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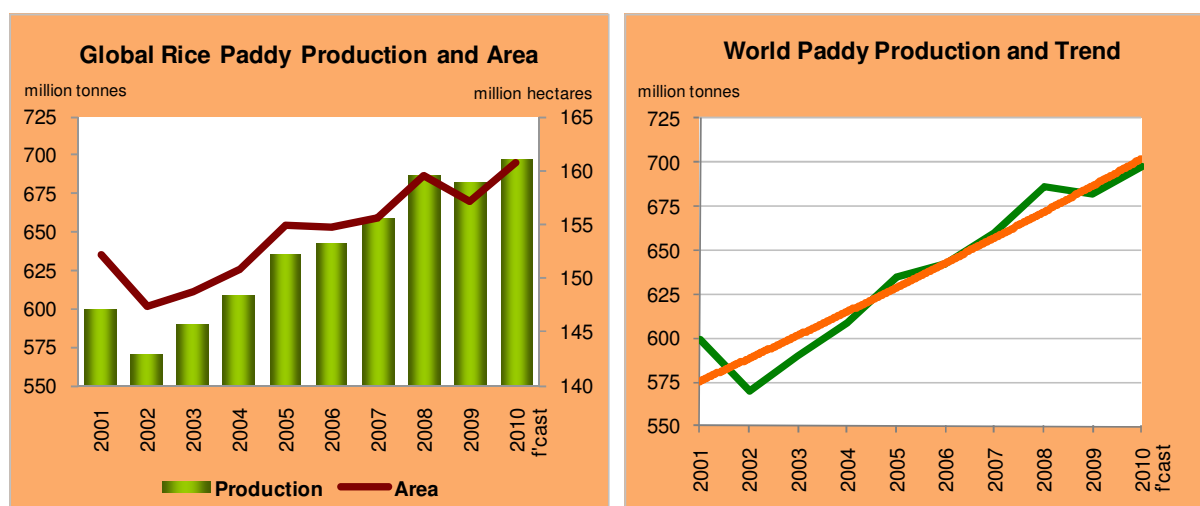
## ROUND-UP

- FAO's June forecast of **world paddy production during the 2010 season** has been lowered by nearly 6.5 million tonnes to 697.9 million tonnes (465.4 million tonnes, milled rice basis), still 2 percent above the 2009 harvest and a record. Much of the revision reflects deteriorated prospects in **Asia**, where a combination of droughts and floods has affected crops since the onset of the season. Nonetheless, and in spite of the revision, overall paddy production in the region could surpass the poor 2009 outcome by 3 percent to reach 631.4 million tonnes, driven, to large extent, by a recovery in India. Positive results are also forecast in Bangladesh, China (Mainland), Indonesia, the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Philippines, Sri Lanka and Viet Nam. Conversely, Cambodia, the Republic of Korea, Myanmar, Pakistan and Thailand are projected to harvest smaller crops, due to climatic setbacks. Paddy production in **Africa** is projected at 24.6 million tonnes this season, 1 percent more than in 2009. Significant output gains are expected in western Africa, in particular in Guinea, Mali, Nigeria and Sierra Leone, but also in Madagascar and the United Republic of Tanzania. Expansions in these countries are forecast to outweigh a sharp contraction in Egypt, as well as in Benin, Malawi, Mozambique and Rwanda. Production in **Latin America and the Caribbean** contracted by an estimated 6 percent to 26.5 million tonnes in 2010, much on account of Brazil. Unfavourable weather also impaired crops in Argentina, Bolivia, Cuba, Peru, Uruguay and Venezuela. By contrast, Colombia, the Dominican Republic, Mexico and Paraguay are projected to close the season with positive results. In the **other regions**, the production outlook is negative in the European Union, while the United States looks set to gather a record crop. A partial recovery was also registered in Australia.
- FAO's forecast of **world trade in calendar 2010** now stands at 31.0 million tonnes (milled basis), 6 percent above last year. Greater **import** demand from Asian countries, particularly Bangladesh, China (Mainland), Indonesia, Nepal, the Philippines, Sri Lanka and Viet Nam, is behind much of this expansion, but deliveries to Brazil, Nigeria and the European Union are also expected to be larger. Those increases are expected to more than offset declines in the Islamic Republic of Iran, Mali, Saudi Arabia, Senegal and the United Arab Emirates. The expansion in world trade is forecast to be met by considerably larger **exports** by Viet Nam and the United States, but shipments are also expected to increase in the European Union and Pakistan and even in India and Egypt, where they remain limited by government restrictions. Conversely, whereas Thailand may keep rice exports close to last year's level, Argentina, Brazil, Cambodia and Myanmar may face some decline. FAO's latest forecast of **global rice trade in 2011** points to a 2 percent contraction to 30.5 million tonnes (milled basis). On the **export** side, several major exporters are indeed anticipated to face supply constraints, especially Pakistan, but also Cambodia, Egypt and Viet Nam. As for **importers**, various important buyers, including Bangladesh, Brazil, Nigeria and the Philippines, may cut international purchases, after harvesting larger crops.
- Principally drawing on rice produced over the 2010 season, **world rice utilization in 2010-2011** is forecast to expand by 2 percent to 460 million tonnes (milled basis), sustained by increasing rice consumption as food to close to 393 million tonnes. The volume used for seeds, non-food industrial uses and post-harvest losses, all combined, is projected to increase by 4 percent to 55 million tonnes, while the amount used as animal feed may rise by 1 percent to 12 million tonnes. Average per caput rice consumption is forecast to rise to 56.7 kilograms per year, 1 percent above the 2009 estimate.
- Based on current expectations for the 2010 paddy season, **world stocks at the close of the 2010-2011 marketing years** may rise by 5 percent to 136.2 million tonnes, the highest since 2002. The increase is forecast to reflect larger reserves held by rice **exporters**, especially China (Mainland), India and the United States. Among rice **importing countries**, Bangladesh, Indonesia, Sri Lanka and the European Union are also anticipated to stockpile more over the marketing year.
- **International rice prices** have continued to gain ground since June, as reflected in the FAO All Rice Price Index, which averaged 260 points in November, up from a June value of 210. A strengthening of quotations has been witnessed in all the rice segments, but in particular in the lower quality Indica market, whose index has gained 56 points since June to arrive at 243 points in November. Despite the recent firmness, the FAO All Rice Price Index average from January to November was 27 points lower this year than last, reflecting relatively low quotations in the first half of 2010. In the upcoming months, export quotations will be influenced by the arrival of newly harvested supplies from 2010 main paddy crops in northern hemisphere countries, but also by external factors, including currency movements, and by government policies. On the import side, these may result in a forceful return of important buyers to the market, while on the export side, the release of government reserves in Thailand and policies in Viet Nam and India will continue to be of critical importance. Price developments in other cereal markets, mainly wheat and maize, will also need to be closely watched.

## I. PRODUCTION

### Global paddy production over the 2010 season forecast to recover by 2 percent

At this time of the year, harvesting activities of 2010 main paddy crops are already underway in various Northern Hemisphere countries. By contrast, countries along or south of the Equator have virtually concluded the season, with the harvest of secondary paddy crops.<sup>1</sup> Since the June issue of the RMM, FAO has downgraded its forecasts of world paddy production by nearly 6.5 million tonnes, with new figures now pointing to a global harvest of 697.9 million tonnes (465.4 million tonnes, milled basis). Although production forecasts in Egypt, Latin America and the Caribbean and in Europe were also lowered, deteriorated prospects in several Asian countries affected by adverse weather conditions accounted for much of this downward adjustment. In many cases, the weather anomalies that have negatively impacted these countries have been associated with the establishment of La Niña conditions since June, which current climate forecasts predict could continue to prevail at a moderate to strong intensity throughout the first quarter of 2011.



In spite of the revision, at the current forecast level of 697.9 million tonnes (465.4 million tonnes, milled basis), global paddy production in 2010 would stand 2 percent, or 15.5 million tonnes, above the 2009 outcome and the highest on record. A 2 percent recovery in paddy plantings to 160.7 million hectares is expected to drive this growth, while average yields hold steady at the previous year's level of 4.3 tonnes per hectare. Asia is anticipated to account for much of the global output expansion, although the outlook is also favourable in Africa and North America. By contrast, Europe and Latin America and the Caribbean may face output declines.

