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ROUND UP

- The 2008 paddy season is coming to a close with much more buoyant expectations over production than previously anticipated. FAO's latest prospects point to a level of **world paddy production in 2008** of 683 million tonnes (456 million tonnes, milled rice equivalent), 23 million tonnes, or 3.5 percent more than in 2007 and the fastest growth since 2005. The increase would be based on a 2.2 percent rise of the area to 159 million hectares, a positive reaction to high prices and to government support. Favourable growing conditions also boosted average paddy yields by 1.3 percent to 4.3 tonnes per hectare, despite soaring costs of fuel and fertilizers, and difficult access to quality seeds. Much of global production gain is expected to be concentrated in **Asia** but, with impressive increases foreseen in Africa, the region looks set to make an important contribution to world expansion in 2008. Although downgraded somewhat since July, output prospects are positive in North America and Latin America and the Caribbean, while a decline is anticipated in Oceania and Europe.
- The **2009 paddy season** has already started in southern hemisphere countries. Although too early to draw a global production forecast, prospects are positive in Indonesia, but still uncertain in Madagascar and Mozambique where the cyclone season has already started. Continued shortages of irrigation are again limiting plantings in Australia to well below normal. In South America, little growth is currently anticipated in Brazil while drought depressed planting in Uruguay. In Argentina, the area has increased but drought may affect yields.
- FAO's forecast over **world rice trade in 2009** now points to a volume of 31 million tonnes, 200 000 tonnes more than in 2008, but still short of the 2007 record. However, there is much uncertainty as to the effects of the downturn of the world economy on the volume and nature of rice transactions in 2009. Given more difficult access to credit and lack of confidence over the financial situation of trade players, one possible effect could be an intensification of barter and government-to-government deals, as already witnessed.
- The increase in **world imports** in 2009 is likely to be sustained by low prices relative to last year. **Asian** countries are expected to absorb 48 percent of the total in 2009, or 14.8 million tonnes, marginally more than in 2008. Bangladesh, Indonesia, the Philippines and Turkey are foreseen to buy less after harvesting good crops. By contrast, Afghanistan, China mainland, the Islamic Republic of Iran, Iraq, the Democratic Republic of Korea, Saudi Arabia, the United Arab Emirates and Yemen are expected to import more, often to cover production shortfalls, but also to reconstitute national food reserves. In the wake of the excellent 2008 paddy crops, rice imports in **Africa** may decline by 3 percent to 9.3 million tonnes, which, if confirmed, will be the lowest volume since 2004. Imports in **Latin America and the Caribbean** are now set to hover around 3.5 million tonnes in 2009, up 3 percent from last year. Of these, 2.4 million tonnes are anticipated to be directed to Central America and the Caribbean, mainly Cuba, Haiti, Mexico and Nicaragua. In South America, imports may rebound in Brazil, Bolivia and Colombia. In **North America, Oceania and Europe**, import prospects in 2009 are mixed. Australia may need to step up its purchases, while those by the EU may reach a record 1.5 million tonnes. By contrast, the United States may cut its imports.
- Large supply availabilities in the traditional exporting countries are set to foster a small increase in **global rice exports**. The expected lifting of export curbs in Egypt and India in April or May 2009 will also help boost trade. Among the various sources, China, India, Myanmar, Pakistan, Viet Nam and Egypt are forecast to increase their exports, more than offsetting lower expected deliveries by Brazil, Cambodia, Thailand and the United States.
- One outcome of the 2008 global production surge is expected to be a strong rebuilding of **world rice stocks carried over 2009**, now forecast to reach 118 million tonnes, the highest since 2002 and 9 million tonnes more than in 2008. Globally, reserves in 2009 would be sufficient to cover 25.8 percent, or roughly three months, of planned utilization in 2009, up from 24.4 percent in 2008. The higher value of the stock-to-use ratio is indicative of an improved level of security, as far as rice is concerned, at the world level, which does not preclude shortages at the national or sub-national levels. Much of the stock build-up is expected to be concentrated in exporting countries, and especially in China and India, which hold the largest rice reserves, but also in Egypt, Pakistan, Thailand and Viet Nam. Traditional importing countries, such as Indonesia, Sri Lanka, Saudi Arabia and the United Arab Emirates, are also foreseen to increase the size of rice inventories.
- Since reaching peak levels last May, **world rice prices** have steadily declined until December 2008, reflecting a retreat of importers and the harvesting of large 2008 main paddy crops since October. However, rice prices in 2008 still averaged 80 percent higher than in 2007. They are also higher than usual compared to wheat. The relative strength of world rice prices largely reflects government interventions, in particular large public procurement purchases of rice in Thailand. Given expectation of good 2008 secondary crops soon to reach the market, a relaxation of Egypt and India's export restraints and subdued import demand, further price drops cannot be excluded in the next few months. However, given increased average production costs in 2008 and the high prices offered under official procurement programmes, export quotations falling below USD 400 per tonne for top quality white rice would result in severe losses to producers and to the public sector of the exporting countries, while also hampering policies geared towards self-sufficiency in many importing countries.

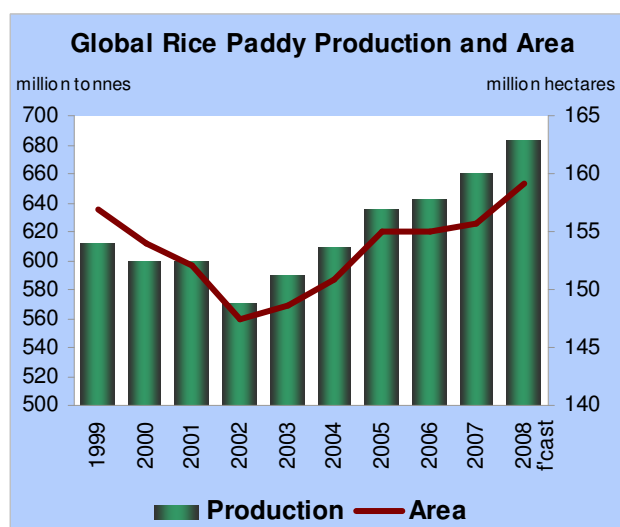
Rice situation update as of 31 January 2008

I. PRODUCTION

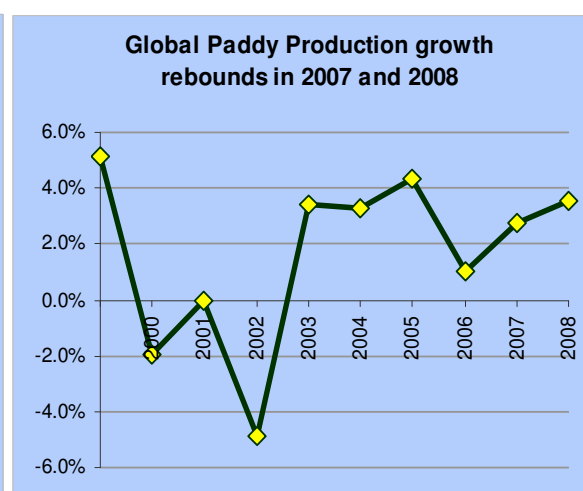
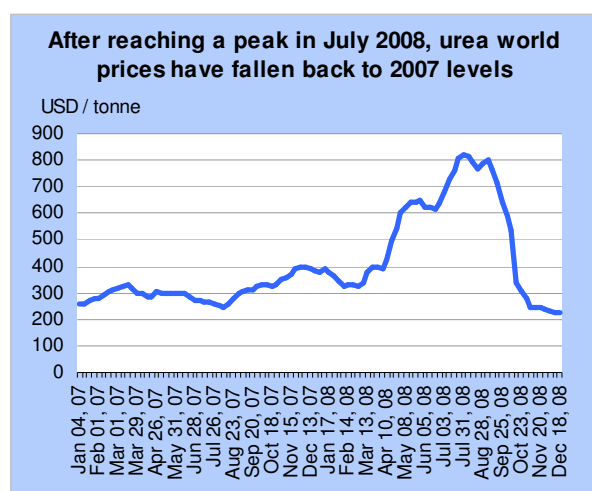
Generally favourable growing conditions, expectations of high prices and government support boost production growth in 2008

The 2008 paddy season is virtually concluded in all regions and planting of the new 2009 crops is already well advanced in southern hemisphere countries. Although production estimates for 2008 may still undergo major changes until the season closure, around April-May when the secondary crops are harvested, there is no doubt that this season will substantially outperform the results achieved in 2006 and 2007.

Indeed, following government releases of more buoyant crop prospects, the outlook for **global paddy production in 2008** has improved markedly since the last issue of the RMM and now stands at 683 million tonnes (456 million tonnes in milled rice equivalent). At that level, world paddy production would be 23 million tonnes, or 3.5 percent, higher than in 2007, which would represent the strongest pace of growth since 2005.



Unlike in previous years, the bulk of the increase would be on account of an expansion in plantings, now estimated to have grown by 2.2 percent to 159 million hectares, confirming the positive reaction of producers to high prices and to government support. Generally favourable growing conditions also boosted average paddy yields by 1.3 percent to 4.3 tonnes of paddy per hectare, despite soaring costs of basic inputs, especially fuel and fertilizers, and difficult access to quality seeds, which particularly impaired the more input intensive and modern production systems.

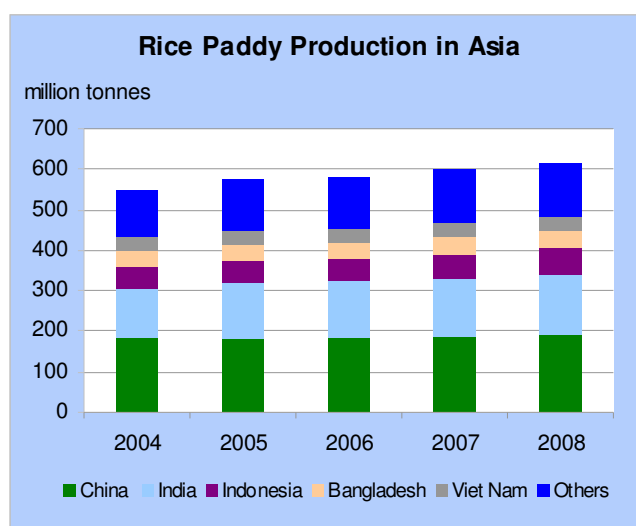


The new global production forecast of 683 million tonnes is 16 million tonnes higher than the outlook presented in July 2008. The upgrading largely reflects the release of optimistic output figures by many governments, although prospects also deteriorated for a number of countries. In several instances, the estimates of production in the previous 2007 season also underwent changes. The major upward revisions to the 2008 paddy production concerned: Bangladesh (+1 million tonnes to 45 million tonnes), China Mainland ((+7.3 million tonnes to 193 million tonnes), India (+1.5 million tonnes to 147 million tonnes), Myanmar (+2.8 million tonnes to 30.5 million tonnes); Viet Nam (+1.6 million tonnes to 38.6 million tonnes); Egypt (+647 000 tonnes to 7.2 million tonnes) and Madagascar (+1.3 million tonnes to 4.9 million tonnes). On the negative side, the principal downward adjustments corresponded to: the Democratic Republic of Korea (-493 000 tonnes to 1.68 million tonnes); the Philippines (-692 000 tonnes to 18.9 million tonnes); Thailand (-1.09 million tonnes to 31.2 million tonnes).

Much of the year-to-year global production gain is expected to be concentrated in Asia but, with an impressive growth expected in Africa, the region looks set to make an important contribution to world expansion in 2008. Although downgraded somewhat since July, prospects of growth in North America and Latin America and the Caribbean are still positive, while production fell in Oceania and in Europe.

A. ASIA

Widespread and large increases expected to boost Asia's paddy production growth in to 2008



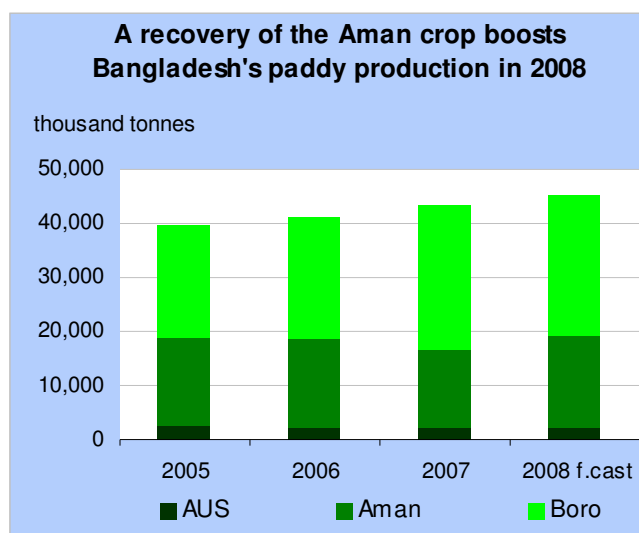
The 2008 paddy season has yet to be concluded in many of the northern hemisphere Asian countries, which harvest their secondary crops from March to May. The 2008 production forecast of the region is therefore likely to be subject to further changes. Based on current prospects, the region stands to gather 618 million tonnes of paddy in 2008, 2.9 percent, or 18 million tonnes more than in 2007. The expansion would be widespread across the region, as almost all of the major producers are expected to harvest bumper crops, especially **Bangladesh, China mainland, India,**

Indonesia, Pakistan, the Philippines and Viet Nam. Even more modest producers, such as the **Chinese Province of Taiwan, the Republic of Korea, Nepal, Sri Lanka and Turkey** are heading towards bumper harvests. On the other hand, the outlook is negative for **Afghanistan, the Islamic Republic of Iran, Iraq, Japan and the Democratic Republic of Korea.** A recent deterioration of the secondary crop prospects may also result in a decline of output in **Thailand** this season. The effects of the cyclone Nargis in March 2008 will also

entail a reduction of output in **Myanmar**, although much less pronounced than previously anticipated.

In **Afghanistan**, 19 out of the 34 provinces have been affected by the most severe drought hitting the country since 2000. The lack of precipitation particularly impaired rainfed agriculture but also reduced the availability of water for irrigation and prejudiced the performance of the irrigated sector, including that of rice. The current paddy production outlook for 2008 has been downgraded accordingly, from 500 000 tonnes to 400 000 tonnes, which would entail a 30 percent contraction from 2007.

Notwithstanding the negative effects of cyclone Sidr and two series of floods that hit **Bangladesh** in 2007, the government has again raised its estimate of paddy output in 2007 to 43.4 million tonnes (28.93 million tonnes, milled basis), which is almost 6 percent higher than in 2006. The increase reflected an 18.7 percent increase in the Boro paddy crop, the last of the three rice cultivated each season, which was harvested in April 2007. This increase more than compensated for the poor results of the Aus and Aman crops, which had been seriously impaired by the cyclone and the floods.



For 2008, the government has set an ambitious milled production target of 33.3 million tonnes (50.0 million tonnes of paddy), based on very buoyant expectations over the three paddy crops. So far, only the 2008 small Aus crop and the main wet-season Aman crops have been harvested, while the Boro crop is still in the ground. Weather conditions have been favourable so far, but surging prices of fertilizer and energy and limited availability of credit are reported to have hindered the expansion¹. FAO production forecast now stands at 30.0 million tonnes, on a milled rice basis, equivalent to 45 million tonnes of paddy, which is lower than the official target, but still 3.7 percent higher than the current estimate for 2007.

