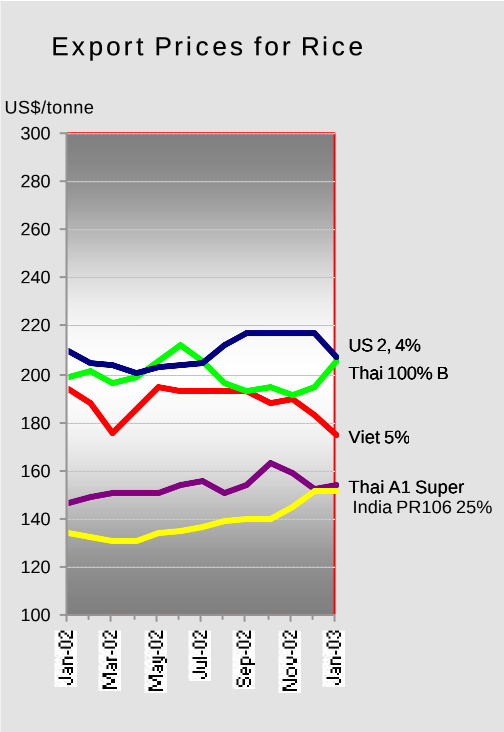


International prices for High Quality Indica have fluctuated sharply since the December report. For example, the Thai 100% B averaged US$ 204 per metric tonne in January, up US$ 14 from November. By contrast, prices of the US long grain No.2, 4% fell over the same period by an average US$ 10 to US$ 205 per tonne, reflecting an easing of demand for Government aid programmes. Vietnam 5% quotations also registered a steep fall, with January prices $US 15 below the November average. The net effect of these price movements has left FAO High Quality Indica Price Index virtually unchanged since the December Rice Market Monitor.



FAO Low Quality Indica Price Index has declined by 2 points since November, reflecting mainly falling quotations from Thailand, for 100 % broken rice, as well as from Vietnam and Pakistan, which more than offset some strengthening in India's prices. Such divergent patterns resulted in a narrowing of the price differential between rice from different origins, as competition intensified.

Similarly, FAO Japonica Price Index fell by 2 points over the same period, mostly on account of a US$ 23 per tonne dip in prices of the US medium grain 2, 4 % in January.



Finally, in the face of strong international demand and of reported large shortfall in Basmati production in India, Basmati and fragrant_rice prices have staged a sharp recovery, as exhibited by FAO Aromatic Price Index, which rose from 75 points in December to 82 points in January.

The near-term prospects for international rice prices remain downcast, with the arrival, in February-March, of new rice crops in South America and from secondary crops in the Northern Hemisphere. The weakness might linger well into 2003, under current prospects of sluggish imports by those countries that have sustained the market in recent years, such as Indonesia, the Philippines or the Islamic Republic of Iran.

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.										
1998	**315**	**413**	**288**	**258**	**243**	**255**	**241**	**215**	**412**	**492**	**460**
1999	**253**	**333**	**228**	**215**	**237**	**204**	**206**	**192**	**405**	**486**	**397**
2000	**207**	**271**	**183**	**172**	**232**	**159**	**163**	**143**	**289**	**418**	**428**
2001	**177**	**264**	**166**	**153**	**185**	**148**	**148**	**135**	**256**	**332**	**275**
2002	**197**	**207**	**187**	**171**	**135**	**168**	**159**	**151**	**219**	**366**	**306**
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	128	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	176	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	221	348	313
December	193	215	181	172	150	164	153	151	209	341	308
2003											
January	204	205	173	177	150	161	155	152	198	369	335
2002 Jan.	197	208	192	169	132	177	150	145	231	347	254
2003 Jan.	204	205	173	177	150	161	155	152	198	369	335

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				
1998		**115**	**117**	**115**	**113**	**113**
1999		**101**	**99**	**101**	**105**	**98**
2000		**84**	**84**	**83**	**83**	**89**
2001		**74**	**74**	**74**	**76**	**69**
2002		**72**	**73**	**75**	**67**	**74**
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
	December	72	72	75	67	75
2003	January	72	72	75	66	82
2002	Jan.	72	73	74	71	66
2003	Jan.	72	72	75	66	82