<sup>1</sup> The 2010 rice production season normally includes rice from the main paddy crops whose harvests fall in 2010, to which rice from all subsequent secondary crops, if any, is added. In the case of northern hemisphere countries, this principle implies that production in 2010 comprises the main rice crop, which is usually collected in the latter part of the year, plus the volume obtained from the successive secondary crops, commonly harvested in the first half of 2011. In the case of southern hemisphere countries, production in 2010 normally comprises rice from the main paddy crops assembled in the first part of 2010, plus rice from the secondary crops, generally gathered in the latter part of 2010. This approach to assess rice production is applicable to any given season.

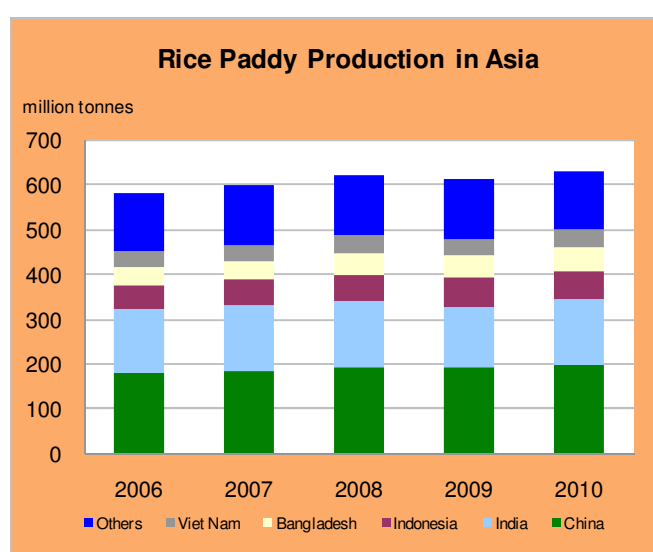
Principal Revision to 2010 Paddy Production Forecasts (millions of tonnes)							
	June f'cast	November f'cast	Revision		June f'cast	November f'cast	Revision
<b>WORLD</b>	<b>704.4</b>	<b>697.9</b>	<b>-6.5</b>	Viet Nam	39.1 F	39.9 F	+0.8
<b>ASIA</b>	<b>637.3</b>	<b>631.4</b>	<b>-5.9</b>	<b>AFRICA</b>	<b>24.8</b>	<b>24.6</b>	<b>-0.2</b>
Cambodia	5.9 G	7.3 G	+1.4	Egypt	6.0 F	4.5 F	-1.5
China (Mainland)	197.3 F	196.4 G	-0.9	Mali	1.8 F	2.3 G	+0.5
China (Taiwan Prov. of)	1.4 F	1.5 F	+0.1	Madagascar	4.0 F	4.8 G	+0.8
India	151.0 F	147.0 F	-4.0	<b>NORTH AMERICA</b>	<b>11.1</b>	<b>11.0</b>	<b>-0.1</b>
Indonesia	65.2 G	66.0 G	+0.8	United States of America	11.1 G	11.0 G	-0.1
Iran Islamic Rep. of	2.8 F	2.5 F	-0.3	<b>LATIN AMERICA &amp; CAR.</b>	<b>26.7</b>	<b>26.5</b>	<b>-0.2</b>
Korea Republic of	6.5 F	5.9 G	-0.6	Argentina	1.4 G	1.2 G	-0.2
Laos	3.2 G	3.0 F	-0.2	Brazil	11.4 G	11.3 G	-0.1
Nepal	4.3 F	4.1 F	-0.2	Paraguay	0.2 F	0.3 F	+0.1
Pakistan	10.2 F	6.3 F	-3.9	Venezuela	1.1 F	0.9 F	-0.2
Sri Lanka	4.0 G	4.2 G	+0.2	<b>EUROPE</b>	<b>4.3</b>	<b>4.2</b>	<b>-0.1</b>
Thailand	30.0 F	31.0 F	+1.0	EU-27	3.2 F	3.0 F	-0.1

G: Official Figure; F: FAO forecast/estimate.

## A. ASIA

### Paddy production in Asia still forecast to reach record levels in 2010, notwithstanding large downward revisions

As harvest of 2010 main paddy crops progresses in various *Asian* countries, several Governments are still releasing **2009** production figures. As a result, estimates of overall output in the region last season have been raised by nearly 1.0 million tonnes to 615.3 million tonnes (410.6 million tonnes, milled basis). A larger production estimate for Thailand was behind much of this revision, although larger than previously foreseen crops are also reported in the Lao People's Democratic Republic and the Chinese Province of Taiwan. The new 2009 production estimate for the region still represents a 1 percent contraction from the record 2008 harvest, as in spite of slightly higher yields of 4.4 tonnes per hectare, unfavourable weather constrained plantings to fall by 2 percent to 139.9 million hectares.



On the other hand, FAO has lowered its June forecast of **2010** paddy production in Asia to 631.4 million tonnes (421.2 million tonnes, milled basis), 5.9 million tonnes less than reported in June. The deterioration was driven by poorer expectations for a number of important producing countries, which suffered several setbacks. For instance, one of the most important factors behind the relapse of this season's prospects was the dramatic floods that wiped out large tracts of maturing crops in **Pakistan** last August. However, production forecasts were also trimmed for **China (Mainland)** and **India**, due to a combination of drought and floods, and for the **Republic of Korea**, the **Lao People's Democratic Republic** and **Nepal**, all of which faced setbacks.

Nonetheless, the outlook for the region this season continues to suggest a production level 3 percent above the 2009 poor harvest. An output recovery in **India**, facilitated by improved climatic conditions, is forecast to drive much of this growth, with positive results also anticipated in **Afghanistan, Bangladesh, China (Mainland), Indonesia, the Islamic Republic of Iran, Japan, the Democratic People's Republic of Korea, Malaysia, Nepal, Philippines, Sri Lanka and Viet Nam**. By contrast, crops are forecast to be smaller in **Cambodia, the Chinese Province of Taiwan, the Republic of Korea, the Lao People's Democratic Republic, Myanmar, Pakistan and Thailand**.

Harvesting of 2010 crops is underway in **Afghanistan**. FAO has downgraded its estimates of paddy production in the country by 90 000 tonnes, to reflect losses endured from the heavy downpours received in August, which resulted in widespread floods across fifteen provinces. Production over the 2010 season is now forecast to reach 650 000 tonnes (436 000 tonnes, milled basis), which would still represent a 1 percent increase from the record output attained in 2009. Indeed, favourable growing conditions are reported to have boosted yields in the important producing province of Kunduz where larger crops are being gathered.

In **Bangladesh**, the collection of Aus paddy, the first and smallest of three crops planted each year, has already been completed, while gathering activities of the second most important Aman crop are launched in November. FAO has maintained its favourable outlook for the country, with forecasts of production remaining pegged at 50.3 million tonnes (33.5 million tonnes, milled basis), up 4 percent from 2009. Adding to a 226 000 hectare recovery in area planted to Aus crops to 1.21 million hectares, this season officials expect the 2010 Aman target of 5.85 million hectares to be attained, notwithstanding a relatively erratic pattern of the monsoon rains. In support of this objective they have distributed high-yielding variety seeds and fertilisers to producers. On the other hand, with the 2009-2010 Boro procurement campaign ended in October falling well short of the 1.2 million tonne target to 563 000 tonnes, authorities have announced that state agencies will not be procuring supplies from the 2010 Aman crop, on concerns that this would add pressure on domestic prices. Meanwhile, according to official statements, the Government would have also engaged four West African countries in talks to begin cultivation of rice on their territory.

In **Cambodia**, the impact of delayed and erratic seasonal rains is now assessed to have been much more limited than previously anticipated, with 2010 area planted to paddy now expected to remain largely unchanged from the previous year and in the order of 2.7 million hectares. As a result, the 2010 paddy production forecast in the country has been raised by 1.4 million tonnes to 7.3 million tonnes (4.7 million tonnes, milled basis), implying a 4 percent contraction from 2009. As part of its efforts to transform the country into a major global supplier of rice, the Cambodian Government has adopted a new policy framework geared at promoting paddy production and boosting rice exports. Under the framework, officials are targeting to raise paddy output to 9.1 million tonnes by 2015, a level that is expected will avail an estimated 4.5 million tonne paddy surplus for export. Amongst the short-term measures outlined to achieve this objective, greater use of high-yielding seeds and modern farming techniques will be promoted and irrigation facilities expanded. This is expected to raise the current low productivity levels and permit more crops to be planted per year. Rural transport and electrical infrastructure is also to be expanded and agricultural micro-credit promoted as a means to address farmer credit constraint in the face of high production and transport costs.