Despite some localized drought problems and insect attacks, **Cambodia's** first official assessment of crops yielded a 2008 paddy production forecast of 6.778 million tonnes, barely 1 percent above the 6.727 million tonnes harvested in 2007. The government recently announced it would soon invest some USD 400 million to finance the development of top irrigation facilities, of which USD 200 million are to be funded by Qatar, USD 100 million by Kuwait, USD 33 million by the Republic of Korea and USD 30 million by India. The plan is expected to boost production by more than 1 million tonnes per year, which could further promote the country as a leading rice exporter. Investments in irrigation are to be concentrated in the north-western provinces, where ten dams are planned for construction.

¹ According to a recent survey, average paddy production costs over the Aman summer crop went up by 38 percent from last year season, to close to 20 taka per kilo (USD 300 per tonne)

In **China, mainland**, new crop area and production estimates by the National Bureau of Statistics of China, the official source of statistics, have been recently published, which entailed marked revisions in paddy output figures for 2006 and 2007. According to the Bureau, 181.718 million tonnes were produced in 2006 out of an area of 28.938 million hectares, yielding 6.28 tonnes per hectare on average. Although plantings were kept virtually unchanged, at 28.919 million hectares, production in 2007 was estimated to have surged to 186.034 million tonnes, sustained by a leap in yields to 6.43 tonnes per hectare. The new 2007 production figure is substantially above earlier estimates. As for the 2008 paddy season, which was completed with the gathering of the late rice crop in October, preliminary production estimates point to an expansion of 3.7 percent, or 7 million tonnes, to 193 million tonnes, much higher than earlier anticipated. Growing conditions have been generally favourable and basic input subsidies heightened, which has boosted yields to an average of 6.56 tonnes per hectare. In addition, government incentives and high prices are behind an expansion of the area of 1.7 percent to 29.4 million hectares.

As part of the efforts to enhance support to the sector, official paddy procurement prices were raised in February 2008 for the first time since 2004, by 5 - 7 percent and again in March 2008, by a further 2 – 4 percent. In January 2009, the official procurement prices were again increased, this time by a conspicuous 16 percent, to an equivalent of USD 264-278 per tonne. The government also declared it would step up its purchases to 22.5 million tonnes of rice, well above the original target of 17.5 million tonnes.

China's government paddy procurement price										
		Early Indica Rice	Intermediate and Late Indica Rice	Japonica rice	Early Indica Rice	Intermediate and Late Indica Rice	Japonica rice	Early Indica Rice	Intermediate and Late Indica Rice	Japonica rice
		Yuan per 50 kilo			Yuan / tonne			USD / tonne		
2006		70	72	75	1400	1440	1500	173	178	185
2007		70	72	75	1400	1440	1500	180	185	192
2008	Feb	75	76	79	1500	1520	1580	206	208	217
	Mar	77	79	82	1540	1580	1640	217	222	231
2009	Jan	90	92	95	1800	1840	1900	264	269	278

In the **Chinese Province of Taiwan**, the local government launched several measures in 2008 to revitalize paddy production over the medium term, in contrast with the policy implemented in the past several years, which was mainly geared towards cutting rice surpluses. For instance, in September 2008, in the trail of the international price surge, the Province brought back into production some 20 000 hectares of idle paddy land, in an attempt to generate supplies for building up reserves. The area extension should help boost production to 1.625 million tonnes, the largest output since 2003 and 19 percent above the poor outturn in 2007.

India's harvesting of the 2008 main Kharif crop, which accounts for over 80 percent of production, was completed around January 2009. The pattern of the monsoon rains has been mixed this season, with around 2 million hectares out of 45 million hectares under rice, damaged by drought and flooding. The states most affected by the floods include Andhra Pradesh, Uttar Pradesh, Karnataka, Bihar, Punjab, West Bengal and Orissa. Although the erratic monsoon may have depressed yields somewhat, the first government estimate, of 25

September 2008, gauged the 2008 Kharif crop at 83.25 million tonnes of milled rice, equivalent to 124.9 million tonnes of paddy. The government has also set a target for the 2008 secondary Rabi crop of 14.0 million tonnes of milled rice (21 million tonnes of paddy). On those bases, overall, production in 2008 could reach a record 147 million tonnes, in paddy terms, 1.6 percent more than in 2007. As farmers are heading towards record 2008 crops, there is much concern over the prices they will get for their crop. Although the Commission for Agricultural Costs and Prices (CACP) issued the recommendation to raise the minimum to Rupees 10 000 per tonne for common rice and to Rupees 10 500 per tonne for grade A rice, the Government only lifted them to 8 500 per tonne and to 8 800 per tonne for the two qualities respectively, a 31.8 percent and 30.4 percent increase from the 2007 minimum level (excluding bonuses). However, reacting to poor sales by farmers to state agencies, an additional Rupee 500 per tonne premium was granted on both qualities by mid-October. Despite those bonuses, official procurement prices in the country are low relative to other major producers in the region. The government procurement target over the current 2008 season, from 1 October 2008 to 30 September 2009, has been set at 27.6 million tonnes of paddy. The purchases are needed to cover supply needs for the public distribution system and other public welfare schemes.

India – Minimum Support Prices (MSP) for Paddy Rice						
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Rupees/tonne						
Common	5,500	5,600	5,700	5,800 ^{1/}	6,450 ^{2/}	8,500 ^{3/}
Grade 'A'	5,800	5,900	6,000	6,100 ^{1/}	6,750 ^{2/}	8,800 ^{3/}
USD/tonne						
Common	120.7	122.2	129.9	126.9 ^{1/}	162.1 ^{2/}	177.7 ^{3/}
Grade 'A'	127.2	128.8	136.7	133.4 ^{1/}	169.6 ^{2/}	184.0 ^{3/}

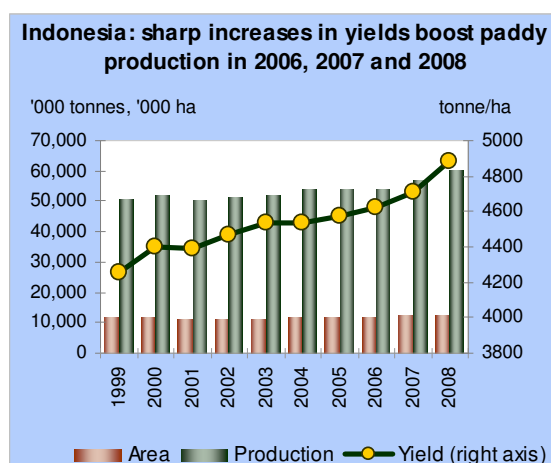
1/ Subject to an additional incentive bonus of Rs. 400 (USD 8.7) per tonne

2/ Subject to an additional incentive bonus of Rs. 1,000 (USD 25.1) per tonne.

3/ Subject to an additional incentive bonus of Rs. 500 (USD 10.5) per tonne.

Source: Ministry of Agriculture, Department of Agriculture & Cooperation.

Located in the southern hemisphere, **Indonesia** has already completed its 2008 paddy season and is currently in the process of planting its 2009 main paddy crop. Over much of the 2008 season, the country benefited from favourable weather conditions, which together with the support of the government, have translated into a sizable 5 percent expansion of production for second consecutive year to a record 60.3 million tonnes in 2008. This excellent crop should



ensure the country has enough supplies to cover domestic consumption and to expand its rice food security reserves, as intended by the Government. Production over the 2009 season, which started with the planting of the main crop in November-December 2008, has been targeted to reach 63 million tonnes or 47 million tonnes in milled rice equivalent.

To promote self-sufficiency, in 2008 the government raised by 10 percent its purchase prices to Rupiah 2 200 per kilo of paddy (USD 204 per tonne) and to Rupiah 4 300 per kilo of milled rice (USD 398 per tonne) and established a procurement target of 3.8 million tonnes for Bulog, the official rice marketing agency. The increase in procurement prices was meant to compensate for a 28.7 percent reduction in fuel subsidies in May 2008. To foster growth in 2009, the government purchasing prices were raised by 7 percent as of 1 January 2009. The budgetary allocation to fertilizer subsidies is also to be boosted from Rupiah 14.6 trillion in 2008 to Rupiah 20.6 trillion in 2009. Funding to seed subsidies are to be increased from Rupiah 33 trillion in 2008 to Rupiah 35 trillion in 2009, and to infrastructure development from Rupiah 89 trillion in 2008 to Rupiah 99 trillion in 2009. Under the “Rice for the Poor Programme”, which was launched in 1998, Bulog has been distributing a ration of 10 - 15 kilos of rice per month to 19.1 million households at a quarter of market price levels. In May 2008, these families were granted a supplementary monthly cash payments under the programme.

Until September this year, severe drought problems have gripped agriculture in **the Islamic Republic of Iran**, including the principal rice producing province of Mazandaran. As a result, paddy production this season is estimated to have fallen by about 7 percent to 2.6 million tonnes, as reduced water for irrigation is likely to have depressed plantings.

Official estimates in **Japan** point to a 3.8 percent cut in paddy area in 2008. The season has been generally favourable, which may have sustained yields around last season high levels. Overall, production is forecast in the order of 10.5 million tonnes of paddy (7.6 million tonnes, milled basis), 3.6 down from 2007. The 2008 experience of soaring world prices may have longer term consequences on the country’s rice policy, as it has revived fears over relying too much on rice imports and led the Minister of Agriculture, Forestry and Fisheries to announce the intention to revisit the country’s rice policy, which hinges heavily on an area/production reduction scheme.

Despite favourable weather conditions, crop development in **the Democratic Republic of Korea** has been hindered by a severe lack of fertilizers and fuel. Based on a recent FAO/WFP field mission, yields are forecast to have plunged by some 9 percent, from the already low level of last year, to 2.9 tonnes per hectare. As a result, production is now anticipated in the order of 1.7 million tonnes, compared with 1.87 million tonnes in 2007 and the lowest level since 2000. The fertilizer shortage was partly caused by the suspension of the deliveries that the Republic of Korea used to grant to the country under humanitarian assistance, as increased fertilizer supplies from mainland China do not appear to have been sufficient to compensate for the shortfall.

According to the government, farmers in the **Republic of Korea** cut plantings in 2008 by 1.5 percent to 936 000 tonnes, but what has been reported as ‘ideal’ weather conditions over the 2008 crop season is expected to boost yields by 11.4 percent to 7.0 tonnes per hectare. Production is now forecast to reach 7.0 million tonnes, 9.8 percent above the relatively poor

2007 performance. The government has announced producer prices are to be raised by 10 percent to compensate for much increased fertilizer costs over the season.

In **Malaysia**, the 2008 official estimate of 2.38 million tonnes released last August, points to a marginal, yield-driven, increase of production compared with the 2.37 million tonnes harvested in 2007. The production figures for both 2007 and 2008 are higher than the previously estimated and manifest a relative success in the pursuance of increased rates of self-sufficiency in rice. According to the current government objective, Malaysia's rice output should satisfy 86 percent of consumption by 2010, up from a current estimate of 73 percent in 2008. With that purpose, the country is opening new paddy lands in Sarawak, Sabah and Pahang, rehabilitating existing paddy fields and developing irrigation systems and other basic agricultural infrastructure. At the same time, the government adopted a set of consumer-oriented measures in 2008 to increase the market availability of rice with 15 percent broken, the retail price of which is subject to a ceiling of RM 1.8 per kilo. Following reported shortages on the domestic market, in August, the government allocated RM 423 million (USD 130 million) to fund a subsidy of RM 800 (USD 245) per tonne to 130 private millers to entice them to produce more rice with the desired broken content.

In **Myanmar**, a UN assessment mission was conducted in July 2008 to determine the damage caused by the passage, on 1 May 2008, of cyclone Nargis in the major paddy growing area of the Ayeyarwaddy Delta, in the south-eastern part of the country. On top of the heavy death toll of 134 000 people, livestock losses and damage to infrastructure, 16 200 hectares of the standing 2007 summer paddy crop were estimated destroyed, equivalent to some 80 000 tonnes of paddy, with further losses of stored rice estimated at 251 000 tonnes. The cyclone hit the country just before the arrival, in June, of the monsoon rains, which marks the start of the planting of 2008 main paddy crop. Thus, in July, FAO made a rather gloomy forecast of 2008 paddy production of 27.7 million tonnes, corresponding to a 2.3 million tonne cut from the official estimate of production in 2007. In a September ceremony, however, the authorities declared that the impact on the 2008 paddy season would be far more limited, as 97 percent of all affected paddy fields in the Ayeyarwaddy Delta had been replanted. In a successive joint FAO/WFP assessment mission conducted in October, the 2008 production and area forecasts were assessed at 30.5 million tonnes and 7.8 million hectares, respectively, substantially improved from the first outlook, but still 3 percent lower than in 2007.

Myanmar: Paddy area, production, yield and area by crop						
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Area (sown)	Million hectares					
	6.543	6.858	7.389	8.124	8.089	7.827
	Monsoon	5.435	5.824	6.237	6.894	6.820
Summer	1.107	1.034	1.152	1.230	1.269	1.227
Yield	tonne / hectare					
	3.54	3.64	3.75	3.83	3.93	3.90
	Monsoon	3.41	3.52	3.62	3.70	3.80
Summer	4.19	4.31	4.44	4.55	4.61	4.61
Production	Million tonnes					
	23.136	24.752	27.683	30.924	31.450	30.526
	Monsoon	18.513	20.310	22.563	25.327	25.796
Summer	4.622	4.442	5.120	5.597	5.654	5.654

Source: 2003/04 to 2007/08 from Central Statistical Organization; 2008/09 from Mission's estimates.

Indeed, despite efforts to recover from the cyclone, the harvest in the Delta is likely to have been affected by the salinity of the soils, following the tidal wave in May, late seeding, reduced fertilizer applications and the disruption of agricultural infrastructure. Moreover, salinity problem may well also affect the coming summer crop, as the embankment protecting paddy fields from seawater intrusion in the Ayeyarwaddy Delta still needs repair.

Nepal's preliminary official estimate of production in 2008 of 4.3 million tonnes points to a 5.2 percent increase from the previous season, despite above normal monsoon rains and reports of localized pest and disease outbreaks. The sector has been stagnating for the past four seasons, so this year fast growth would represent an excellent performance for the sector.

According to the latest official estimate, paddy production in **Pakistan** is set to increase in 2008 by an extraordinary 18 percent, to a record 9.81 million tonnes (6.543 million tonnes on a milled rice basis). Much of the expansion reflects a 16 percent rise in plantings, as farmers reacted positively to attractive rice prices. The area increase was especially pronounced in the Sindh producing region, where a mealy bug attack of the cotton crops further encouraged farmers to shift land from cotton to rice. Yields were also boosted by more timely and efficient use of inputs, greater usage of hybrid seeds and the dissemination of improved cultivation practices. Heavy rain in December in the Sindh, however, has been reported to have resulted in serious post-harvest damage, as much of the crop was lying in the open, due to lack of proper storage facilities. The losses are likely to affect availabilities for domestic consumption and for export in 2009. Concerned over the potentially negative effects of the 2008 bumper rice crop on producer prices, Pakistan's Government, which traditionally abstains from intervening on the rice market, fixed an intervention price for paddy in September and ordered PASSCO, the domestic state trading enterprise, to procure 1 million tonnes of paddy rice from farmers. The floor prices of were set for IRRI-06 paddy at Rupiah 700 per 40 kilo (USD 231.1 per tonne), for Basmati paddy at Rupiah at 1 250 per 40 kg (USD 412.7 per tonne) and for super Basmati paddy at 1 500 per 40 kg (USD 495.3 per tonne). To facilitate the collection, 35 purchasing centres were established in the Punjab, Sindh and Balochistan, the major rice producing regions.