***Source** : FAO*

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

WORLD PADDY PRODUCTION

	2000	2001 (estimated)	2002 (forecast)
		million tonnes	
WORLD	**599.4**	**597.9**	**582.0**
Developing countries	574.1	571.5	556.3
Developed countries	25.3	26.4	25.7
ASIA	**545.3**	**543.5**	**528.0**
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	120.0
Indonesia	51.9	50.5	51.6
Iran, Islamic Rep. of	2.0	2.0	2.7
Japan	11.9	11.3	11.1
Korea Rep. of	7.2	7.5	6.7
Myanmar	21.3	21.9	21.9
Pakistan	7.2	5.8	6.6
Philippines	12.5	13.1	13.2
Sri Lanka	2.9	2.7	2.9
Thailand	25.8	26.5	25.8
Viet Nam	32.5	32.0	34.1
AFRICA	**17.6**	**17.4**	**18.1**
North Africa	**6.0**	**5.3**	**6.1**
Egypt	6.0	5.2	6.0
Sub-Saharan Africa	**11.5**	**12.1**	**12.0**
Western Africa	7.3	7.7	7.5
Côte d'Ivoire	1.0	1.1	0.8
Guinea	0.9	0.8	0.8
Mali	0.7	0.9	0.9
Nigeria	3.3	3.4	3.5
Central Africa	0.4	0.4	0.4
Eastern Africa	1.0	1.0	1.0
Tanzania	0.8	0.8	0.8
Southern Africa	2.8	3.0	3.0
Madagascar	2.5	2.7	2.7
Mozambique	0.2	0.2	0.2
CENTRAL AMERICA	**2.5**	**2.3**	**2.3**
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**	**9.8**	**9.6**
United States	8.7	9.8	9.6
EUROPE	**3.2**	**3.2**	**3.2**
EC 2/	2.5	2.6	2.6
OCEANIA	**1.1**	**1.8**	**1.3**
Australia	1.1	1.8	1.3

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

WORLD IMPORTS OF RICE

	2001	2002 (estimated)	2003 3/ (forecast)
		million tonnes, milled	
WORLD	**24.1**	**27.4**	**26.8**
Developing countries	20.2	23.3	22.7
Developed countries	3.8	4.1	4.1
ASIA	**11.4**	**13.8**	**13.4**
Bangladesh	0.4	0.3	0.3
China 1/	0.3	0.3	0.4
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	1.0
Saudi Arabia	0.8	0.9	1.0
Sri Lanka	0.1	0.1	0.1
AFRICA	**7.3**	**7.8**	**7.5**
Côte d'Ivoire	1.1	1.0	0.9
Nigeria	1.6	1.8	1.7
Senegal	0.6	0.7	0.7
South Africa	0.6	0.7	0.7
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**	**2.7**	**2.7**
Mexico	0.5	0.6	0.6
EUROPE	**1.6**	**1.7**	**1.7**
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**	**27.4**	**26.8**
Developing countries	20.1	23.0	22.5
Developed countries	4.0	4.4	4.3
ASIA	**18.5**	**21.9**	**21.0**
China 1/	2.0	1.9	2.1
India	1.9	6.5	4.5
Myanmar	0.7	0.7	0.7
Pakistan	2.3	1.5	1.5
Thailand	7.5	7.3	7.5
Viet Nam	3.5	3.2	3.9
AFRICA	**0.7**	**0.4**	**0.6**
Egypt	0.7	0.4	0.6
SOUTH AMERICA	**1.4**	**1.2**	**1.4**
Argentina	0.4	0.3	0.4
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**	**0.2**
Australia	0.6	0.5	0.2

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	2500
Production 1/	5939	6738	6603	17109	17552	17080
Imports	339	413	376	0	0	0
Tot.Supply	7145	8038	8198	18769	19353	19580
Domestic Use	3669	3874	3912	9448	9553	9630
Exports	2589	2945	3286	7521	7300	7500
Clos.Stocks	887	1219	1000	1800	2500	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	113002	106500	92920	1080	940	530
Production 1/	130109	122901	121653	4802	3882	4424
Imports	294	340	350	0	0	0
Tot.Supply	243405	229741	214923	5882	4822	4954
Domestic Use	134901	134931	134423	2680	2832	2904
Exports	2004	1890	2100	2262	1460	1500
Clos.Stocks	106500	92920	78400	940	530	550

	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	119.7	114.1	101.7
Production 1/	21698	21324	22745	179.7	172.4	172.5
Imports	2	2	2	0.6	0.8	0.7
Tot.Supply	24800	25346	27247	300.0	287.3	274.9
Domestic Use	17311	17606	18447	168.0	168.8	169.3
Exports	3469	3240	3900	17.8	16.8	18.3
Clos.Stocks	4020	4500	4900	114.1	101.7	87.3

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.