<b>Cambodia: Paddy Production (2011-2015 Projections)</b>						
		2011	2012	2013	2014	2015
Area Cultivated	000 Ha.	2,730	2,770	2,790	2,830	2,870
Yield	Mt/Ha.	2.8	2.9	3.0	3.1	3.2
Production	000 Mt.	7,620	8,090	8,440	8,850	9,080
Domestic Consumption	000 Mt.	3,190	3,230	3,280	3,330	3,380
Paddy Surplus for Export	000 Mt.	3,440	3,800	4,060	4,370	4,510
Source: Supreme National Economic Council (SNEC)						

According to October semi-official forecasts released by the National Grain and Oils Information Centre, **China (Mainland)** looks set to produce 196.4 million tonnes of paddy (134.5 million tonnes, milled basis) over the 2010 season, nearly 950 000 tonnes less than previously anticipated, but still 0.7 percent above output the previous year. The downward revision reflects drought induced area retrenchments and yield losses from low temperatures and floods, which negatively impacted early indica rice output in several important producing provinces. However, officials expect losses endured early in the season to be more than compensated by greater output from the intermediate and late rice crops, already at harvest stage. To support these gains, in September minimum support prices for late indica rice were increased from Yuan 93 per 50 kilo bags of rice to (USD 278 per tonne) to Yuan 97 (USD 289 per tonne) for eight producing provinces.<sup>2</sup> A fund of Yuan 155 million (USD 23.1 million) was also allocated to finance measures aimed at boosting use of pesticides and other chemicals.<sup>3</sup>

In the **Chinese Province of Taiwan**, officials have released estimates of 2009 paddy production at 1.6 million tonnes, 8 percent above 2008. Prospects for the 2010 season, on the other hand, have been marred by a lack of water availability in southern provinces and damages on infrastructure endured from the passage of typhoon Morakot, which have led to large trenches of land being left fallow this year. As a result, FAO anticipates production in 2010 to reach 1.5 million tonnes (1.1 million tonnes, milled basis), 5 percent below the 2009 revised estimate and in line with the Government set target for the year.

According to the fourth advanced estimates released by the Government, under deficient monsoon conditions, production in **India** fell by 10 percent to 133.7 million tonnes (89.1 million tonnes, milled basis) in 2009, 270 000 tonnes less than previously anticipated. The outlook is far more favourable for the 2010 season, which has been generally characterised by above average rainfall. As of 29 October, plantings of the main Kharif crop were reported to have stretched over 35.9 million hectares, 7 percent ahead of their extension a year ago, though still behind the 38.9 million hectares in 2008. The relative slow advancement mirrors the somewhat irregular progress and geographic distribution of the monsoon this season, which saw floods in Punjab and Haryana and deficient rainfall over the north-eastern states of Bihar, Jharkhand, parts of Uttar Pradesh and West Bengal. On this backdrop, on 23 September, Indian authorities released a rather conservative first estimate of 2010 Kharif production, pegging output from the main crop at 120 600 million tonnes (80.41 milled basis), 6 percent above the 2009 drought-hit level, but below the 130.5 million tonnes (87.0 million tonnes, milled basis) crop target. However, losses in eastern states could be partially compensated by greater productivity in the rest of the country, while ample water availability

<sup>2</sup> Namely Jiangsu, Anhui, Jiangxi, Henan, Hubei, Hunan, Guangxi and Sichuan.

<sup>3</sup> All currency conversions are based on exchange rates as on 1 October 2010.

for irrigation is expected to enable the secondary Rabi crop to meet its target of 22.5 million tonnes (15.0 million tonnes, milled basis). As a result, FAO forecasts overall 2010 production in the country to increase by 10 percent to 147.0 million tonnes (98.0 million tonnes, milled basis).

<b>India: Zone-wise Cumulative Monsoon Rainfall (June-September 2010)</b>			
<b>Zone</b>	<b>Actual (mm)</b>	<b>Long Period Average (mm)</b>	<b>Actual (% of LPA)</b>
<b>All-India</b>	<b>912.8</b>	<b>893.2</b>	<b>102</b>
North-West India	688.2	613	112
Central India	1027.9	991.5	104
South Peninsula	853.6	722.9	118
Northeast India	1175.8	1436.2	82
Source: India Meteorological Department			

As part of the measures instituted to mitigate the impact of the dry climate in affected areas, further to distributing short-cycle high yielding varieties and seeds of alternative crops, the Indian authorities have extended a 50 percent subsidy on the cost of diesel. Producers have been additionally encouraged to anticipate planting of secondary Rabi paddy crops. For the 2010 Rabi campaign, launched in November, the Government is targeting to extend hybrid rice seed coverage to 2.0 million hectares, which is to be raised to 3.0 million hectares by 2012. Meanwhile, the Food Corporation of India, which procures supplies for the public distribution system, is reported to have purchased 31.5 million tonnes of milled rice during the 2009-2010 marketing year, which ended in September, boosting stocks held by the state agency well above the minimum requirements and at 23.17 million tonnes by 1 November. As a result, counting on supplies acquired through the active procurement campaign, authorities have earmarked an additional 1.0 million tonnes of rice for sale through open market operations until March 2011.

The 2010 season is about to conclude in **Indonesia**, with the harvest of secondary paddy crops currently underway. According to the Government's third forecasting figures, 65.98 million tonnes of paddy (41.6 million tonnes, milled basis) look set to be harvested this season, up 2.5 percent from 2009, notwithstanding delays in secondary crop plantings and incidence of insect attacks. The expansion is expected to rely on larger plantings as above average precipitation this season enabled farmers to plant several crops. On concerns over recent increases in global food prices, the Government has allocated a contingency fund of Rupiah 2 trillion (USD 220 million) for price stabilisation measures and enlargement of public rice reserves. In addition, to counteract rising domestic prices, 500 000 tonnes of rice were approved for release to open markets in August. Rations under the food distribution system were also raised in July from 13 kilos to 15 kilos per household, even though the Government repeated its appeal to the population to consume less rice.

Harvest of 2010 paddy crops is underway in **Japan**. Production prospects for the country remain favourable, with output anticipated to rise by 1 percent to 10.7 million tonnes (7.8 million tonnes, milled basis) on the basis of yield improvements. With official forecasts of government and private held stocks ending at an 8 year high of 3.24 million tonnes by June 2011, the Government has announced it would purchase 200 000 tonnes of rice annually for later release to the feed industry. The scheme would complement other state initiatives recently put in place, such as the pilot rice income support programme and the subsidy on rice cultivated for feed purposes, aimed at fomenting a revival in agriculture and diminishing reliance on imported grains.

In the **Democratic People's Republic of Korea**, where harvesting of 2010 crops is ongoing, paddy production is officially anticipated to expand by 4 percent to 2.43 million tonnes (1.6 million tonnes, milled basis). The season's growth is forecast to be sustained by higher yields, estimated in the order of 4.3 tonnes per hectare, while area planted under paddy remains steady at 570 000 hectares. According to a FAO/WFP field assessment, the boost in productivity this year results from an improvement in the availability of fertilisers, pesticides and agricultural machinery, as well as better energy and water supply for irrigation.<sup>4</sup> These factors served to more than offset the negative impacts of excessive precipitation and cooler than normal conditions, which delayed planting activities early in the season and resulted in severe localised floods. This season also saw the resurgence of plant-hopper infestations after four decades, although the outbreak was contained in time through increased use of pesticides.