Paddy production in the **Philippines** over the 2008 season (July/June) is forecast to rise by 1.7 percent to 16.9 million tonnes, substantially below the previous forecast of 17.6 million tonnes, as difficult access of producers to credit and high prices have been reported in September to have depressed fertilizer applications by some 30 percent. Over the past several years, the government has promoted the use of hybrid rice as one of the principal means to boost production and amounts transferred to sustain their dissemination has been rising steeply, from over Pesos 550 million in 2004 to Pesos 2.5 billion in 2007. In April 2008, under the objective to boost the rate of rice self-sufficiency to 98 percent by 2010, the Philippines launched the FIELDS (fertilizers, infrastructure and irrigation, education, loans and seeds) programme, to boost paddy production to 17.3 million tonnes in 2008, 18.55 million tonnes in 2009 and 19.77 million tonnes in 2010. Under the programme, Pesos 12 billion (USD 296 million) are to be released by the government in 2008, to finance loans to farmers, fertilizer subsidies and the rehabilitation of irrigation facilities. In April 2008, the premium to sell to the National Food Authority (NFA) was increased by 10 percent to Pesos 5.5 per kilo (USD 118 per tonne), on top of a base purchasing price of Pesos 11.5 per kilo (USD 247 per tonne), resulting in a NFA paddy procurement price level of Pesos 17 per kilo (USD 365 per tonne). In addition, farmers were made eligible to a fertilizer subsidy of Pesos

1 800 (USD 38.66) for every 50 bags of paddy sold to the NFA. Notwithstanding those measures, because of the limited share of production procured by the NFA, farm gate prices were reported to have fallen below Pesos 12 per kilo in September, well short of estimated production costs. In response, the Government announced in October, a plan to increase by Pesos 17 billion (USD 362 million) the allocation to the National Food Authority (NFA) for the procurement of up to 1 million tonnes of paddy from local producers in 2009. This compares with 220 000 tonnes in 2008. It also declared the intension to let retail rice prices to stabilize at around Pesos 25-30 (USD 0.53-0.64) per kilo in 2009, while maintaining subsidized rice to the poorest of the poor households at 18.25 (USD 0.39) per kilo. Despite current incentives, the actual pace of production growth has fallen short of that envisaged, which recently prompted the authorities to postpone its targeted year for achieving rice self-sufficiency to 2013.

Sri Lanka, which harvested its 2008 secondary crop between August and September, is estimated to have gathered 3.9 million tonnes of paddy over its full 2008 season, almost 24 percent more than in 2007 and an all time record. The rise was fostered by a sharp, 29 percent, expansion in rice plantings, prompted by attractive prices. Following the launching of a national cultivation programme in 2007, fertilizer subsidies were also made available in 2008. However, in September, the ability of private traders to buy rice directly from farmers was restricted, to enable the authorities to secure a planned 140 000 tonne rice volume from farmers at the official procurement prices of Rupee 30 per kilo (USD 264 per tonne) and Rupee 20 per kilo (USD 175 per tonne) for Samba and Nadu rice, respectively. While the planting of the 2009 main Maha crop was in progress, between October and November 2008, the Ministry of Agriculture announced a national programme to rehabilitate around 40 000 hectares of abandoned paddy fields, to sustain production growth also in the coming 2009 season.

In **Thailand**, the 2008 main paddy season has already been gathered, with farmers now engaged in the cultivation of the 2008 secondary crop, which will be harvested in March. Despite the excellent results of the main crop, the country's production forecast for the full 2008 season has been downgraded substantially compared to the previous outlook, as according to the latest government survey conducted in January 2009, farmers reacted to less buoyant price expectations by cutting planting of the 2008 second crop to below the high level of the 2007 summer crop. The summer crop yields are also expected to be depressed by the prevailing cold temperatures. As a result, Thailand's overall production in 2008 is now forecast to fall by 2.8 percent to 31.2 million tonnes, some 900 000 tonnes below the 2007 record, but still an excellent performance. The sector has benefited from various government development programmes this season, including the leasing of 160 000 hectares of idle state-owned land for rice production. As in previous years, the rice purchasing programme for the first crop has been operating since 1 November, with provisions made to purchase up to 8.0 million tonnes of paddy rice, at official prices by 28 February 2009 (5 million tonnes of regular paddy rice, 1.5 million tonnes of fragrant rice and 1.5 million tonnes of glutinous rice). The procurement programme has been progressing since then, notwithstanding the replacement of the government with a new administration in December 2008, with some 4 million tonnes of paddy already procured by the end of the year.

About Baht 97 billion (USD 2.8 billion) were budgeted to finance the rice mortgage programme of the 2009 main crop, which unlike in previous years is to be administered by the

Ministry of Commerce, instead of the Bank for Agriculture and Agricultural Cooperatives (BAAC), which faced liquidity problems. Originally, under the programme approved on 8 September, the National Rice Council (NRC) agreed to extend or even raise the already high official pledging prices that were applied over the 2007 secondary paddy crop. More specifically, pledging prices over the 2008 main crop procurement round were left at Baht 14 000 (USD 407) per tonne for standard paddy rice and raised from Baht 9 300 to 16 000 (USD 465) per tonne for fragrant rice. In addition, glutinous rice, which had been hitherto excluded from the programme, was made eligible for procurement at an intervention price of Baht 9 000 (USD 262 per tonne). However, as market prices continued to weaken, in October, the NRC lowered the intervention prices of both regular and fragrant rice varieties to Baht 12 000 (USD 353) per tonne and to Baht 15 000 (USD 442) per tonne, respectively. On the other hand, the programme retained the glutinous rice price of Baht 9000 per tonne. Despite the above adjustments, the official procurement prices have been reported to exceed prevailing market levels by some 20 percent, encouraging farmers to pledge large quantities under the scheme. Under the new programme, farmers holding depositary receipts were given 120 days rather than 90 days to redeem their rice. In addition, the government was reported to be considering new trading options, including futures trading, as an alternative to public purchases and storage, not only for rice but also for cassava and maize, which are also subject to pledging schemes.

Despite severe drought problems affecting most of its territory, **Turkey's** paddy production is officially set at a record 766 000 tonnes in 2008, or 18 percent more than in 2007. Since the mid-2000s, the rice sector has registered brisk growth, with production doubling under strong government support. In particular, incentives continue to be channelled through relatively high procurement prices by the Turkey Marketing Organization (TMO). For paddy harvested this season, TMO paid prices varying from YTL 720 for short grain to 960 (USD 630) per tonne for Baldo rice varieties, which were 16 – 20 percent higher than in 2007. In addition, producers were eligible to a premium of YTL 100 per tonne of paddy, compared with YTL 90 per tonne in 2007.

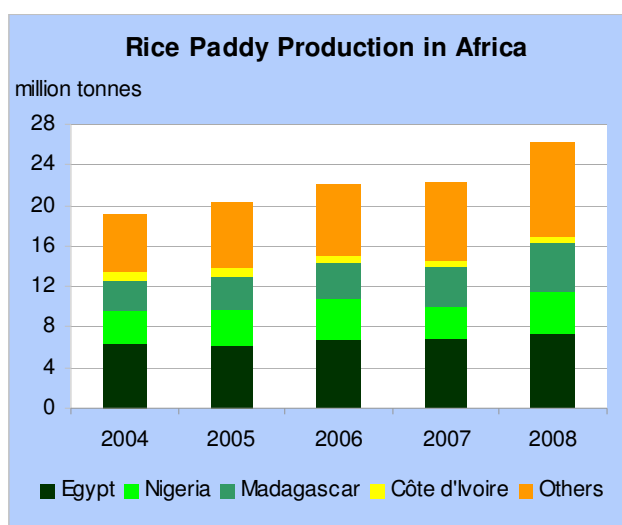
Under the expectation of a normal winter paddy crop, the last of the three gathered every season, **Viet Nam** is forecast to harvest 38.6 million tonnes of paddy rice in 2008, a 7.5 percent rise from 2007. Much of the increase would be on account of a record spring crop but also of a much larger autumn harvest, fostered by buoyant price expectations that encouraged farmers to plant more. However, the bountiful crops have resulted in falling prices since August, reportedly to below production cost levels. To counter the decline, the government requested state trading companies to buy 1 million tonnes of paddy by February 2009, which helped paddy prices in the Mekong Delta recover by 14 percent boost to Dong 3 200 per kilo (USD 186 per tonne) in December, still short of the minimum Dong 3 500 per tonne set centrally.

B. AFRICA

The season likely to be exceptionally positive for the region, with all the major players set to harvest record crops in 2008

Most countries in *Africa* have completed the 2008 paddy season, although a few in the Western African region are still growing a 2008 secondary crop under irrigation over the dry season, starting in November / December. Overall, prospects by governments or authorized regional organizations indicate that the 2008 paddy season may well end being exceptionally positive, with Africa's paddy output estimated to reach 26.2 million tonnes, 3.9 million tonnes, or 18 percent more than in 2007.

Apart from the favourable growing conditions prevailing in all major growing areas, the expansion of production in 2008 stemmed from enhanced support by governments reacting to soaring world rice prices and producer expectations of high prices. World-wide initiatives by FAO, other UN organizations and the World Bank were launched in favour of agricultural development. One such undertaking, which specifically focused on rice, was the Coalition for African Rice Development (CARD), launched in May 2008, at a Yokohama Conference, under the partnership of Alliance for a



Green Revolution in Africa (AGRA), the New Partnership for Africa's Development (NEPAD) and the Japan International Cooperation Agency (JICA). CARD's main objective is to double production in sub-Saharan Africa by 2018 to some 28 million tonnes, through the dissemination of new rice varieties among smallholders, including Nerica, agricultural research, and investment in post-harvest and other infrastructure.

In *Northern Africa*, production in **Egypt** is estimated to have risen by 5 percent to 7.247 million tonnes in 2008. All of the growth relied on an area expansion, as yields were down slightly to 9.73 tonnes per hectare. The increase was in spite of the export prohibition, which had the effect of keeping domestic prices stable but also prevented producers from benefiting fully from the buoyant international price situation.

Production in *Western Africa* is forecast to increase by a remarkable 28 percent to 11.4 million tonnes this season. Generally, very favourable weather conditions have prevailed in the sub-region since March, which together with high prices and government incentives, in the form of distribution of quality seed and fertilizers at subsidized prices, have fostered a 6 percent expansion in rice plantings and an even more impressive 21 percent boost in yields.

In **Benin**, the Ministry of Agriculture anticipates output to rise by 36 percent to 99 000 tonnes, both on account of gains in area and yields. The results are in line with the measures launched since early this year, in the form of free distribution of rice seeds and subsidies on

fertilizers. Based on the latest official forecasts, paddy production in **Burkina Faso** grew by an astonishing 241 percent, from the new government estimate of 69 000 tonnes in 2007 to 235 000 tonnes. An excellent weather pattern along with increased availability of certified seeds, especially Nerica, and other basic inputs are behind the buoyant season's results. Recent crop assessments in **Cote d'Ivoire** by CILSS have led to strong revisions in the country's rice long run production series, resulting in much lower historical estimates. For 2008, production is forecast at 683.7 thousand tonnes, 12.8 percent higher than in 2007. Growth was mainly a reflection of abundant and timely rainfall. In addition, basic inputs and agricultural material were distributed to farmers within the framework of the National Rice Programme and FAO's assistance. Overall, 227.4 tonnes of rice seeds were distributed, 173.7 tonnes of which through FAO. In September 2008, the government announced Cote d'Ivoire was targeted to reach rice self-sufficiency by 2012, an objective to be achieved through the promotion and dissemination of seeds and other inputs. The government suggested other areas for action, such as the rehabilitation of rice fields and even a more active involvement of the government in the procurement of paddy from farmers.

Ghana is forecast to harvest 280 000 tonnes in 2008, 17 percent more than in 2007. Good weather conditions and improved price conditions were behind the rise. Through the Ghana Irrigation Development Authority, the country is preparing a new national irrigation policy strategy to enhance irrigation in the country, which includes nine projects of rehabilitation of abandoned schemes. The country also launched a rice campaign in October, to encourage producers and processors to enhance the quality of their product and consumers to give preference to local rice. Paddy output in **Guinea**, the fourth largest producer in Africa, has been officially estimated to increase by 11.3 percent to 1.466 million tonnes in 2008. As part of its efforts to enhance food security and reach rice self-sufficiency, the country is currently running a € 9 million (USD 12 million) rice project financed by the European Community in Lower Guinea. The project, which was launched in May 2007, has a duration of four years. **Mali** is also set to harvest a record crop in 2008 of 1.624 million tonnes, a 50 percent increase from the 2007 season. While crops benefited from favourable weather conditions, production has been also boosted under the Rice initiative, announced in May 2008. Part of the initiative was funded by external donors, including Canada and the Netherlands, which agreed in August 2008, to provide it an overall FCF F 3.5 billion under the first phase of the programme.

Nigeria, one of the major rice producers in the region, also recorded buoyant growth as the government mobilized to increase the availability of basic seeds and other inputs to producers. According to the official forecast, the country stands to harvest 4.2 million tonnes over the 2008 season, 31 percent above the poor results of 2007, when repeated dry spells constrained the crop. All of the gain in 2008 is set to stem from a 35 increase in yields to 1.7 tonnes per hectare, which was supported by massive imports of fertilizers. Despite its large potential, shortages of fertilizers and quality seeds have historically acted to constrain the sector's expansion. Early in 2008, the government outlined a set of measures to strengthen the rice and food sector:

- i. The suspension of all levies and duties for a period of six months, ending on 31 October 2008
- ii. The utilization of funds accruing to the Development of National Resources Account between now and 2011 to boost domestic production of food crops and

- development of agro-allied industries. The current balance in the account is Naira 80.28 billion (USD 690 million).
- iii. The provision of N10 billion from the Rice Levy Account for a credit scheme in support of local rice processing. Credit granted under this scheme will attract a 4 percent rate of interest and a repayment period of 15 years, including a five year moratorium.
 - iv. The completion of all outstanding food storage projects before the end of this year to significantly increase the capacity of the national Strategic Food Reserve.

Source: Inforiz regional- April 2008

In November 2008, the government further announced the establishment of a Naira 85 million rice development fund.

Like in the rest of the region, the season unfolded favourably in **Senegal** with abundant and well distributed rainfall and limited incidence of pests and diseases. In April 2008, the Government launched the GAONA Initiative (Grande Offensive Agricole pour la Nourriture et l'Abondance) to spur agricultural development. The support to the sector was provided mainly in the form of the timely distribution of subsidized inputs, including fertilizers, seeds and machinery. According to official forecasts, the country is expected to harvest 368 000 tonnes, a 90 percent surge from 2007.

In **Eastern Africa**, most countries have completed their 2008 paddy seasons. **Tanzania**, the major producer in the sub region is set to have harvested 1.38 million tonnes, which would entail a 2 percent decline from the very high output gathered in 2007, as yields are estimated to have fallen back to more normal levels. It is important to note the introduction, this year of a warehouse receipt system, which gives producers the possibility to deposit their rice in stores against a receipt, which they can monetize. The system allows farmers to delay the sale of their rice and avoid marketing it just after harvest, when prices are at their lowest. As prices improve, the sale is concluded and farmers get the difference between the value of the receipt and the value of the sale.