Unfavourable weather has also negatively impacted crops in the **Republic of Korea**. In addition to cuts of the area planted to paddy, low temperatures, insufficient sunshine and damages from heavy rains and typhoons are officially expected to translate into a 12 percent output decline from the 2009 record to 5.9 million tonnes (4.4 million tonnes, milled basis), the lowest in three decades. Despite the negative prospects, sinking returns due to diminishing domestic consumption continue to be a concern for the sector, prompting Government to step-up its efforts to sustain producer prices. In this connection, starting in October, up to 340 000 tonnes of rice will be officially procured. However, with public emergency reserves expected to hit record highs by the end of the 2010 marketing year, officials have announced that they will release 500 000 tonnes of rice to the processed food and alcohol sector. Much like its Japanese counterpart, the Korean Government is also reportedly assessing plans to channel greater volumes of rice to the animal feed industry, while the provision of an incentive to substitute rice with other crops is also being considered.

Harvesting activities of main paddy crops will soon be launched in the **Lao People's Democratic Republic**. Production prospects for the country have deteriorated much as a result of a delayed onset and erratic seasonal rains, which have particularly affected central regions. With the unfavourable climate anticipated to lead to both area and yield cuts, output in the country is now forecast at 3.0 million tonnes (1.8 million tonnes, milled basis), 5 percent below 2009. Reduced availability of supplies from a smaller 2009 secondary crop harvest, also affected by bad weather, has led to steep rises in domestic rice prices in recent months, pushing the Government to release public stocks onto the market.

Located in the southern hemisphere, the 2010 season was concluded in **Malaysia** with the June-August harvest of secondary paddy crops. Production in the country remains forecast to

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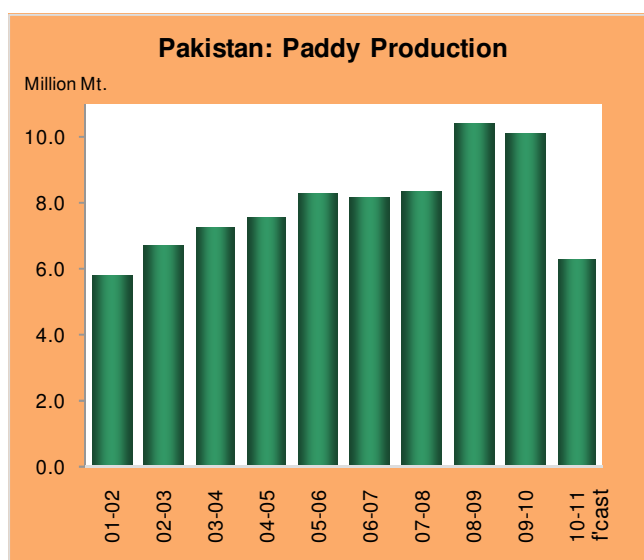
<sup>4</sup> FAO/WFP Crop and Food Security Assessment Mission to the Democratic People's Republic of Korea. Available at: <http://www.fao.org/docrep/013/a1968e/a1968e00.htm>



rise by 4 percent to 2.6 million tonnes (1.7 million tonnes, milled basis), largely on the back of expanded plantings.

Harvest of main season crops is about to begin in **Myanmar**. FAO anticipates paddy production in the country to decline by 1 percent to 30.8 million tonnes in 2010 (19.4 million tonnes, milled basis), against the 31.0 million tonnes production estimate for 2009. The contraction would follow a retrenchment in area planted under paddy, mainly resulting from exceptionally high temperatures and deficient rains endured early on the season, which caused planting activities to be delayed. In addition, while some local damages from rodent infestations are also reported, close to 16 000 hectares of paddy fields are estimated to have been destroyed in Rakhine State by the 22 October passage of cyclone Giri.

Production in **Nepal**, where harvest of early paddy crops has already been completed, is forecast to recover to 4.1 million tonnes (2.7 million tonnes, milled basis), 2 percent above the 2009 drought-hit outcome. Nonetheless, the delayed arrival of seasonal rains and flood problems are reported to have led to localised crop damages in mid-western and eastern regions of the country.



In **Pakistan**, consecutive weeks of torrential monsoon showers in late July and August led to the most devastating flash and riverine floods recorded in the history of the country. While extensive damages were inflicted in Khyber Pakhtunkhwa (KPK) and Balochistan, the main rice producing provinces of Sindh and Punjab, which normally accounting for over 90 percent of national output, were particularly devastated by the floods. Further to causing loss of human lives and affecting close to 21 million inhabitants, roads and infrastructure, especially irrigation, were severely damaged and agricultural machinery and

tools heavily destroyed. The latest assessment released by the Government, indicates damages to over 871 000 hectares under paddy, from a total area coverage of 2.64 million hectares this season. On these bases, FAO has lowered forecasts of 2010 production in the country by 3.9 million tonnes to 6.3 million tonnes (4.2 million tonnes, milled basis). This production level would represent a 38 percent year-on-year output decline. However, considering the scale of the disaster and the dependence on irrigation for rice cultivation, the effects of the floods could well outlast the season, at least until a full recovery of irrigation capacity and basic means of production is ensured.

Planting of 2010 main season crops was concluded in September in the **Philippines**. The latest assessment issued by the Department of Agriculture has maintained a positive outlook for the main season crop, notwithstanding the loss of an estimated 314 577 tonnes of rice from the October passage of typhoon Megi. In fact, yield improvements from increased usage of hybrid seeds and greater water availability for irrigation are expected to translate into a 6 percent expansion in the wet season paddy to 9.4 million tonnes (6.2 million tonnes, milled basis). A further 16 percent growth to 4.05 million tonnes (2.7 million tonnes, milled basis) is also officially foreseen for secondary paddy crops produced between January and March

2011. As a result and assuming average growing conditions for the remainder of the season, overall 2010 production in the country remains forecast to rebound to 17.0 million tonnes (11.1 million tonnes, milled basis), 10 percent above the low 2009 output and virtually matching the 2008 record.

According to reports, the Filipino Government is targeting to produce an additional 500 000 tonnes of main season paddy through a three point recovery programme involving fertiliser assistance, quick turnaround planting and upland rice development. Officials have also announced production targets, given on a January-December calendar basis, for the coming years. The aim would be to increase paddy output to 17.4 million tonnes (11.4 million tonnes, milled basis) in 2011, to 19.2 million tonnes (12.6 million tonnes, milled basis) in 2012 and to a self-sufficient level of 21.12 million tonnes (13.8 million tonnes, milled basis) by 2013. Meanwhile, in September the subsidy on hybrid rice seeds was discontinued. Funds previously allotted to the scheme have been redirected towards the implementation of eight other production support programmes; mainly towards boosting irrigation capacity, but also for construction of drying facilities and seed production.

Paddy production in **Sri Lanka**, where the 2010 paddy season has virtually come to a close, is officially reported to have reached a record of 4.2 million tonnes (2.8 million tonnes, milled basis), a 15 percent recovery from the poor 2009 outcome. Adding to the positive results already attained from the main Maha crop, the latest assessments also point to a bumper Yala harvest of 1.6 million tonnes (1.1 million tonnes, milled basis), up 23 percent year-on-year. The achievement was made possible by ample water availability and the rehabilitation of fallow land in northern and eastern districts, which contributed to a 6 percent growth in overall area to 1.0 million hectares and an 8 percent boost in yields to an average of 4.2 tonnes per hectare. Meanwhile, in August the Government set aside Rs. 5.65 billion (USD 50.5 million) to finance an accelerated paddy purchase programme, to sustain producer prices in anticipation of the large harvest. The ample supply situation also prompted authorities in October to revoke price control measures on rice, which required a kilo of Nadu and Samba rice to be sold for less than Rs. 60 (USD 536 per tonne) and Rs. 70 (USD 625 per tonne), respectively. The Government would now be relying on the release of supplies from a newly established 200 000 tonnes rice reserve to contain price increases.

Based on recently released Government figures, FAO has upgraded estimates of 2009 production in **Thailand** to 31.5 million tonnes (20.8 million tonnes, milled basis), still 1 percent below the 2008 level, but 1.7 million tonnes more than previously reported. Water scarcity problems and insect attacks are now estimated to have lowered 2009 secondary crop output by 2 percent to 8.2 million tonnes (5.4 million tonnes, milled basis). On the other hand, official forecasts of production of 2010 main paddy crops, currently at harvest stage, point to a 4 percent output contraction to 22.3 million tonnes (14.8 million tonnes, milled basis). The reduction mirrors area and yield losses caused by dry conditions early in the season as well as damages to crops from extensive floods. Indeed, as of early November, damage assessments from the severe inundations affecting numerous central and north-eastern provinces this season, indicate an estimated loss of 500 000 tonnes of paddy over 160 000 hectares. Nevertheless, under positive price prospects, these losses are expected to be partially offset by gains in secondary paddy crops, which FAO forecast will rebound to a high of 8.8 million tonnes (5.8 million tonnes, milled basis) this season, favoured by abundant water supplies for irrigation accumulated from this exceptional rainfall. On these basis, overall paddy production in Thailand is now anticipated in the order of 31.0 million tonnes (20.5 million tonnes, milled basis), or 1 percent below the 2009 harvest.

Meanwhile, the Thai Government is reported to have set aside Baht 32 billion (USD 1.0 billion) to fund the price insurance programme, which is expected to benefit 3.5 million rice farmers by paying the difference between benchmark prices, calculated weekly on the basis of market prices, and a set of minimum guaranteed prices. For this 2010 main crop harvest, insured prices under the scheme have been established at Baht 15 300 (USD 502) per tonne of Hom Mali paddy, Baht 14 300 (USD 469) per tonne of provincial fragrant paddy, Baht 11 000 (USD 361) per tonne of Pathumthani fragrant paddy, Baht 10 000 (USD 328) per tonne of white rice paddy and Baht 9 500 (USD 312) per tonne of glutinous rice paddy.

Harvesting activities of summer-autumn crops have come to a close in **Viet Nam**. Production in the country is officially forecast to expand by 3 percent this season to 39.9 million tonnes (26.6 million tonnes, milled basis), from larger area and yield improvements. Of this volume, a bumper crop of 21.5 million tonnes of paddy is reported to have been gathered in the Mekong Delta region, accounting for over half of total national production this season. Although still too early to tell, officials expect that the 2011 paddy season, to be launched in mid-December with the planting of winter-spring crops, will yield a similar volume. Some concerns exists, however, that the winter-spring crop, of key importance for the country's export sector, could be affected by delayed seasonal flooding caused by low water-levels in rivers. Meanwhile, with an eye to reducing post-harvest losses and improving the quality of supplies, the Government will be offering loans at subsidised rates to companies purchasing equipment and machinery. Amid increasing pressure on land from urbanisation, the Ministry of Agriculture has also announced the overall rice area coverage is to be maintained at 3.8 million hectares until the year 2020.

## **B. AFRICA**

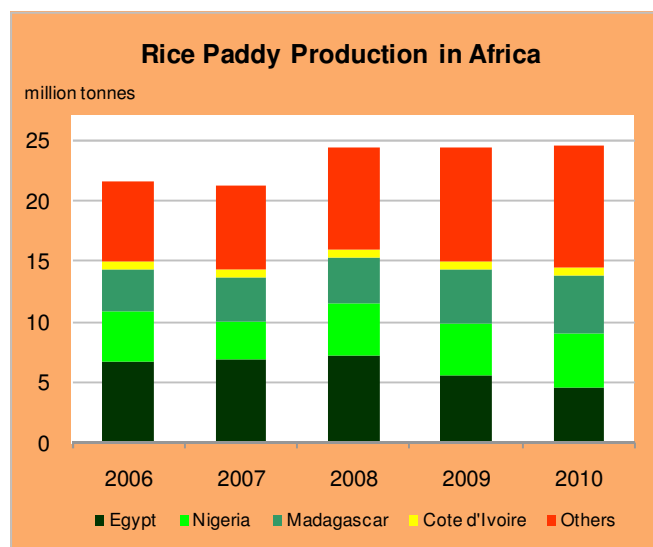
### **Good crops in Western and Southern Africa forecast to more than compensate for lower output in Egypt**

Principally reflecting revisions to output figures in Mali and Madagascar, estimates of 2009 production in ***Africa*** have been raised by close to 600 000 tonnes to 24.4 million tonnes (16.0 million tonnes, milled basis). Reversing earlier expectations of a decline, the adjustment would imply a replication of the record 2008 performance, with a significant reduction in output in Egypt and smaller crops in Eastern African countries being balanced off by greater production in Western and Southern Africa.

FAO's June forecast of paddy production in 2010 has also been raised. Output in Africa is now projected at 24.6 million tonnes (16.1 million tonnes, milled basis), surpassing the 2009 harvest by 1 percent. Record crops in Western Africa and sustained gains in Eastern and Southern Africa countries look set to outweigh an even smaller crop in Egypt, the largest producer in the continent, which has taken steps to curb rice cultivation to preserve water resources.

In ***Northern Africa***, FAO has downgraded its forecast of paddy production in **Egypt** by 1.5 million tonnes to 4.5 million tonnes (3.1 million tonnes, milled basis), to reflect a smaller area than previously anticipated. According to official assessments, plantings of the summer crop, which account for nearly all of production, contracted to 450 800 hectares this season, 22 percent below an already low extension of 576 000 hectares in 2009 and nearly 40 percent under the 745 000 hectare high in 2008. The retrenchment would be in line with a Government set target to limit rice plantings to 1.1 million feddans (462 000 hectares), which

authorities estimate would allow between 5 and 6 million cubic meters of water to be saved for other purposes.



In West Africa, several countries are already engaged in harvesting activities of 2010 main paddy crops. Overall production in the sub-region is anticipated to rise to a new record of 12.4 million tonnes (7.9 million tonnes, milled basis), up 9 percent from the previous season. Although some flood-related crop damages have been incurred in various countries, abundant precipitation and support to the sector are forecast to sustain a third consecutive year of production gains. Indeed, larger crops gathered in **Burkina Faso, Chad, Cote d'Ivoire, Gambia, Ghana,**

**Guinea, Guinea-Bissau, Mali, Mauritania, Nigeria, Senegal and Sierra Leone**, look set to more than compensate for output declines in **Benin, Niger and Togo**.

Production prospects in **Benin** have been marred by erratic and poorly distributed rains, as well as damages to crops from flooding along the Niger River in August. Officials now estimate that the 2010 paddy crop, currently being gathered, may amount to 89 700 tonnes (54 000 tonnes milled basis), 40 percent less than the revised 2009 estimate of 150 600 tonnes. This year, producers in six departments have been distributed 100 tractors and other machinery, made available by India. Under a separate scheme, two milling facilities will be set up by the Government in Malanville and Glazoué with a view to improving rice processing capacity.

By contrast, and notwithstanding some damages to crops incurred from floods, the production outlook is favourable in **Burkina Faso**. Output in the country is currently forecast to rise by 13 percent to 241 600 tonnes (159 500 tonnes, milled basis) in 2010, under, both, an expanded area and boosted yields. The sector has benefited this year from the distribution of improved seed varieties and fertilisers.

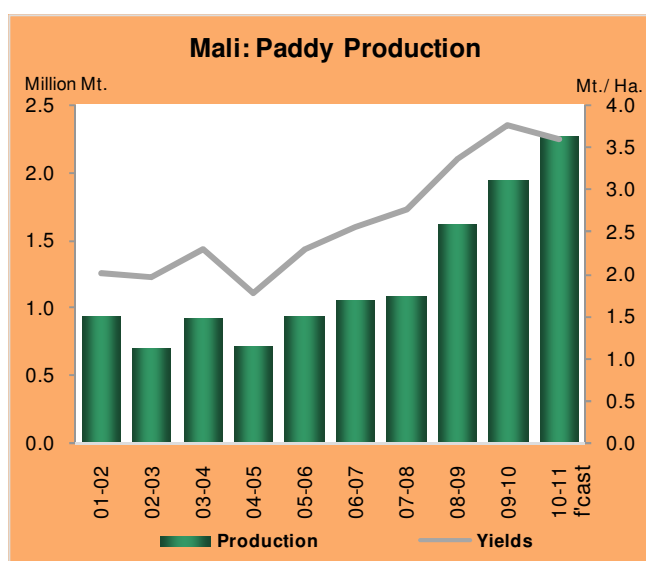
Good growing conditions and greater availability of agricultural inputs are also forecast to lead to production gains in **Cote d'Ivoire**. Officials estimate 757 600 tonnes (455 000 tonnes, milled basis) may be gathered this season, compared with 688 000 tonnes (413 000 tonnes, milled basis) officially reported in 2009. As part of a 3.2 billion FCFA (USD 5.8 million) aid package availed by Spain, Cote d'Ivoire, along with Mali, Mauritania, Niger and Senegal will benefit from a project aiming to improve seed production, rice processing and marketing.