Paddy production continued to progress in **Uganda**, where the government is promoting rice cultivation. Output is now officially forecast at 180 000 tonnes, 11 percent more than in 2007. The sector has benefited since 2004 from the re-introduction, under the East Africa Community common external tariff, of a 75 percent import duty, but also of the dissemination of Nerica upland rice seeds under the government Upland Rice Project. These measures have fostered large private investment by the rice industry, including millers and traders, which have led, for instance, to the rehabilitation of the Kibimba rice irrigation scheme, now known as "Tilda".

In **Southern Africa**, a record 2008 production level of 4.9 million tonnes has been reported in **Madagascar**, which represents a 26 percent increase from 2007. Although the country was hit by three cyclones (Fame, Ivan and Jokwe) in January, February and March 2008, the impacts on the main paddy crop were limited. In addition, the country harvested a bumper secondary crop, marginal as high prices, improved access to irrigation and the dissemination of the high-yielding SIR (Système Intensif de Riziculture) technologies encouraged farmers to plant more rice over the dry season. Notwithstanding its progress,

this second crop still accounts for only a share of production. Plantings of the 2009 main paddy crop were already completed by November 2008. On 21 January 2009, the country was already hit by Fanele, a category 4 cyclone, which made a landfall on the west coast, and, two days later, by the tropical storm Eric. Although causing life losses and serious damage to infrastructure, it is still too early to gauge their impacts on standing paddy crops.

Mozambique was also affected by cyclones in 2008. The country recorded intermittent drought and flooding episodes over the season, but there was no evidence that paddy crops had suffered from the passage of tropical storms in late 2007 and early 2008, the growing period of the main paddy crop. On the contrary, the government has officially estimated output in 2008 at 223 000 tonnes, 14 percent above 2007 and a new record. Part of the achievement can be attributed to the launching, in 2008, of an ambitious Food Production Action Plan (2008/2011), aimed at boosting the food sector and, in particular, at narrowing the country's rice and wheat deficits. Early in 2009, the same cyclones hitting Madagascar also impacted Mozambique. The authorities are concerned over an intensification of storm events this year, as the country already experienced above normal precipitation as the year started, which could give rise to severe flooding problems in the coming months.

C. CENTRAL AMERICA AND THE CARIBBEAN

The passage of hurricanes depresses 2008 production prospects in Cuba and Haiti

Over the past several months, the *Central America and the Caribbean* Atlantic basin has been enduring intense tropical cyclone activity, as the period coincided with the hurricane season, which conventionally runs from 1 June and 30 November. The 2008 hurricane season started early and was characterized for being the fourth most active since 1944, with 16 storms, 8 hurricanes and 5 major hurricanes formed in the north Atlantic zone. The passage of the storms and hurricanes caused human losses and considerable damage to crops in Cuba and Haiti, also affecting the Dominican Republic, Jamaica and Mexico, but largely sparing the rest of the region. Based on the latest assessments, the 2008 paddy production forecast in the sub-region has been revised downwards somewhat and now stands at 2.49 million tonnes, 1.5 percent more than in 2007. The increase would stem from gains in **Costa Rica, El Salvador, Honduras, Mexico and Nicaragua**, which are expected to more than compensate for declines in **Cuba, Haiti and the Dominican Republic**.

Tropical storms and, especially, Hurricanes Gustav and Ike in late August and early September 2008, caused severe damage to paddy crops in **Cuba**, just before harvest time. As a result, prospects for production in the nation have been downscaled substantially, from 480 000 tonnes to 400 000 tonnes. At this level, production would be 9 percent lower than in 2007. Cuba was originally anticipated to register a 9 percent gain, in the light of the government efforts to boost food production, through an agrarian reform which had opened the private sector access to idle, state-owned, land and improved supplies of seeds and fertilizers.

Crops in **Haiti** were also devastated by four consecutive tropical cyclones, namely Fay, Gustav, Hanna and Ike, which degenerated into floods and landslides, also damaging

irrigation infrastructure. As a result, Haiti is anticipated to harvest 80 000 tonnes, 13 percent less than in 2007.

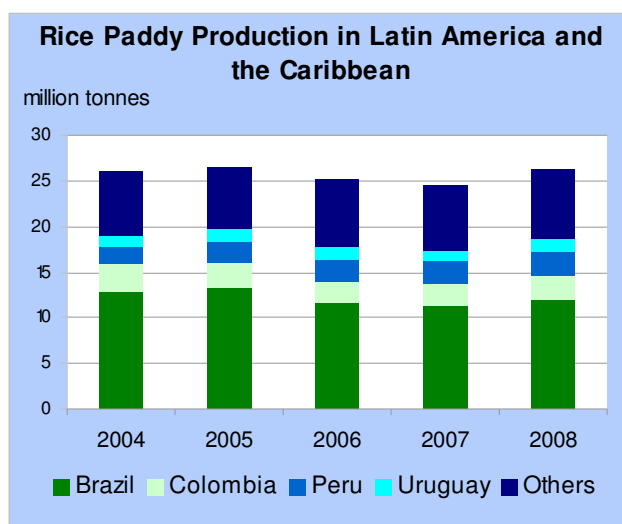
Production forecasts are also negative in the **Dominican Republic**, which may witness a 3 percent contraction to 724 000 tonnes. Much of the decline, however, was mainly a consequence of rising production costs, which depressed plantings. In addition, intense precipitation in September caused some damage to crops. In the rest of Central America and the Caribbean, **Mexico** is forecast to harvest 320 000 tonnes, 10 percent more than in the previous season, when crops were affected by floods and diseases. The increase expected for 2008 reflects an area expansion, as farmers brought idle land back into production, in response to high prices, but also a yield recovery. Likewise, in **Nicaragua**, production is anticipated to rebound from the poor 2007 season, which had suffered from adverse climatic conditions and diseases. The latest official forecast for 2008 indicate a 20 percent recovery of production to a record 323 000 tonnes.

D. SOUTH AMERICA

Extensive gains in virtually all producing countries fosters an 8 percent growth in 2008 paddy production in South America

In *South America*, the 2008 paddy season is well over, since the main crops were generally reaped over the first half of last year, while those countries growing a secondary crop harvested it around September 2008. Moreover, in the southern parts of the continent, farmers have planted their 2009 main paddy crops late last year. These are now approaching the harvest stage, due in February-March.

Since the release of the RMM in July, the 2008 production estimate for the region has been downgraded somewhat, reflecting downwards revisions for Bolivia and Brazil. Overall, 23.73 million tonnes are estimated to have been harvested in the sub-region over the 2008 paddy season, 8 percent above the relatively poor performance of the sector in 2007. Indeed, weather conditions were generally favourable, while high prices stimulated an area expansion in nearly all countries. **Brazil** was the principal country behind the region's production growth, but **Argentina**, **Peru**, **Colombia**, **Uruguay**, **Venezuela** and **Guyana** also made important contributions. Only **Bolivia** concluded the 2008 paddy season with a contraction in output.



Production in **Argentina** expanded by 16 percent in 2008 to 1.2 million tonnes, sustained by good weather conditions, which boosted yields. As for the 2009 paddy crop, this already entered the flowering stage. Despite some need for supplementary irrigation, the area planted

has been estimated to have expanded by 11 percent to 204 000 hectares. Assuming average yields, production in 2009 might rise to 1.4 million tonnes, or 12 percent above 2008. It is unclear, however, whether in the context of the heavy drought that has been prevailing in the country, water availability will be sufficient to irrigate all the area envisaged.

Bolivia is the only country in South America that is expected to face a contraction of paddy output over 2008, mainly as a consequence of a 9 percent drop of the area. Farmers attributed this retreat to the need to diversify risk, given an increased frequency of floods in rice producing states resulting in large crop losses. In that context, farmers had shifted more land to sugar cane. In addition, rice yields were also impaired by 4 percent. As a result, Bolivia gathered only 289 000 tonnes in 2008, 13 percent less than in 2007 and the lowest performance since 2002.

In 2008, **Brazil** posted the largest absolute gains in the region, as the sector recovered from two relatively poor seasons in succession. Paddy production was gauged at 12.060 million tonnes, an increase of 7 percent over 2007. Based on the results of the fourth planting survey for 2009 (corresponding to the country's 2008/09 season), CONAB anticipates little change in the overall area planted to rice for the coming season, with some increase in the highly productive State of Rio Grande do Sul compensating for some declines in states located in the North and Northeast regions. The shift in location is expected to result in a slightly higher yield at the national level, which could boost production next season by a modest 1 percent to 12.177 million tonnes in 2009.

Brazil Paddy Production by Region in 2008 and 2009 (for Brazil: 2007/08 and 2008/09 paddy seasons)									
	Area (000 ha)			Yields (kg/ha)			Production (000 tonnes)		
	2008	2009	Var %	2008	2009	Var %	2008	2009	Var %
Total	2 874.9	2874.9	0.0	4195	4236	1.0	12059.6	12177.1	1.0
North	435.8	425.2	-2.2	2351	2405	2.3	1022.5	1022.7	0.0
Northeast	709.2	696.8	-1.7	1659	1599	-3.6	1176.5	1114.5	-5.3
Centre-West	369.7	373.7	1.1	2891	2952	2.1	1068.7	1103.2	3.2
South East	94.4	87.3	-7.5	2534	2601	2.6	239.2	227.1	-5.1
South	1266.9	1291.9	2.0	6751	6742	-0.1	8552.7	8709.7	1.8

Source: CONAB – Fourth Planting Survey – January 2009

The 2008 production forecast in **Colombia** remains unchanged at 2.59 million tonnes, 7 percent above the preceding season, as remunerative prices fostered a 6 percent increase in plantings to 459 000 hectares. This is very close to the limit of 460 000 hectares, which the sector considers as the maximum rice area to keep market conditions in balance and producer prices remunerative.

Production in **Guyana** is forecast to jump by almost 15 percent, reflecting increases in area and yields. Production in 2008 is now officially forecast in the order of 526 000 tonnes, the highest level since 2003, although heavy precipitation in December 2008 may have hampered the gathering of the 2008 secondary paddy crop.

Peru is poised to harvest around 2.7 million tonnes in 2006, about 10 percent more than in 2007, as producers expanded plantings in response to high prices and improved availability of irrigation water. Much of the increase was concentrated in the pacific bordering provinces of Arequipa, Ancash, Lambayeque and Piura. As for the coming 2009 paddy season, the

relatively high profitability of rice in 2008 may result in a further expansion of plantings, an issue of concern to producer associations, which have established at 360 000 hectares the ceiling of rice plantings to keep the market into balance.

Uruguay also gathered a bumper crop of 1.3 million tonnes in 2008 in response to favourable market prospects, 16 percent larger than in 2007. The indicative price agreed between producers and the industry to regulate the sale of crop was set at US 17.28 per 50 kilos (USD 345.6 per tonne), reportedly the highest price in history. As for the 2009 crop, a precipitation shortfall combined with high temperatures at planting time, around November, is estimated to have entailed a 5 percent reduction of plantings to 160 000 hectares. The fall also reflects growing concern over the impact on producer prices of the depreciation of the Real, the currency of Brazil, which remains the major export market for Uruguay's rice producers.

Venezuela also registered a sizeable increase in production in 2008, now set to reach 1.17 million tonnes, 12 percent above the previous season's output, sustained by a 15 percent expansion of plantings. Yields, however, are expected to decline, depressed by soaring input costs and poor weather conditions in the Guarico State. In the first half of 2008, reacting to the surge of world prices, the government reiterated its commitment to reduce the country's dependence on food imports, by providing incentives to boost agriculture. The strategy relies mainly on increasing funding to small and medium size producers. Since 2007, Venezuela's paddy producers have been eligible to an official aid to compensate them for rising costs. The subsidy was first set at Bolivar 73 (USD 34) per tonne of paddy (humid, types A and B), later raised to Bolivar 85 (USD 40) per tonne in February 2008. In addition, the government, in consultation with the industry, establishes an official paddy procurement price. In November 2004, it was set at Bolivar 490 per tonne, before being raised by 1.82 percent, to Bolivar 500 per kilo in February 2006. In February 2008, the change was far more pronounced, at 44 percent, which brought the official price to 720 (USD 336) per tonne. In parallel, the official rice retail price was raised from Bolivar 1.67 per kilo to 2.18 per kilo (about USD 1 per kilo).

E. REST OF THE WORLD

Paddy production rises in the United States despite lower yields

In Oceania, **Australia's 2008 paddy crop**, which was harvested between March and May, was one of the smallest on record, at 19 000 tonnes, sharply down from the 161 000 tonnes gathered in 2007, as only 2 000 hectares could be planted due to a lack of irrigation water. This was one tenth of the previous season area and a fraction of the 57 000 hectares that were cultivated on average in the previous five years. Given its location in the southern hemisphere, Australia completed the seeding of the 2009 rice crop in October 2008. According to the official forecast released by Abare in December, water shortages again constrained the area planted to 8 000 hectares. Although this would allow output to recover to some 71 000 tonnes in 2009, a 274 percent increase from the dismal 2008 crop, it would be nowhere near the 499 000 tonne average of the previous five years.

In North America, harvesting of the **United States' paddy crop** was completed by end October. Compared with the figures released in the July 2008 RMM, the USDA has revised its 2008 production forecast slightly downwards to 9.24 million tonnes, which is still 2.7

percent above the 2007's level. The increase is a reflection of an 8 percent expansion in plantings, favoured by good expectations over prices at planting time, between April and June. Yields, however, are foreseen to fall to 7.67 tonnes per hectare, or 5 percent below their record performance in 2007, as weather conditions have been less than perfect over the season, with two hurricanes, Gustav and Ike, further damaging crops in the southern states in September. The increase in output concerned long grain rice varieties, as production of medium and short grain rice was estimated to have dropped by 9 percent compared with the previous season. Paddy producer prices continued to rise over the season, reaching USD 353 per tonne for indica, long grain varieties and USD 485 per tonne for medium and short grain varieties, up 27.9 percent and 59.4 percent, respectively, from the previous season.

United States: Paddy Production by Class		2003	2004	2005	2006	2007	2008
Long Grain Rice							
Area (harvested)	000 ha	935	1,040	1,106	885	830	951
Yield	MT /ha	7.230	7.429	7.260	7.542	7.822	7.312
Production	000 tonnes	6,759	7,729	8,033	6,672	6,496	6,954
Average farm price	USD/tonne	167.5	161.8	160.9	208.8	275.6	352.7
Medium/short Grain Rice							
Area (harvested)	000 ha	278	305	255	257	282	253
Yield	MT /ha	8.304	9.202	8.131	8.384	8.873	9.042
Production	000 tonnes	2,309	2,808	2,073	2,155	2,499	2,291
Average farm price	USD/tonne	219.1	160.7	209.2	266.8	304.2	485.0
All rice							
Area (harvested)	000 ha	1,213	1,346	1,361	1,142	1,112	1,204
Yield	MT /ha	7.476	7.831	7.423	7.732	8.088	7.676
Production	000 tonnes	9,067	10,537	10,106	8,827	8,995	9,244
Source: USDA- ERS - Rice Outlook - 12 January 2009							

In *Europe*, the outlook for production in the **European Union** (EU) in 2008 has deteriorated further in recent months, as the latest information pointed to a more pronounced fall than anticipated in Italy, the major producer in the EU. Overall output in the EU-27 (where only France, Greece, Italy, Portugal, Spain, Bulgaria, Hungary and Romania grow rice in significant amounts) is now forecast at 2.553 million tonnes, 8.2 percent less than in 2007, because of a 2.4 percent and a 4.8 percent expected decline in the area and yields, respectively. The contraction was concentrated in Italy, reflecting not only a substitution of rice with wheat at planting time, but also unfavourable growing conditions in spring and summer. Output also diminished in Spain, which faced severe drought problems at the beginning of the season.

Following the CAP Health Check², the EU agriculture Ministers, at the Farm Council in November 2008 agreed to keep until 2011 the € 75 per tonne direct aid to eligible rice farmers, subject to paddy being produced, thereby delaying the decoupling of the support to the sector until 1st January 2012 at the latest. The maintenance of coupled payments to rice producers is in recognition of the role the sector plays for the environment and biodiversity. As of 2012, the € 75 per tonne will be added to the €102 per tonne currently granted as

² COUNCIL REGULATION (EC) No 1234/2007, of 22 October 2007, establishing a common organization of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation)

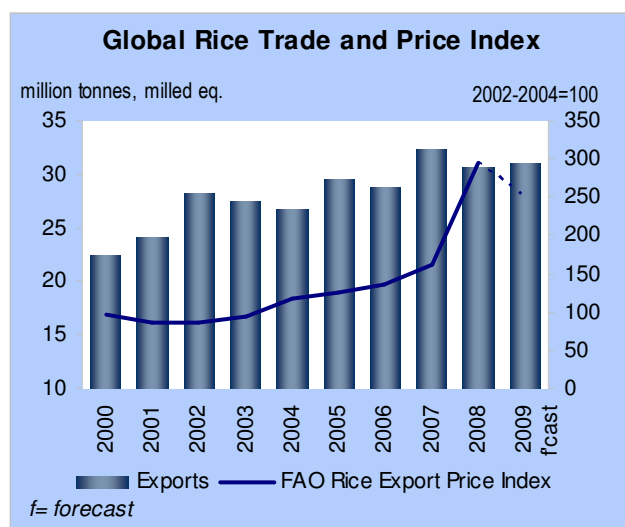
decoupled payment. Rice seed producers are to continue to be eligible to a “coupled” payment of € 172.7 per tonne for Indica rice seeds and € 148.5 per tonne for Japonica rice seeds. The revised Article 69 of the Governments, will also give individual EU’s States the possibility to channel up to 2.5 percent of their single farm decoupled payments as special (coupled) aid to specific sectors (dairy, beef, sheep and goat and rice). The Commission had also proposed to abolish the rice intervention system, which is currently triggered between 1 April and 31 July when paddy prices fall below the reference price of € 150 per tonne, and subject to a ceiling of 75 000 tonnes per annum. Although the proposal to eliminate the paddy rice intervention mechanism was not retained by the Council, the quantity eligible for intervention in 2009/10 was set at zero. This implies that, should intervention be activated, buying-in paddy prices are to be determined through tenders unless the Commission decides otherwise.

In the rest of Europe, the latest estimates point to a 4 percent production increase to 734 000 tonnes in **Russia** and to a 9 percent increase to 105 000 tonnes in **Ukraine**. Prospects are also positive in the other **former CIS Republics**, with the exception of **Kazakhstan**, which may incur a 15 percent drop to 250 000 tonnes, after the southern and eastern parts of the country endured drought at planting time.

II. TRADE IN 2009

Little change in world rice trade currently anticipated for 2009

FAO’s forecast of world rice trade in 2009, which depends to a large extent on the outcome of the 2008 paddy crops, now stands at 31.0 million tonnes, barely 200 000 tonnes more than the latest trade estimate for 2008. The increase of world imports in 2009 would be facilitated by abundant availabilities in major exporting countries, which are likely to be translated into lower prices in the course of the year. Indeed, although a number of countries still impose curbs on rice exports, their effects have been less disruptive than last year, as many traditional importers have secured abundant supplies, either through larger purchases or production in 2008. Export restrictions are also expected to be removed or smoothed in the next few months.



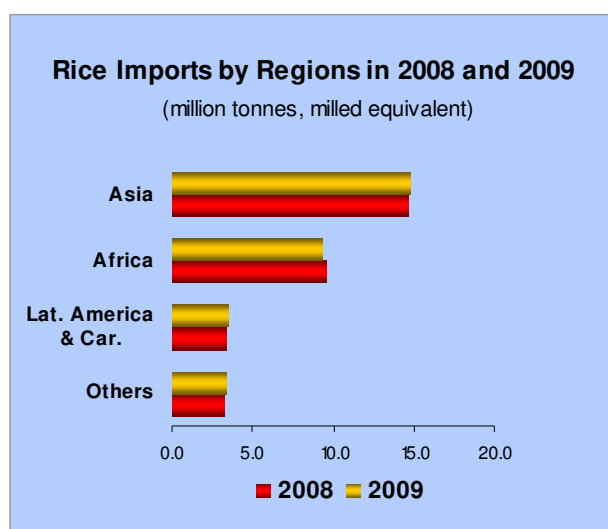
Beyond the rice market own fundamentals, the downturns of the world economy is likely to influence not only the volume but also the pattern of rice trade over 2009. For instance, as credit access becomes more difficult, certain importers may face trouble in securing supplies over the year, especially in those countries where the transactions are conducted by the private sector. Doubts concerning the financial positions of trade partners and companies responsible for facilitating the rice purchases and their transport from source to destination are further compounded by fluctuating currency and freight rates. Against this backdrop, government-to-

government barter deals are likely to become more recurrent, a trend already apparent last year. Government-to-government deals have been a traditional feature of international trade in rice more than in any other agricultural commodity, but barter transactions have gained popularity in 2008 and may continue to do so in 2009 in the context of mounting uncertainty over the evolution of economies and over policy interventions.

A. RICE IMPORTS IN 2009

Imports to Africa expected to fall for the second year in a row

Although many traditional importing countries appear to be in better supply situations than last year, world imports in 2009 are expected to reach 31.0 million tonnes, marginally above the 30.8 million tonnes estimate for 2008, but well below the 32.4 million tonne record attained in 2007. This year, demand for rice by countries intending to rebuild, or beef-up, reserves may give an important boost to the market, compensating for declines elsewhere. At the regional level, Asian countries are anticipated to import marginally more than last year, with modest increases also forecast in LAC and Oceania. More pronounced increases are prospected for countries in Europe. By contrast, the excellent 2008 production results in Africa, and possible difficulties with banks and suppliers in the completion of the transactions may well depress the level of rice imports to the continent. Rice inflows to North America are also forecast somewhat lower than in 2008.



Countries in *Asia* remain the major destination of international rice trade and are expected to absorb 48 percent of the world total in 2009, or 14.8 million tonnes, which is marginally more than estimated for 2008. However, several of the major importers, in particular **Bangladesh, Indonesia, the Philippines and Turkey** are now foreseen to cut imports, after harvesting good crops in 2008. Their reductions are expected to be more than compensated by larger purchases by **Afghanistan, China mainland, the Islamic Republic of Iran, Iraq, the Democratic Republic of Korea, Saudi**

Arabia, the United Arab Emirates and Yemen, in some cases to cover some production shortfalls but also to reconstitute the level of national food reserves.

Faced with the prospect of a sharp contraction in domestic output as a consequence of the worst drought since 2000, in **Afghanistan**, the government, together with UN agencies, has appealed for some USD 404 million to fund the supply of emergency food aid and other forms of emergency support. Overall the country is forecast to have to step imports up by 50 percent to a record 300 000 tonnes in 2009.

Amid excellent prospects for production in 2008, **Bangladesh** is forecast to cut imports of rice from an estimate of 1.7 million tonnes in 2008 to 1.1 million tonnes in 2009. Part of the supplies in 2008 originated from India, under a 500 000 tonne bilateral agreement, which bypassed India's ban on non-basmati rice exports. Over 2009, direct imports by Bangladesh's public sector are likely to be cut, as the government buys more rice locally given the excellent 2008 paddy season results. Deliveries as food aid are also forecast to drop compared with a record inflow in 2008: between January and June 2008 alone, 146 420 tonnes of rice were delivered to the country on concessionary terms, which compares with only 17 000 tonnes for the whole of 2007 and surpassing the 56 000 tonnes received in 2006, which had been the highest level since 1995. As a result, in 2009, larger share of the country's rice imports are likely to be made by private traders and on commercial terms.

Imports of rice by mainland **China** are forecast to recover in 2009 from the very low level of 296 000 tonnes estimated in 2008, possibly reaching 400 000 tonnes, which remains well short of the 5.32 million tonne volume eligible to be brought in under a 1 percent preferential tariff quota. China's rice imports are conducted by private traders and consist, to a large extent, of high quality and fragrant rice varieties.

Indonesia, which used to be one of the major rice importers in the mid-1990s, is expected to reduce its purchases in 2009 to some 200 000 tonnes, 100 000 tonnes less than estimated for 2008 and one of the lowest level on record. The excellent production performance in the past two years has virtually permitted the country to fulfil its self-sufficiency objective, while also allowing a small increase in per caput consumption to 153 kg per year and a reconstitution of rice reserves. The country is also aiming at exporting rice already this year.

Although the **Islamic Republic of Iran** continues to face difficulty in completing bank transactions, because of the UN sanctions, the country is forecast to buy 1.2 million tonnes in 2009, up from 1.05 million tonnes in 2008, to compensate for this season production shortfall. A growing share of the rice is likely to be sourced in neighbouring Pakistan, facilitated by the lifting of rice import duty in June 2008, or through government to-government deals.

Deliveries to **Iraq** are currently forecast to increase by 100 000 tonnes next year, to 1.1 million tonnes, much of which will be channelled to consumers through the wide scale rice public distribution programme on which much of the population rely to meet their food needs.

In **Japan**, imports over the 2007 fiscal year (April 2007/March 2008) were officially estimated at 643 000 tonnes, somewhat short of the amount committed under the WTO minimum import quota of 770 000 tonnes, on a husked basis, equivalent to some 700 000 tonnes of milled rice. High prices during late 2007 and the first half 2008 discouraged the government to launch import tenders. Over the 2008 fiscal year, imports were further disrupted by the finding, in September 2008, that rice tainted with the pesticide methamidophos and unfit for human consumption, had been sold to the processing food industry. One of the consequences of the scandal was the temporary suspension of a government import tender in September and a revision of import contracts. As the situation normalized subsequently and tenders resumed, the country is now set to have met its minimum import quota in 2008 of 700 000 tonnes, on a milled rice basis. A similar level is forecast for 2009.

Given prospects of a very poor 2008 paddy season, the **Democratic Republic of Korea** is anticipated to import 900 000 tonnes in 2009, 300 000 tonnes more than the current estimate for 2008. More than half of these supplies are expected to be sourced commercially or under government-to-government deals, especially with China, but also Thailand. Food aid will also be needed, but reduced supplies from the Republic of Korea and Japan may result in the country having to rely more than in the past on commercial purchases.

Although the **Republic of Korea** delayed to purchase rice in the first half of 2008, when world prices were hitting record levels, the government called for tenders in September, so as to meet its WTO minimum import quota of 287 000 tonnes. In 2009, the size of the quota is to increase to 307 000 tonnes, since, based on the WTO Agreement, imports by the Republic of Korea ought to be raised from an equivalent of 4 percent of consumption in 2004 to 8 percent in 2014. Given the excellent results of the 2008 paddy crop, the country is unlikely to import more than this commitment in 2009.

Purchases by **the Philippines**, which were officially estimated to have risen by 25 percent to 2.3 million tonnes in 2008, are now anticipated to be cut to around 2 million tonnes in 2009, reflecting good prospects for production in 2008 and attempts by the National Food Authority (NFA) to procure more rice locally. By February, the country was reported to have already agreed to buy 1.5 million tonnes from Viet Nam under a government-to-government deal, by-passing the normal tendering procedures that had contributed to the price surge early last year. Imports of rice remain for the most under the responsibility of the NFA, which has been exempted from the payment of the 50 percent import duty since 2007. Despite this provision, the NFA incurred large losses from its high-priced imports last year, as it also had to keep domestic retail prices stable and affordable through subsidized sales to vulnerable population groups.

Saudi Arabia is now forecast to import 1.3 million tonnes in 2009, up from a reduced 1.05 million tonnes in 2008, when the country faced growing difficulty to secure supplies. A higher level might even be required if the government is to double, as announced, the size of its strategic rice reserve. According to FAO, the buffer stock required to guarantee a 3 month consumption level would amount to some 350 000 tonnes. Like various other countries in Near East and Far East, Saudi Arabia has been investing in large rice development projects in foreign nations, such as Indonesia in Asia or Sudan in Africa, in a move to improve its access to external sources of food supplies.

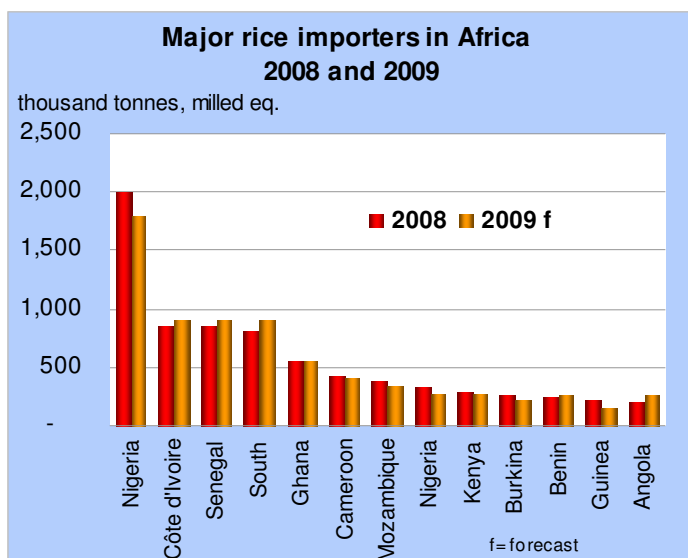
Given relatively ample rice holding in the trail of the excellent 2008 season, **Sri Lanka** is anticipated to cut its imports of rice from an estimated 90 000 tonnes in 2008 to 40 000 tonnes this year.

Imports of rice by **Turkey** were somewhat facilitated in 2008 by the concession in April 2008 of a duty free import quota of 100 000 tonnes, to be fulfilled by the Turkish Marketing Organization (TMO) by September 2009. Less than one third of that amount was reported to have been used by the TMO in 2008. Overall imports in 2008, however, are estimated to have hovered around 200 000 tonnes, up from 167 000 tonnes in 2007. Next year, the volume is foreseen to decline to 150 000 tonnes, given the excellent 2008 crop just harvested.

In the wake of the bountiful paddy crops generally harvested in 2008 across **Africa**, rice imports in the continent are anticipated to decline by 2.8 percent to 9.3 million tonnes in

2009, which, if confirmed, will be the lowest volume since 2004. In 2008, most countries in the region took action to smooth the impact of high world prices on domestic markets. Some waived or lowered import tariffs, exempted rice from the value added tax and prohibited rice exports. Although lower duties helped contain the surge in local prices of the imported rice, in many parts of the region, these remain much higher than one year ago, and even rising in some specific countries, such as Niger or Mali.