Paddy production in the **Gambia** is officially forecast to increase to 101 900 tonnes (66 000 tonnes, milled basis), up 29 percent from a revised 2009 harvest of 79 000 tonnes (51 000 tonnes, milled basis). The increase arises from area expansions and improved yields, boosted by abundant and well distributed rains as well as greater Nerica rice cultivation. Growth this year also reflects strong public and external support to the sector, through schemes such as the Back-to-the Land Initiative and the Rice Expansion Programme, which targets an expansion of plantings to 215 000 hectares by the year 2015. This season, basic inputs and machinery

were also distributed to producers under the Gambia Emergency Agricultural Project, launched with a support package from the World Bank and the European Commission.

Prospects are also favourable in **Ghana**, where production may reach some 430 000 tonnes (262 000 tonnes, milled basis), up 10 percent year-on year, but short of the 50 percent growth rate officially targeted for the season. To sustain the objective, the Government is reported to have increased state subsidies on fertilisers to cover 100 000 tonnes in 2010, 28 000 tonnes more than in the previous season. On the other hand, under the “Linking Farmers to Markets” project launched this year, 50 000 producers of rice, sorghum, maize and soybean in northern regions will be provided with technical training, equipment and support towards reinforcing linkages across commodity value-chains. Further to contributing to improvements in participants’ income, the scheme also aims to boost consumption of local rice.

Gathering activities of 2010 crops are not due for launch until November in **Liberia**. Based on the latest official assessment, some 293 800 tonnes of paddy (191 000 tonnes, milled basis) are likely to be gathered this season, a level that would virtually match the 2009 paddy harvest. Despite forecasts of larger crops in central regions of the country, delayed plantings due to untimely precipitation in south-eastern and western areas are behind much of the anticipated stagnation. In addition, localised crop losses from insect infestations have been reportedly affecting north-eastern areas.



Production figures in **Mali** have undergone several revisions. Over the 2008 season, the country is now officially estimated to have produced 1.6 million tonnes of paddy (1.1 million tonnes, milled basis), representing an impressive 50 percent growth from the previous year. Positive results were also attained in 2009, with a further 20 percent gain to 1.95 million tonnes (1.33 million tonnes, milled basis). As to the 2010 season, Government estimates see domestic output expanding by an additional 16 percent to a new record of 2.3 million tonnes (1.5 million tonnes, milled basis). Out of a targeted area of 791 200 hectares

for the full season, 629 500 hectares are reported to have been planted by end of August, already ahead of the 517 800 hectares cultivated in 2009. The fast expansion in plantings has been facilitated by generally favourable growing conditions and sustained support to the sector. For instance, within the framework of the Rice Initiative, the Government has distributed seeds and fertilisers at subsidised prices to producers, further to undertaking programmes to boost irrigation capacity in low-land areas. Indeed, improved access to agricultural inputs and the progressive dissemination of high yielding Nerica varieties may be behind steady yield improvements in recent years, with average productivity in the country estimated to have passed from 2.0 tonnes per hectare in 2001 to 3.6 tonnes per hectare this season.

The production outlook is unfavourable in **Niger**, where crops are already being gathered. A 12 percent area retrenchment is forecast to drive output down to 80 000 tonnes (52 000 tonnes, milled basis), which compares to the 91 000 tonnes produced in 2009. The contraction

reflects damages to rice crops along the Niger River, resulting from exceptionally heavy rains between July and August this year. Nonetheless, production in 2010 would still stand as the second highest on record.

Main 2010 paddy crops are currently being gathered in **Nigeria**. On the basis of expanded plantings, the second largest producer in the continent is forecast to harvest 4.5 million tonnes (2.7 million tonnes, milled basis) in 2010, up 5 percent from the previous year. Nonetheless, according to reports, paddy fields may have been affected by September floods in the northern states of Sokoto, Kebbi and Jigawa, caused by heavy rains and released water from dams. Of recent, producer organisations have also expressed much discontent over falling prices and inability to market local produce due to overflowing quantities of imported rice in domestic markets.

Generally favourable growing conditions and sufficient availability of agricultural inputs in **Senegal** are projected to translate into a 4 percent output expansion to 520 000 tonnes (364 000 tonnes, milled basis). The production growth is anticipated to rely largely on expanded plantings, facilitated by government assistance to the sector. Indeed, within the framework of the GOANA initiative, currently in its third year of implementation, authorities have availed seeds, fertilisers and equipment to producers. Frequent power shortages, however, are reported to have disrupted activities in important growing areas this year.

In **Central Africa, Cameroon** is officially forecast to gather 108 000 tonnes of paddy in 2010 (73 000 tonne, milled basis), down 12 percent year-on-year. Lack of processing capacity in the country has meant that large amounts of domestic produce are routed to neighbours for processing and marketing. To address this problem, a three-phase project scheduled to take off in December 2010 will provide for the installation of a processing facility. The project, funded by an Italian enterprise, will also put 2 000 hectares of land under cultivation in northern parts of the country.

In **Eastern Africa**, 2010 paddy production in **Kenya** is forecast to remain largely unchanged at some 65 000 tonnes (42 000 tonnes, milled basis). However, announced plans to boost irrigation and drainage capacity in the Mwea Irrigation Scheme, which accounts for a significant share of paddy production in country, could foster future growth in the sector. For instance, the Japanese Government has allocated a package of Shillings 12.11 billion (USD 144 million) to this purpose, with the initiative also expected to enable double-cropping and an expansion of cultivable area from 7 860 hectares now to 16 920 hectares by 2016. The World Bank is also reported to have earmarked funds towards rehabilitating the scheme, under a two-year plan scheduled to take off in February 2011.

In the **United Republic of Tanzania**, where 2010 off-season crops are about to be harvested, more favourable weather conditions this season is forecast to foster a 4 percent output recovery to 1.4 million tonnes (910 000 tonnes, milled basis). This fiscal year, the US government will support the rehabilitation of irrigation schemes over 2 000 hectares of land. Over a five-year period, the project seeks to upgrade irrigation facilities over 52 000 hectares in seven schemes, to contribute to a 25 percent increase in output of key staples, including rice. Meanwhile, support has also been provided by the Government of the Republic of Korea, which has agreed to develop irrigation schemes covering 10 000 hectares of paddy fields in the lower Rufiji area, in addition to providing training, machinery and equipment.

Prospects are also favourable in **Uganda**, where paddy production is officially forecast to reach 200 000 tonnes (133 000 tonnes, milled basis), up 10 percent from a slightly revised

output of 181 000 tonnes (121 000 tonne, milled basis) in 2009. Steady gains in rice production in the country during recent years are being attributed to increased adoption of upland Nerica varieties in eastern central and western regions. On the other hand, experimental cultivations of lowland varieties are also reported to have born fruitful results in central regions. Authorities believe that if this trend continues, the country could become a net rice exporter by the year 2012.

The 2010 season has already been concluded in *Southern Africa*. In **Madagascar**, the Ministry of Agriculture has released new production figures, which point to a slightly smaller 2008 harvest of 3.9 million tonnes (2.6 million tonnes, milled basis) and a 16 percent output expansion in 2009 to 4.5 million tonnes (3.0 million tonnes, milled basis). As for the 2010 season, 4.8 million tonnes of paddy (3.2 million tonnes, milled basis) are officially assessed to have been gathered, representing a 5 percent output increase and reversing earlier expectations of a decline. Indeed, the expansion was achieved in spite of drought conditions affecting central and southern regions, as well as damages to crops wrought by the March passage of tropical storm Hubert. While no major damages from locusts are reported to have been endured in 2010, as preparations for planting of 2011 main paddy crops continue, concerns remain over the potential of large swarms of locusts moving into non-traditional areas in the coming rainy season.

By contrast, prolonged drought conditions in central and southern **Mozambique** are estimated to have resulted in a 31 percent decline of output from the 2009 record to 179 000 tonnes (119 000 tonnes, milled basis). Further to depressing yields to an average of 1.0 tonnes per hectare, lack of rains during critical months translated into sharp area retrenchments in the Zambezia and Sofala provinces. Although some crops were replanted, lack of availability of seeds prevented a full restoration of plantings. This contrasted with the situation in Gaza province, where significant gains in area under irrigated rice were registered. In this connection, the Government has announced greater investment in irrigated infrastructure in the Chokwe scheme to cover an additional 14 000 hectares, further to exploring possibilities of expanding rice production in Manica and Sofala provinces. With support from AGRA, it will also avail a USD 25 million credit line to agricultural producers at preferential interest rates.

<b>Mozambique: Paddy Production 2008-09 and 2009-10</b>									
<b>Region</b>	<b>Area Harvested (000 ha.)</b>			<b>Yield (Mt/ha.)</b>			<b>Production (000 Mt)</b>		
	<b>2008-09</b>	<b>2009-10</b>	<b>Var %</b>	<b>2008-09</b>	<b>2009-10</b>	<b>Var %</b>	<b>2008-09</b>	<b>2009-10</b>	<b>Var %</b>
<b>Mozambique</b>	<b>218</b>	<b>182</b>	<b>-17</b>	<b>1.19</b>	<b>0.98</b>	<b>-18</b>	<b>260</b>	<b>179</b>	<b>-31</b>
North	64	64	0	0.93	0.93	0	60	59	-2
Centre	134	95	-29	1.13	0.72	-36	152	69	-55
South	20	22	10	2.40	2.26	-6	48	50	4
Source: FAO/WFP Crop and Food Security Assessment Mission - August 2010									

### C. CENTRAL AMERICA AND THE CARIBBEAN

#### Despite some weather related damages, paddy production in 2010 forecast to increase by 4 percent

Planting of 2010 main paddy crops has already been completed in Central America and the Caribbean, where many countries are already engaged in harvesting activities. Despite some damages to crops inflicted by early season dryness and by the passage of storms during what has been an above-average hurricane season, the production outlook for the region remains favourable. Overall some 2.9 million tonnes of paddy are forecast to be produced in the region (1.9 million tonnes, milled basis), up 4 percent from output in 2009. Although **Cuba**, **Honduras** and **Nicaragua** may face declines because of unfavourable weather, larger crops are forecast to be gathered in **Costa Rica**, the **Dominican Republic**, **El Salvador**, **Haiti**, **Mexico** and **Panama**, more than compensating for these losses.

Owing to a larger area coverage, production in **Costa Rica** looks set to rise to a new high of 285 000 tonnes (191 000 tonnes, milled basis), 6 percent above the good 2009 outcome. The Government is reported to be studying alternative support plans to the rice sector, to replace government set producer prices, after being queried in the WTO Agriculture Committee over non-compliance to its total Aggregate Measurements of Support commitment ceiling. Under its obligations to the organisation, total subsidies disbursed to the agricultural sector considered to be trade-distorting, and therefore subject to reductions, must not exceed USD 15.95 million per year. However, according to a series of notifications submitted by Costa Rica to the WTO, direct price support to rice producers alone has exceeded this level since 2007, totalling USD 62.48 million by 2008 and USD 91.74 million in 2009, much as a reflection of progressive increases to producer prices.

By contrast, the outlook is negative in **Cuba**, where harvesting activities of 2010 spring crops are about to begin. FAO anticipates production in the country to decline by 4 percent in 2010 to 540 000 (360 000, milled basis), largely as a result of yield losses from prolonged drought condition at the start of the season, which could more than offset gains in area cultivated to rice.

Wet paddy crops are currently being gathered in the **Dominican Republic**. Driven by extended plantings, FAO anticipates production in the country to expand to a new record of 900 000 tonnes (594 000 tonnes, milled basis), 6 percent above the 2009 result. In anticipation of a large harvest, the country would be planning to export up to 30 000 tonnes of rice. The bulk of this volume is expected to be routed to neighbouring Haiti, while shipments to African countries are also being considered.

FAO estimates of production in **Honduras** point to a 14 percent output decline to 24 000 tonnes (16 000 tonnes, milled basis). The contraction would mirror retrenchments in area under paddy from excessive rains this season and damages to crops caused by the July passage of tropical storm Agatha. Meanwhile, industry representatives and Government officials have agreed to raise prices paid to producers from Lempiras 275 per quintal (USD 310 per tonne) to Lempiras 330 per quintal (USD 373 per tonne), to be applicable until December 2010.

In **Mexico**, officials estimate that some 334 000 tonnes may be produced this season (223 000 tonnes, milled basis), up 28 percent from 2009. The output growth would come in spite of damages to crops reported from the passage of hurricanes in September. According to official

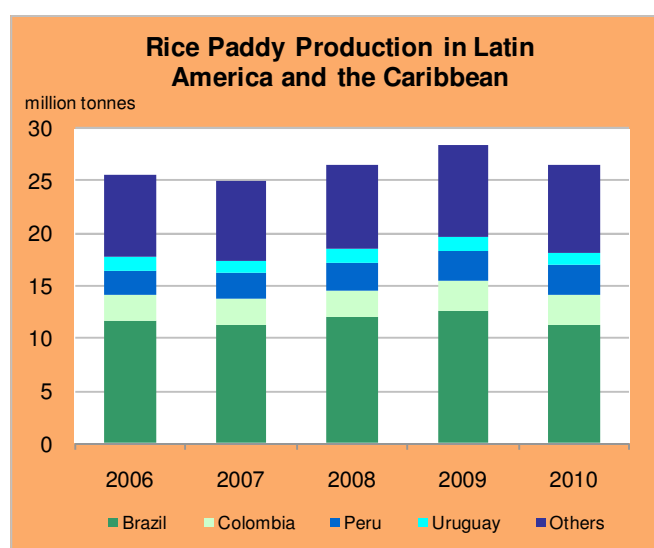


statements, the Government is targeting to raise rice production to over 1 million tonnes. Through support provided under the Programa Trópico Húmedo, it will seek to attain this level by increasing area plantings in the Campeche, Tabasco and Chiapas states, which count on ample water availability for irrigation.

Delayed plantings caused by drought and subsequent damages to crops from excess precipitation are also anticipated to depress output in **Nicaragua**. FAO currently anticipates 320 000 tonnes of paddy (208 000 tonnes, milled basis) to be gathered in the country this season, 5 percent below the 2009 harvest. By contrast the outlook is favourable in **Panama**, where output may expand by 2 percent to 310 000 tonnes (203 000 tonnes, milled basis).

## D. SOUTH AMERICA

### The 2010 season closes with a 7 percent production decline in South America



The 2010 paddy season is about to conclude in South America with generally negative results. Aggregate production in the region is now estimated to have fallen to 23.6 million tonnes (15.8 million tonnes, milled basis), 7 percent below the good 2009 outcome. While the bulk of the 1.9 million tonne production shortfall was imputable to **Brazil**, where excessive precipitation significantly hampered activities early in the season, unfavourable weather also impaired crops in **Argentina, Bolivia, Guyana, Uruguay** and **Venezuela**. Production also fell in **Chile** and **Peru**, while

positive results were registered in **Colombia, Ecuador** and **Paraguay**.

The latest figures released by authorities have downgraded estimates of 2010 production in **Argentina** to 1.24 million tonnes (843 000 tonnes milled, basis), 160 000 tonnes less than previously reported and 7 percent below the 2009 harvest. Despite a record level area coverage of 215 000 hectares, heavy rains are now estimated to have depressed yields by 17 percent to 5.8 tonnes per hectare. Meanwhile, producers in Entre Rios, Santa Fe and the Chaco areas have already begun to plant 2011 paddy crops. Early indications point to a favourable season, as positive price prospects and abundant water availability in reservoirs are expected to foster even larger plantings.

The season closed with negative results in **Bolivia**, where both a smaller area and decreased productivity resulted in a 13 percent output contraction to 500 000 tonnes (343 000 tonnes, milled basis). However, lack of a market for surplus production of what was, in spite of the reduction, a large harvest still remains a concern to the sector, a situation that could also dissuade farmers from expanding plantings over the coming season. On the other hand, producers in the main growing region of Santa Cruz are reported to be considering changing from upland rice cultivation to irrigated production systems in a bid to achieve higher yields.