In general, the measures taken in 2008 were only temporary and most countries returned to their normal trade regimes by the end of 2008, resulting in higher import duties. These, together with better domestic crops, are behind anticipated falls of rice deliveries to the region in 2009. Sharply reduced imports are forecast for **Burkina Faso, Guinea, Mali, Mozambique** and **Nigeria**. However, several of the major importers in the region, such as the **Cote d'Ivoire, Senegal** and **South Africa**, are foreseen to increase their purchases compared with last year.



Nigeria remains the largest market in the region but also one of the most important destinations of rice trade worldwide, especially for parboiled and fragrant rice varieties with a relatively high percentage of broken. In 2008, the government waived custom duty and other charges, with effect from 7 May 2008 for six months, until September 2008. The move facilitated the import of around 2 million tonnes, which were very much needed to fill the production gap from the poor 2007 paddy season. This year, the situation has changed, as the country finds itself in a more comfortable supply situation after harvesting a bumper 2008 crop. This, along with the reintroduction of the 100 percent overall import duties, is poised to depress deliveries to 1.8 million tonnes in 2009.

After the establishment of a crisis committee in Mai 2008, **Benin** took various steps to protect consumers, which included the suspension of import duties on milled rice imports, the imposition of retail price controls on rice and, in July 2008, the opening of 87 shops offering rice and other basic food products at controlled prices. Imports to the country, which were estimated to have fallen by 11 percent in 2008, are expected to recover slightly to some 250 000 tonnes this year.

In the face of continued high domestic prices, the authorities in **Burkina Faso** agreed on 14 October 2008 to extend for another six months the suspension of tariffs and VAT on rice imports. Nonetheless, the country is set to cut imports in 2009 to 220 000 tonnes, down from 265 000 tonnes in 2008, a reflection of the good crops harvested in 2008.

By contrast, imports by **Cote d'Ivoire** are forecast to increase in 2009 to some 900 000 tonnes, up from 850 000 tonnes in 2008. The rise is expected notwithstanding the re-introduction, in January 2009, of the 10 percent custom duty that had been suspended last year. Larger imports are indeed needed to compensate for low supplies arising from the poor 2008 rice season.

Deliveries to **Senegal** (mainly consisting of fully broken rice) and **South Africa** (principally consisting of parboiled rice) are also anticipated to rise in 2009, reflecting fast growing domestic needs. In both cases, imports in 2009 are forecast in the order of 900 000 tonnes, which would represent a 6 percent increase from 2008 for **Senegal** and a 12 percent increase for **South Africa**.

Rice imports in *Latin America and the Caribbean* are now expected to hover around 3.5 million tonnes in 2009, 2.8 percent more than last year. Countries in *Central America and the Caribbean* will remain the principal destinations, absorbing 2.4 million tonnes, 100 000 tonnes more than estimated in 2008. In the sub-region, the increase would be mainly on account of to **Cuba**, **Haiti** and **the Dominican Republic**, which need to compensate for smaller 2008 crops.

In the case of **Haiti**, the bulk of the rice imports, forecast to reach some 350 000 tonnes, are likely to be in the form of food aid or sales on concessionary terms, while **Cuba** is expected to conduct the transactions on a government-to-government basis, mainly with Viet Nam. Cuba, which is set to buy 690 000 tonnes in 2009, compared with 650 000 tonnes in 2008, may also start re-importing rice from the United States this year, conditional on the relaxation by the new US Administration of the embargo that continues to hinder trade between the two countries.

Nicaragua is also foreseen to step up external purchases to 170 000 tonnes, up from 150 000 tonnes in 2008, in an attempt to contain domestic food inflation. Already last year, the government established a zero-duty import quota of 35 000 tonnes of paddy rice, in addition to 95.4 thousand tonnes of bulk rice and the 14.3 thousand tonnes of broken rice that the country agreed to import free of duty from the United States under the CAFTA-DR Regional Agreement.

By contrast, following large purchases in 2008, both **Jamaica** and **Panama** are expected to cut them over calendar 2009. Little change in imports is currently expected in **Mexico**, where they are expected to remain in the order of 500 000 tonnes.

In *South America*, rice imports in 2009 are forecast to reach some 1.1 million tonnes, a modest increase from last year. However, **Brazil** looks set to import around 600 000 tonnes, well above the relatively modest level of 431 000 tonnes officially reported for 2008, given current expectation of little, if any, growth of production over 2009 and rising domestic consumption. At the forecast level, imports are likely to be insufficient to keep per caput consumption from falling, with the weakness of the Real likely to result in rising consumer prices.

Imports by **Bolivia** and **Colombia** are also anticipated to rise this year. These increases will be partly offset by a foreseen reduction of rice deliveries to **Peru**, from 144 000 tonnes in

2008 to 100 000 tonnes in 2009, and **Venezuela**, from 180 000 tonnes in 2008 to 100 000 tonnes in 2009. In both cases, rice inflows were exceptionally high last year.

In **North America, Oceania and Europe**, the 2009 import outlooks are mixed. Under current prospects of a below-average crop in **Australia**, the country is anticipated to purchase 200 000 tonnes of rice to meet domestic demand and maintain a minimum flow of exports to traditional markets.

The USDA is also predicting a 7 percent retrenchment of exports by the **United States** to 650 000 tonnes in 2009, reflecting growing competition from other exporters and the strengthening of the US dollar, which is eroding the competitiveness of American rice in its traditional markets.

On the other hand, purchases by the **EU** are forecast to reach 1.5 million tonnes in 2009, on a calendar basis, up from 1.3 million tonnes in 2008. The increase is expected despite the imposition over the first half of the 2008/09 marketing year of the highest of the three possible duty levels for non-basmati husked rice (€30 per tonne; €42.5 per tonne; €65 per tonne) and also the highest of the two possible duty levels (€145 per tonne or € 175 per tonne) for milled and semi-milled rice. On the other hand, basmati rice from India and Pakistan are imported duty free. Over the 2007/08 marketing season, concluded on 31 August 2008, imports of Basmati rice by member States were heavily down from the previous year, reflecting much reduced purchases from India. The cut was mainly in reaction to the very high export prices from that country, following the imposition by the Indian Government of a minimum price of USD 1200 per tonne and of an export cess of about USD 200 per tonne. Basmati rice imports from Pakistan remained fairly stable around the 2006/07 level. Much of the decline reflected reduced deliveries to the United Kingdom the major EU market for basmati rice, which imported less than half the volume it did in 2006/07.

European Union: Basmati Rice Imports by State (tonnes) – Marketing year (1 Sep. – 31 Aug.)									
	From India and Pakistan			From India			From Pakistan		
	2005/06	2006/07	2007/08	2005/06	2006/07	2007/08	2005/06	2006/07	2007/08
Total EU	270,730	323,496	198,305	217,630	284,930	159,915	53,100	38,567	38,391
Belgium	18,597	19,338	15,077	18,597	19,338	8,117	0	0	6,960
Germany	18,946	24,502	18,858	18,104	23,253	17,141	843	1,249	1,717
Greece	2,456	1,175	935	856	1,079	767	1,600	96	168
Spain	6,116	14,335	15,769	6,066	10,724	7,957	50	3,611	7,813
France	14,818	30,803	33,962	14,818	28,392	31,494	0	2,411	2,469
Italy	33,051	32,313	12,464	27,167	26,326	9,006	5,884	5,987	3,457
Netherlands	40,047	36,969	26,795	28,059	34,218	25,063	11,988	2,751	1,732
Austria	19	28	20	19	28	20	0	0	0
Poland	0	0	0	0	0	0	0	0	0
Portugal	336	2,208	887	336	2,208	887	0	0	0
Sweden	3,757	3,663	3,076	1,155	1,365	612	2,603	2,298	2,464
United Kingdom	132,587	158,116	70,464	102,454	137,998	58,853	30,134	20,117	11,611

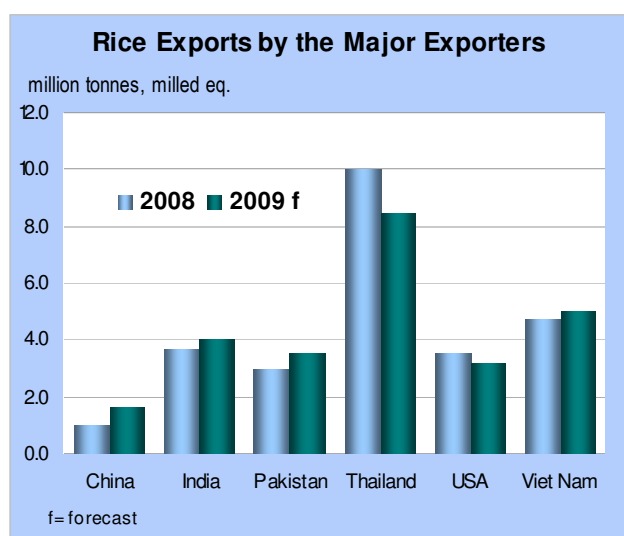
Source: EU Commission, based on issued import certificates communicated by member states

Although of lesser importance for rice than for maize or soybeans, the EU has been considering a proposal to raise the level of tolerance of GMO material in food and feed

consignments from the current 0.9 percent threshold, above which they should be labelled as genetically modified. Such move could be relevance also to the importation of rice, which was disrupted in 2007 by the finding of traces of GM rice in rice shipments from the United States. More recently, in April 2008, some GM (Bt63) rice was also identified in rice deliveries from China to the EU.

B. RICE EXPORTS IN 2009

Rice export supplies likely to be ample in 2009, but policies in major exporting countries may restrict their availability for trade



Generally good crops in the major exporting countries in 2008 are expected to result in of large availabilities for trade, which would facilitate a small increase in global rice exports to an anticipated 31.0 million tonnes in 2009, at lower prices than those prevailing in 2008. However, among the major world rice suppliers, both India and Egypt still maintain export restrictions, as fears of food inflation in those countries have not yet waned. The curbs are expected to be lifted either in April or May 2009, which would further ease the world supply and demand balance.

Although globally, the outlook for trade does not show much change compared with the 2008 estimate, several countries are anticipated to incur some cut in their rice exports in 2009, including **Brazil, Cambodia, Thailand and the United States**. The shortfalls are expected to be more than offset by increased deliveries by **China, India, Myanmar, Pakistan, Viet Nam and Egypt**.

Brazil, a rice net importer, has managed to export sizeable quantities of rice since 2005, even surpassing 500 000 tonnes in 2008. In 2009, less attractive world prices along with stagnating production and rising domestic needs may hinder the ability of the country to sell rice abroad. The current export outlook therefore points to a substantially lower level of sales of 300 000 tonnes in 2009, still high for the country's standards.

Based on FAO's current expectation, **Cambodia** is foreseen to export 1.1 million tonnes of rice next year, 400 000 tonnes less than in 2008, as competition from other major suppliers is likely to intensify. However, the country is consolidating as an important origin of rice trade, a position likely to strengthen over the next few years. Part of Cambodia's exports are being channelled through Viet Nam and Thailand, but direct sales to foreign markets have been rising, in particular to countries in Near East, which have made large investments in Cambodia's rice sector. The government has claimed it could dispose of up to four million

tonnes of rice for export this year, but this would require overcoming logistic problems that are still hampering the sector in the country, from milling to shipping.

The 2008 bumper season and reduced food inflation are expected to enable **China mainland** to increase its deliveries in 2009 to 1.5 million tonnes. This is substantially above the 969 000 tonnes shipped in 2008, when sales were subject to a 5-10 percent tax imposed in December 2007. With exports of grains under full government control, the slower pace of rice shipments in 2008 was also a decision of the central authorities, concerned on stabilizing domestic prices. The export tax was lowered to 3 percent in November 2008, which would facilitate the export recovery this year. However, this assumes world prices do not tumble, which would make export subsidies necessary to keep Chinese rice competitive. Indeed, the official paddy procurement prices in 2008, converted into a milled rice basis, hovered around USD 355 per tonne. After the rise announced in January 2009, paddy procurement prices would be even higher at some USD 415 per tonne.

Outside of Asia, **Egypt** is anticipated to export 700 000 tonnes, up from 500 000 tonnes in 2008. Although the ban on rice exports is still in place, its suspension is scheduled on 1 April 2009. The government, however, is expected to replace the ban with a hefty export tax, in an attempt to avert sudden increases in domestic prices, as inflation continues to be a major concern.

After harvesting a record Kharif crop in November, **India** has relaxed some of the restrictions it had imposed on exports in 2008, which could boost exports from an estimated 3.7 million tonnes in 2008 to 4.0 million tonnes this year. Already on 15 October 2008, the government had allowed exports of the non-basmati, Pusa 1121 variety, an aromatic, long grain, not formally recognized as part of the Basmati family, conditional on their registration with APEDA and on shipment from selected ports. Exports of Pusa were made also subject to the minimum export price of USD 1 200 per tonne, plus a cess of Rupee 8 000 (USD 180) per tonne applied on basmati rice exports. On 20 January 2009, the export duty was eliminated and the minimum export price lowered from 1 200 to 1 100 per tonne for all Basmati rice, including Pusa. However, as of February 2009, the export of common rice is still barred. It is noteworthy that, in spite of the ban, which was imposed in April 2008, India still ranked third among exporters in 2008. Indeed, besides the sales of basmati rice conducted by private traders, the country engaged, through the State Trading Corporation of India (STC) and mostly on humanitarian grounds, in various government-to-government export transactions, which involved non-fragrant rice varieties.

Among smaller rice exporting countries, government officers in **Indonesia** have declared the country would have a surplus of more than 1 million tonnes for export this year, with some sales already agreed with neighbouring countries, such as Malaysia, the Philippines and East Timor. However, FAO's is only forecasting exports to reach some 200 000 tonnes in 2009. Even that relatively low level requires world rice prices to remain attractive. High production costs and fears of inflation may indeed deter the government to issue permits for larger volumes. Unlike for imports, the private sector can participate in the exportation of higher quality rice, which excludes husked rice and milled rice with more than 25 percent broken.

In June 2008, in the midst of the soaring price episode, **Japan's** Prime Minister pledged to put 300 000 tonnes of rice imported under the WTO minimum import quota on the world market.

The proposal, the terms of which were not clearly defined, was presented for consideration by the United States, one the country that had originally sold the rice to Japan. Eventually, however, no transaction was made against that pledge, probably because of the rapid evolution of the global situation over the second half of 2008, when the upward pressure on prices subsided. As a result, exports from Japan, delivered in the form of food aid, are estimated to have remained in the order of 200 000 tonnes in 2008, a level likely to be maintained also in 2009.

Despite the negative consequences of cyclone Nargis landfall on **Myanmar's** paddy production in 2008, the government announced in November the lifting of the export ban it had introduced in May. Along with that ban, export permits were suspended under "force majeure, constraining exports over 2008 to some 200 000 tonnes. The resumption of export permits and a better 2008 output than previously anticipated are behind a forecast rebounding of sales in 2009 to 400 000 tonnes. Of these, 100 000 tonnes were agreed to be delivered on an annual basis to Bangladesh under a bilateral agreement clinched in early October 2008.

Reflecting the recent large 2008 paddy harvest, **Pakistan** is also forecast to have sufficient excess supplies in 2009 to step up its exports beyond the 3.0 million tonnes exported last year. This relatively good performance was in spite of the temporary application of a minimum export price (MEP) of USD 750 per tonne for Irri-6 varieties, USD 1300 per tonne for Basmati rice and of USD 1500 per tonne on Super Basmati. The MEP on ordinary rice was suspended on 23 August 2008, with immediate effect, a move that was extended to all types of rice in November. As for 2009, the government announced that the country could export up to 4.1 million tonnes. However, with less attractive world prices expected to prevail, FAO's export forecast has been set at 3.5 million tonnes in 2009, close to the record levels sold in 2005 and 2006. Recent heavy rainfall in the Sindh has also impaired some of the crops that were already harvested but improperly stored, which may further constrain exports this year.

In **Thailand**, the new government that took office early this year appears to sustain the policy stance of the previous administration to guarantee high prices to producers. As a result, Thai export prices are likely to continue exceeding those of its main competitors, which is likely to depress sales from the country from the 9.97 million tonnes officially exported in 2008 to 8.5 million tonnes this year. It is noteworthy, that in an attempt to avert sharp declines in export prices, the new government has recently reiterated the call for a closer collaboration among major exporters, with the objective to stabilize world prices and prevent them from falling below economic levels.

The strengthening of the US dollar in recent months is also eroding the **United States** competitive edge on the international market, which could well depress its shipments over 2009 to 3.2 million tonnes, down from 3.5 million tonnes in 2008. The decline is likely to stem from lower sales of long grain indica rice, while exports of medium grain, Japonica, rice may thrive also this year. Indeed, production in Australia is likely to remain well below average while, in Egypt, the government appears still reluctant to remove all export restraints, which means the United States will continue to stand as one of the few open sources of Japonica rice in 2009.

In the light of the excellent 2008 paddy harvest, **Viet Nam** may expand sales next year by 6 percent to 5.0 million tonnes. Concerns over domestic rice supplies and prices led the

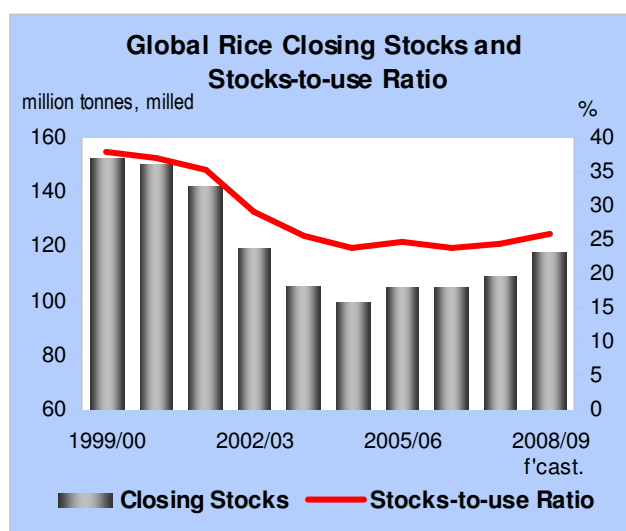
government to impose a variable tax on rice exports in July 2008, which increased proportionally with prices. The system was first simplified in August, when the export tax was applied only on shipments of rice priced USD 800 per tonne or more, and then eliminated on 19 December. However, the prices of export contracts continue to be subject to government screening to ensure they do not fall below a minimum level.

Uruguay's exports in 2009 are now set to remain in the order of 800 000 tonnes in 2009, the same as last year. However, the weakness of the Real currency in Brazil, which is still the most important rice outlet of Uruguay, is likely to make access to that market more difficult this year, so a large portion is anticipated to be directed to other destinations, especially in Europe and in the Near East.

III. RICE STOCKS

Global Rice Stocks in 2009 expected to reach their highest level since 2002

One of the outcomes of the excellent 2008 paddy crops is expected to be a strong rebuilding of world rice reserves carried over 2009, which are now forecast to reach 118 million tonnes, in milled rice equivalent, the highest level since 2002 and 9 million tonnes more than in 2008. This stock forecast is also much larger than anticipated last July, when prospects over production were less buoyant. The estimate of global reserves in 2008 was also subject to a 2 million tonne upward adjustment.



The revisions to the forecast of world rice stock carried over at the close of marketing seasons in 2009 mainly concerned Asian countries, in particular: **Bangladesh** (+650 000 tonnes), **China mainland** (+5 million tonnes), **India** (+1.5 million tonnes), **Indonesia** (+200 000 tonnes), **Japan** (+400 000 tonnes), **Republic of Korea** (+310 000 tonnes), **Pakistan** (+200 000 tonnes), **Saudi Arabia** (+140 000 tonnes), and **Viet Nam** (+200 000 tonnes). In the other regions, the overall forecast of carryovers in Africa was raised by some 330 000 tonnes, mainly on account of **Egypt** and **Madagascar**; by some 150 000 tonnes in North America, on account of the **United States**; and by some 200 000 tonnes in LAC, mainly on account of **Venezuela**.

All of the 9 million tonne increase in stocks is expected to be concentrated in the developing countries, which are forecast to hold a carryover of 115 million tonnes in 2009, up from 106 million tonnes in 2008. By contrast, developed economies are anticipated to cut inventories by 11 percent to 3.0 million tonnes, the lowest level in the decade. Globally, reserves in 2009 would be sufficient to cover 25.8 percent, or roughly three months, of planned utilization in 2009, higher than the 2008 stock-to-use ratio of 24.4 percent. The higher value of the ratio is

indicative of an improved level of global rice food security, which, however, does not preclude shortages at the national or sub-national levels.

From a trade status perspective, the accumulation of rice inventories would be happening mainly among **exporting nations**, inclusive of India and China, which keep the largest rice reserves. As a group, stocks held by exporting countries are forecast to reach 98 million tonnes in 2009, 8 million tonnes more than last year. The bumper rice season in **China**, in particular, is anticipated to boost the country's rice inventories to 64 million tonnes, 5 million tonnes more than last year. Similarly, **India** is set to hold 18 million tonnes in 2009, up from 16 million tonnes, also reflecting the good results of the 2008 paddy season and the reduction in shipments in 2008. Through the Food Corporation of India, the government is reported to have procured record volumes of rice, much of which is needed for the public distribution system. As a result, public carryover stocks by the end of the country's rice marketing year on 1 October 2009, are likely to surpass the 6.5 million tonnes held in public stores a year earlier. Similarly, **Thailand's** rice inventories are expected to be boosted by large government purchases under the pledging programme. By the end of December 2009, 4 million tonnes had been procured under the scheme, with some older stocks released to private traders through tenders. By the end of the marketing season, Thai carryover reserves are forecast to reach 4.8 million tonnes, up from 4 million tonnes last year. Increases are also foreseen in **Egypt, Pakistan** and **Viet Nam**, but a fall is currently foreseen in **Australia** and the **United States**. The large losses incurred by **Myanmar** after the passage of cyclone Nargis are also anticipated to reduce the country's reserve by 20 percent to 4 million tonnes.

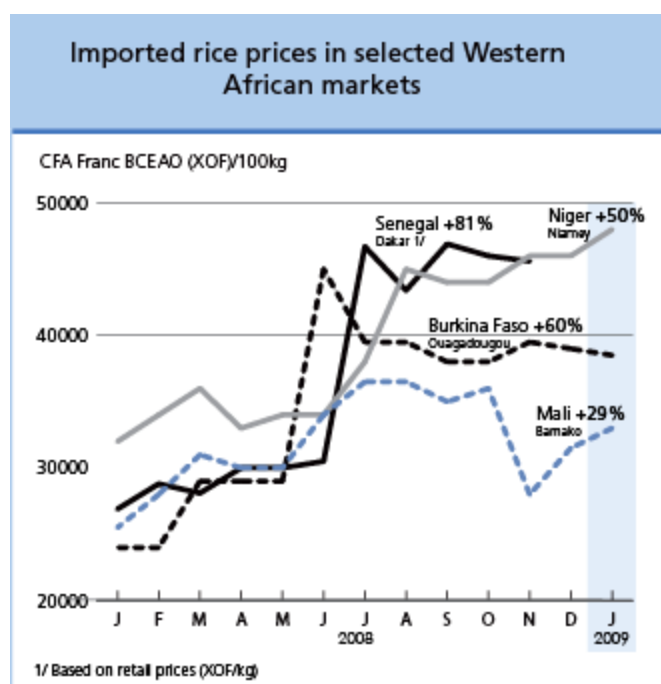
Overall, traditional **importing countries** are also forecast to replenish their reserves by over 1 million tonnes to some 20 million tonnes. The build-up is partly a reaction to the high prices last year, which have somewhat eroded confidence over world trade, prompting several governments to call for a reconstitution of national food reserves and for the maintenance of larger buffer stocks. For instance, **Malaysia** has announced the intention to raise the level of the public rice reserves from the minimum 300 000 tonnes to 500 000 tonnes. **Indonesia** is now forecast to hold 3.4 million tonnes at the close of the marketing year, up from 2.8 million tonnes in 2008, reflecting the large crop harvested in 2008. The **Philippines**, follows the policy to hold, through the NFA, a normal rice inventory equivalent to 15 days of domestic consumption and to 30 days during the lean months, from July to September. Overall, the country's 2009 carryover stocks are now forecast in the order of 2.1 million tonnes, unchanged from the previous year. Among other importing countries, a sizeable rebuilding of stocks is expected in the **Republic of Korea**, the **Chinese Province of Taiwan**, **Sri Lanka**, **Saudi Arabia** and the **United Arab Emirates**, but also in **Madagascar**, **Mali**, **Peru** and **Venezuela**. On the other hand, stocks are expected to be downscaled in **Japan**, the **Islamic Republic of Iran**, **South Africa**, **Nigeria** and **Brazil**.

IV. RICE UTILIZATION

Higher per caput rice consumption estimated in 2008 despite rising prices and in 2009

Rice utilization encompasses rice consumed as food, the small volumes that are fed to animals and other end-uses, which include paddy seeds, rice products utilized by the non-food industry (such as rice starch in paper manufacturing) and, especially, post harvest losses, which may absorb up to 20 percent of production in countries with poor storage facilities.

In 2008, global rice utilization (largely relying on rice produced over the 2007 season) is estimated to have risen by 2.4 percent to 438 million tonnes, in milled equivalent, on the back of a 1.8 percent expansion of world consumption as food to 379 million tonnes, while smaller volumes are estimated to have been utilized for feed. All other applications absorbed 47 million tonnes, substantially higher than in the previous year, with part of the increase stemming from the large losses caused by the passage of cyclone Nargis to rice already harvested in Myanmar. Despite the high prices prevailing in 2008, average per caput food consumption is estimated to have slightly increased to 57.0 kilo per year, up from 56.9 kilo in 2007. This reflected gains in the developing countries, where average consumption per person was gauged at 68.7 kilo in 2008, compared with 68.4 kilo in 2007. By contrast, it was estimated to have fallen from 12.6 kilo to 12.2 kilo in the developed countries, where families buy most of the rice they consume.



At the regional level, per caput food consumption is estimated to have risen by a modest 0.7 percent in Asia, to 83.4 kilo in 2008, fallen in LAC to 29.7 kilo, while remaining in the order of 22.5 kilo in Africa. Within the latter, however, West African consumers are estimated to have cut their rice rations by over 3 percent, to 37.8 kilo, in response to the high prices that prevailed for most of 2008. In January 2009, imported rice prices were still more than 50 percent above their January 2008 level in certain locations. This is in spite of a number of measures taken by government to keep rice affordable. Consumers in Europe, Oceania and North America are also estimated to have consumed less rice per person in 2008.

Based to a large extent on current estimates of production in 2008 and trade in 2009, **global rice utilization in 2009** looks set to reach some 448 million tonnes, 2.2 percent more than in 2008. Much of increase would be fuelled by larger world food consumption, now forecast to

increase by 1.8 percent to 386 million tonnes. On a per caput level, this would ensure an average level of food intake of 57.3 kilo per year, a small 0.5 percent from 200

8. Over the year, however, much would depend on prices and on the evolution of the economies now threatened to incur a severe downturn. In the case of rice, the impact of falling incomes may well be positive, as household turn to more basic staple foods, including rice, at the expense of more expensive livestock products, such as milk or meat. On a per caput food level, FAO's present outlook points to a modest increase of consumption in Asia, with more pronounced gains expected in Africa, in particular western Africa, Europe and North America. By contrast per caput rice intake may continue falling in LAC and Oceania.

V. RICE INTERNATIONAL PRICES

International rice prices sharply down from their May 2008 peak levels but government policies help cushion the decline

FAO Rice Price Indices					
	All	Indica		Japonica	Aromatic
		High quality	Low quality		
2002-2004 = 100					
2004	118	120	120	117	110
2005	125	124	128	127	108
2006	137	135	129	153	117
2007	161	156	159	168	157
2008	295	296	289	315	251
2008 January	193	184	202	189	203
February	213	210	232	195	225
March	250	257	290	206	243
April	321	349	394	237	272
May	372	411	437	296	289
June	370	386	395	358	278
July	352	369	359	357	269
August	329	335	293	381	260
September	313	302	269	389	252
October	291	275	225	388	242
November	269	239	188	391	237
December	266	237	178	391	237
2009 January	271	240	192	392	239
2008 Jan	193	184	202	189	203
2009 Jan.	271	240	192	392	239

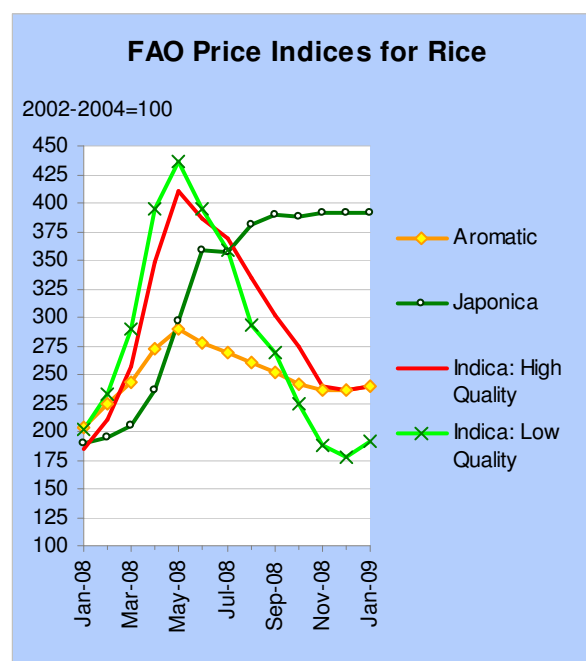
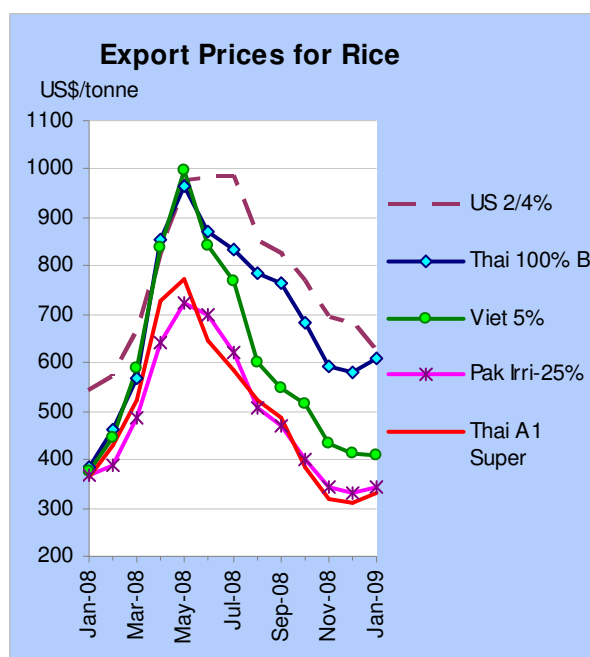
Source : FAO

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

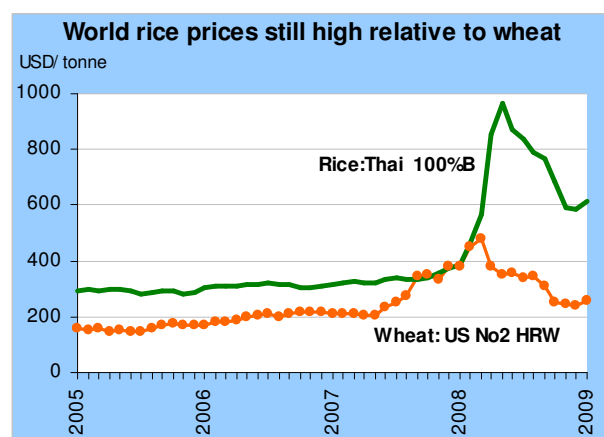
Since reaching nominal highs in May 2008, international rice prices have shown a definite tendency to weaken. The decline has been more pronounced since October, when world import demand started to falter and it was becoming clear that the major producers in the Northern Hemisphere were heading towards record 2008 harvests. The tendency resulted in steady monthly falls of the FAO All Rice Price Index (2002-2004=100)³, which lost 106 basis points, passing from 372 in May 2008 to 266 in December 2008. On a yearly base, however, the Index averaged 295, still 84 percent above the 2007 average. In January 2009, world rice prices rebounded somewhat, lifting the index by five basis points to 271.

³ The FAO Rice Price Indices have all been rebased to the 2002-2004 period to be consistent with the base period of other agricultural commodity price indices, which are components of the FAO FOOD PRICE INDEX (<http://www.fao.org/worldfoodsituation/en/>)

The sudden reversal of the tendency in January 2009 was partly triggered by an announced 1.5 million tonne sale of 25 percent broken rice from Viet Nam to the Philippines under a government-to-government deal. Although the transaction helped strengthen the Low Quality Indica rice price most, this is the only rice group whose prices have now fallen below the levels of one year ago. Prices of all the others types of rice remain substantially above January 2008 levels, including prices of the High Quality Indica, prices of Aromatic rice and, especially, prices of Japonica rice, which were still quoted at twice their level one year ago, largely reflecting restrained supplies, in absence of Egypt and Australian exporters from the market.



Among the various sources of supply, export prices in Thailand have held better, because of the large procurement purchases conducted by the Government under the pledging scheme, which by end-January 2009 had withdrawn around 5 million tonnes from the market. The programme has particularly sustained the prices of the higher quality rice (parboiled and fragrant rices included), but had only limited positive impacts on the low quality, fully broken A1 Super rice. Export prices in the other major exporting countries, including Pakistan, the United States and Viet Nam, have experienced steeper declines. One effect of these relative movements has been a narrowing of the differential between prices in Thailand and in the United States, which has seen the price ratio between the US N.2 4% long grain and the Thai White Rice 100% B price falling from 1.41 in January 2008 to 1.02 in January 2009.



Although falling, world rice prices continue to exceed their level of one year ago, mainly because of the various programmes that are being implemented in China Mainland, Thailand, Pakistan or Viet Nam, all geared towards sustaining producer or export prices. The maintenance of export restrictions in India and Egypt has so far also averted a more drastic drop in prices. Such policies largely explain the resilience of international rice prices if compared with world prices of other cereals, especially wheat, which have virtually returned to levels prevailing before prices started their surge in 2007.

Yet, whether world rice prices could stabilize around present levels is questionable. Based on current prospects of ample world supplies relative to demand in 2009, the market would need to balance at lower prices. This is especially so if the downturn of the economies stifles effective demand. However, given the rise of average production costs in 2008 and the relatively high prices offered under government procurement programmes, world quotations under USD 400 per tonne for top quality white rice would result in severe losses to producers and to the public sector of the exporting countries while also hampering policies in pursuance of self-sufficiency of many importing nations. It is in this context that the government of Thailand is renewing its efforts to strengthen collaboration with other major exporters to keep world prices from falling below economic levels and has proposed to hold on its territory a larger stock as part of the Asean food security reserve.

Thus, after a difficult 2008, characterized by soaring prices of rice and other commodities, including fuel and fertilizers, governments are facing different but even more demanding circumstances in 2009. If last year they had to intervene on two conflicting fronts, both to stimulate rice production and to keep rice affordable to consumers, they may face even greater challenges in 2009 in the context of the severe global economic slowdown. Indeed, although the easing of world rice market conditions is expected to bring down prices, which is good news for consumers, their access to rice supplies may not improve in the face of deteriorating incomes and rising job insecurity. In this context, governments may again have to take action, this time to sustain rice producer prices while also protecting the purchasing power of their populations, at a moment when demands for public help from other sectors are quickly intensifying.

EXPORT PRICES FOR RICE													
	Thai White 100% B Second grade	Thai Parboiled 100%	U.S. Long Grain 2,4%	Viet 5%	Thai 25%	India 25%	Viet 25%	Pak 25%	Thai A1 Super 1/	U.S. California Medium Grain 2/	Egypt Short Grain, Grade 2,5% 178 Camolino	Pak Basmati Ordinary	Thai Fragrant 100%
	<i>(US \$/tonne, f.o.b.)</i>												
2004	244	247	372	224	225	n.a.	212	230	207	493	317	468	443
2005	291	285	319	255	259	236	239	235	219	418	327	473	404
2006	311	300	394	266	269	247	249	230	217	512	353	516	470
2007	335	332	436	313	305	292	294	290	275	557	404	677	550
2008	695	722	782	614	603	n.a.	553	498	506	913	n.a.	1077	914
2008													
January	385	389	544	377	368	345	357	369	365	590	479	888	643
February	463	490	572	444	455	n.a.	430	388	431	595	490	1040	748
March	567	607	671	588	540	n.a.	555	488	522	595	587	1100	837
April	853	874	820	838	787	n.a.	755	641	727	758	n.a.	1100	1104
May	963	1037	978	996	869	n.a.	863	723	772	926	n.a.	1100	1210
June	870	937	985	843	764	n.a.	791	700	645	963	n.a.	1100	1096
July	835	872	985	770	715	n.a.	739	620	583	1036	n.a.	1100	1021
August	787	826	853	599	658	n.a.	548	508	525	1061	n.a.	1100	943
September	764	776	826	546	626	n.a.	489	472	487	1119	n.a.	1100	899
October	683	670	770	517	538	n.a.	431	400	385	1113	n.a.	1100	835
November	591	584	695	434	464	n.a.	352	342	320	1102	n.a.	1100	810
December	582	597	683	414	454	n.a.	323	330	310	1102	n.a.	1100	820
2009													
January	611	664	625	407	471	n.a.	360	342	332	1102	n.a.	1100	876
2008 Jan.	385	389	544	377	368	345	357	369	365	590	479	888	643
2009 Jan.	611	664	625	407	471	n.a.	360	342	332	1102	n.a.	1100	876

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

1/ White broken rice. 2/ Up to August 2005 U.S. medium grain No.2, 4%; since September 2005 onwards No. 1, maximum 4-percent broken, sacked, California mill.

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

WORLD PADDY PRODUCTION			
	2006	2007	2008
		(estimated)	(forecast)
	<i>million tonnes</i>		
WORLD	642.1	659.9	683.2
Developing countries	617.3	635.5	659.3
Developed countries	24.7	24.3	23.8
ASIA	581.4	600.3	618.0
Bangladesh	41.0	43.4	45.0
Cambodia	6.3	6.7	6.8
China	183.3	187.4	194.6
of which Taiwan Prov.	1.6	1.4	1.6
India	140.0	144.6	147.0
Indonesia	54.5	57.2	60.3
Iran, Islamic Rep. of	2.6	2.8	2.6
Japan	10.7	10.9	10.5
Korea Rep. of	6.3	6.0	6.5
Myanmar	30.9	31.5	30.5
Pakistan	8.2	8.3	9.8
Philippines	15.5	16.6	16.9
Sri Lanka	3.3	3.1	3.9
Thailand	29.6	32.1	31.2
Viet Nam	35.8	35.9	38.6
AFRICA	22.0	22.3	26.2
North Africa	6.8	6.9	7.3
Egypt	6.8	6.9	7.2
Sub-Saharan Africa	15.3	15.4	19.0
Western Africa	9.4	8.9	11.4
Côte d'Ivoire	0.7	0.6	0.7
Guinea	1.3	1.3	1.5
Mali	1.1	1.1	1.6
Nigeria	4.0	3.2	4.2
Central Africa	0.4	0.4	0.4
Eastern Africa	1.6	1.8	1.8
Tanzania	1.2	1.4	1.4
Southern Africa	3.8	4.2	5.3
Madagascar	3.5	3.9	4.9
Mozambique	0.2	0.2	0.2
CENTRAL AMERICA	2.5	2.5	2.5
Cuba	0.4	0.4	0.4
Dominican Rep.	0.7	0.7	0.7
Mexico	0.3	0.3	0.3
SOUTH AMERICA	22.8	22.0	23.7
Argentina	1.2	1.1	1.2
Brazil	11.7	11.3	12.1
Colombia	2.3	2.4	2.6
Peru	2.4	2.5	2.7
Uruguay	1.3	1.1	1.3
NORTH AMERICA	8.8	9.0	9.2
United States	8.8	9.0	9.2
EUROPE	3.5	3.6	3.4
EU 2/	2.6	2.8	2.6
OCEANIA	1.1	0.2	0.0
Australia	1.0	0.2	0.0

FOOTNOTES:

Totals computed from unrounded data.

1/ Highly tentative.

2/ EU-25 until 2006, EU-27 from 2007.

WORLD IMPORTS OF RICE			
	2007	2008	2009 ^{1/}
		(estimated)	(forecast)
	<i>million tonnes, milled eq.</i>		
WORLD	32.4	30.8	31.0
Developing countries	27.6	26.0	25.9
Developed countries	4.8	4.8	5.2
ASIA	15.7	14.6	14.8
Bangladesh	1.4	1.7	1.1
China	1.0	0.8	0.9
of which Taiwan Prov.	0.1	0.1	0.1
Indonesia	1.8	0.3	0.2
Iran, Islamic Rep. of	1.1	1.1	1.2
Iraq	0.8	1.0	1.1
Japan	0.6	0.7	0.7
Malaysia	0.8	1.0	0.8
Philippines	1.8	2.3	2.0
Saudi Arabia	1.2	1.1	1.3
Sri Lanka	0.1	0.1	0.0
AFRICA	10.1	9.6	9.3
Côte d'Ivoire	0.8	0.9	0.9
Nigeria	1.9	2.0	1.8
Senegal	1.0	0.9	0.9
South Africa	1.0	0.8	0.9
CENTRAL AMERICA	2.3	2.3	2.4
Cuba	0.7	0.7	0.7
Mexico	0.6	0.5	0.5
SOUTH AMERICA	1.0	1.1	1.1
Brazil	0.7	0.4	0.6
Peru	0.1	0.1	0.0
NORTH AMERICA	1.0	1.0	1.0
Canada	0.3	0.3	0.3
United States	0.7	0.7	0.7
EUROPE	1.7	1.8	2.0
EU 2/	1.1	1.3	1.5
Russian Fed.	0.2	0.3	0.3
OCEANIA	0.4	0.4	0.5

WORLD EXPORTS OF RICE			
	2007	2008	2009 ^{1/}
		(estimated)	(forecast)
	<i>million tonnes, milled eq.</i>		
WORLD	32.4	30.8	31.0
Developing countries	28.9	26.8	27.2
Developed countries	3.5	4.0	3.7
ASIA	25.9	24.4	24.7
China	1.4	1.0	1.6
of which Taiwan Prov.	0.0	0.0	0.1
India	6.2	3.7	4.0
Myanmar	0.0	0.2	0.4
Pakistan	2.6	3.0	3.5
Thailand	9.6	10.0	8.5
Viet Nam	4.6	4.7	5.0
AFRICA	1.2	0.5	0.7
Egypt	1.2	0.5	0.7
SOUTH AMERICA	1.9	2.1	2.0
Argentina	0.4	0.4	0.5
Guyana	0.3	0.2	0.2
Uruguay	0.8	0.8	0.8
NORTH AMERICA	3.0	3.5	3.2
United States	3.0	3.5	3.2
EUROPE	0.2	0.2	0.3
EU 2/	0.2	0.2	0.2
OCEANIA	0.1	0.1	0.1
Australia	0.1	0.1	0.1

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

	CHINA 2/ 3/			INDIA 2/		
	(Oct./Sep.)			(Oct./Sep.)		
	2006/2007	2007/2008	2008/2009 ^{5/}	2006/2007	2007/2008	2008/2009 ^{5/}
		prelim.	fcast		prelim.	fcast
	(..... thousand tonnes)			(..... thousand tonnes)		
Opening Stocks	56085 F	56335 F	58275 F	11600 F	12300 F	16200 F
Production 1/	125614 G	128429 G	133391 *	93350 G	96430 G	98000 F
Imports	600 F	426 F	530 F	50 F	50 F	50 F
Total Supply	182299	185189	192196	105000	108780	114250
Domestic Use	124592	125915	126871	86455	88880	92250
Exports	1373 F	999 F	1570 F	6245 G	3700 F	4000 F
Closing Stocks	56335 F	58275 F	63755 F	12300 F	16200 F	18000 F
	PAKISTAN 2/			THAILAND 2/		
	(Nov./Oct.)			(Nov./Oct.)		
	2006/2007	2007/2008	2008/2009 ^{5/}	2006/2007	2007/2008	2008/2009 ^{5/}
		prelim.	fcast		prelim.	fcast
	(..... thousand tonnes)			(..... thousand tonnes)		
Opening Stocks	150 F	400 F	250 F	5500 F	4350 F	4000 F
Production 1/	5438 G	5559 G	6543 G	19623 G	21250 G	20660 G
Imports	1 F	1 F	1 F	200 F	150 F	200 F
Total Supply	5589	5960	6794	25323	25750	24860
Domestic Use	2609	2695	2894	11416	11781	11810
Exports	2580 G	3015 G	3500 F	9557 G	9969 G	8500 F
Closing Stocks	400 F	250 F	400 F	4350 F	4000 F	4550 F
	UNITED STATES 4/			VIET NAM 2/		
	(Aug./Jul.)			(Nov./Oct.)		
	2006/2007	2007/2008	2008/2009 ^{5/}	2006/2007	2007/2008	2008/2009 ^{5/}
		prelim.	fcast		prelim.	fcast
	(..... thousand tonnes)			(..... thousand tonnes)		
Opening Stocks	1371 G	1266 G	942 G	4800 F	4800 F	4350 F
Production 1/	6267 G	6345 G	6515 G	23912 G	23969 G	25767 G
Imports	663 G	764 G	576 G	300 F	200 F	200 F
Total Supply	8301	8375	8033	29012	28969	30317
Domestic Use	4111	3983	4062	19654	19899	20517
Exports	2924 G	3450 G	3134 G	4558 G	4720 G	5000 F
Closing Stocks	1266 G	942 G	837 G	4800 F	4350 F	4800 F

Symbols:

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

Footnotes:

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