The 2010 production estimate for **Brazil** has also undergone a marginal downward revision since June, with officials now estimating 11.3 million tonnes of paddy to have been gathered (7.5 million tonnes, milled basis). At this level 2010 production would stand 11 percent below the 2009 harvest, mirroring both area losses and lower yields, depressed by unfavourable weather conditions. Meanwhile, with planting of 2011 season crops set to begin in November, climate forecasts for the forthcoming months warn of increased probabilities of below average precipitation under the influence of la Niña phenomenon, particularly over the centre south regions of the country. However, based on CONAB's assessments, although rainfed rice production could be negatively impacted by the below average rains and competition from other crops, good water reservoir levels and greater use of high yielding varieties could benefit irrigated rice production. As a result, preliminary official forecasts expect between 2.74 and 2.78 million hectares to be planted in 2011, which, coupled with a recovery in yields from increased sunshine, could give way to a harvest of 12.2-12.3 million tonnes, (8.0-8.2 million tonnes, milled basis).

Paddy production in **Colombia**, where 2010 secondary crops are at planting stage, remains officially forecast to rise by 4 percent to 2.9 million tonnes (2.0 million tonnes milled basis). The expansion is expected in spite of several set-backs endured this season, including drought problems, unseasonably high temperatures, as well as crop damages due to floods. Meanwhile, the Colombian government is reported to have allocated Pesos 10 billion (USD 5.4 million) to fund the storage incentive scheme for this season's harvest. Under the programme, buyers paying producers a set of minimum reference prices, receive monthly retributions for keeping supplies in storage.

The production outlook is also positive in **Ecuador**, where FAO estimates some 1.6 million tonnes (912 000 tonnes, milled basis) might be collected, up from a 2009 official estimate of 1.58 million tonnes (900 000 tonnes, milled basis). Nonetheless, yields of just harvested summer crops are reported to have fallen slightly, impacted by cold temperatures and low sunshine duration. Starting in May, rice, maize, wheat and potato producers may benefit from the institution of a crop insurance scheme, which enjoys a 60 percent state subsidy on costs.

The latest official estimates released by the Ministry of Agriculture in **Guyana**, peg 2010 paddy production in the country at 548 000 tonnes (356 000 tonnes, milled basis), virtually unchanged from the previous year. Despite unfavourable growing conditions at the start of the season, the 2010 main paddy crop is reported to have surpassed its target of 239 000 tonnes (155 200 tonnes, milled basis), with 259 000 tonnes (168 300 tonnes, milled basis) produced. To this volume, officials expect secondary crops, gathered in December, to add another 289 000 tonnes (188 100 tonnes, milled basis).

In **Paraguay**, FAO estimates some 300 000 tonnes (210 000 tonnes, milled basis) to have been gathered during the 2010 season, representing a 36 percent expansion from the previous year. Increased investment in rice production in the country, which has found a key export market in Brazil, has propelled significant investment in the sector in recent years. Indeed, on the back of larger plantings, output is officially estimated to have passed from 150 000 tonnes (105 000 tonnes, milled basis) in 2008 to 220 000 tonnes (154 000 tonnes, milled basis) in 2009. A project to support 600 smallholders in the Misiones region launched this year, will add to this volume by supporting cultivation of 2 500 hectares through the provision of inputs and technical assistance.

By contrast, the outlook is negative in **Peru**, where FAO forecasts 2010 production may fall by 3 percent to 2.9 million tonnes (2.0 million tonnes, milled basis). The contraction is expected to be largely driven by smaller plantings, as producers react to lower prices and rising production costs. Indeed, a July survey of planting intentions released by the Ministry of Agriculture, which reports on a August-July calendar basis, points to a likely 2010-2011 area decline of 3.4 percent. The producing regions of Lambayeque, Piura and La Libertad are expected to account for much of the retrenchment, as producers switch to cultivation of other crops like maize and cotton. A recent industry assessment has also called attention on the bleak prospects of the sector, as adding to annual increase of 15.1 percent in average production costs to Soles 6 804 per hectare (USD 2 392), between 2009 and 2010, average paddy prices to producers have declined by 10 percent to Soles 620 per tonne (USD 218 per tonne).

In **Uruguay**, the 2010 season closed with a yield driven output decline to 1.15 million tonnes (804 000 tonnes, milled basis), 11 percent below the 2009 harvest. The decreased productivity resulted from excess rains, which delayed plantings and favoured the development of pest infestations over an estimated 46 000 hectares, mainly in eastern areas of the country. Meanwhile, according to a preliminary official survey, up to 190 200 hectares are intended to be planted between October and December this year, which would represent a 17 percent increase in area coverage from 2010. Ample water availability for irrigation and good price prospects are expected to foster the expansion in 2011 plantings.

FAO has downgraded its estimates of 2010 production in **Venezuela** by 150 000 tonnes to 900 000 tonnes (630 000 tonnes, milled basis), 29 percent below the previous year and the lowest level since 2003. The reduction is forecast to be led by a significant decline in paddy plantings, as adverse climatic factors, mainly the prolonged drought endured early in the year, have limited planting of 2010 winter crops. The rice industry also reports being considerably limited by declining profits from rice cultivation, due to mounting production costs. In this connection, a September Government decision raised minimum producer prices by 29 percent to Bolivares Fuertes 1.55 per kilo of Type A paddy (USD 360 per tonne) and 1.24 per kilo of Type B Paddy (USD 288 per tonne).

## **E. NORTH AMERICA, EUROPE AND OCEANIA**

### **Production in the United States forecast to reach a new record. Positive results also attained in Australia, while the outlook is negative in the EU-27 zone**

In *North America*, though slightly downgraded, the latest figures released by the USDA confirm expectations of record 2010 harvest in the **United States**, with 10.96 million tonnes of paddy (7.4 million tonnes, milled basis) forecast to be produced, up 10 percent year-on-year. The expansion is anticipated to rely solely on larger area coverage, forecast to grow by 17 percent to 1.5 million hectares, sustained by greater cultivation of long-grain varieties. By contrast, with unseasonable high temperatures affecting crops in the Delta states of Arkansas, Mississippi and Missouri this summer, average yields are now expected to decline by 6 percent to 7.5 tonnes per hectare, the lowest since 2005, with the rate of conversion of paddy into milled rice also predicted to fall.

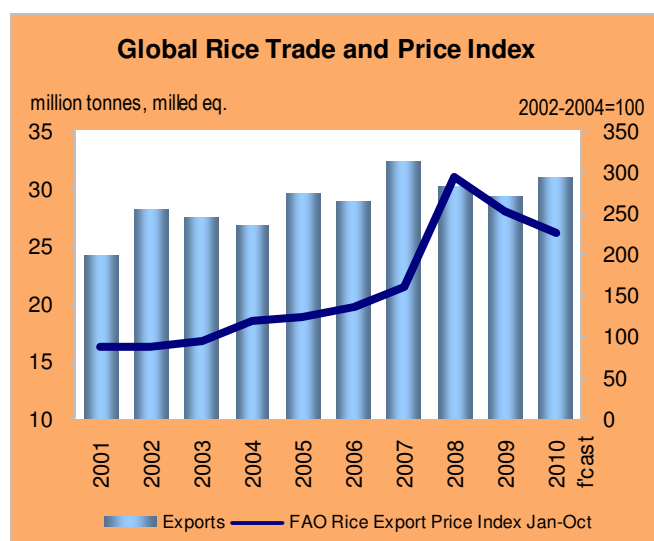
In **Europe**, 2010 production in the **EU-27** is now forecast to reach 3.0 million tonnes (2.1 million tonnes, milled basis), 4 percent below the 2009 level, but still the second highest on record. The near 150 000 tonne contraction is anticipated to be led by smaller crops in Italy, the largest producer in the region. Indeed, lower yields, impaired by erratic weather in August, are expected to more than offset larger area planted to rice. Production in the country is now forecast to end 9 percent below the record 2009 outcome at 1.5 million tonnes (1.1 million tonnes, milled basis). By contrast, the outlook is favourable in Spain where larger plantings might result in a 2 percent output expansion to 915 000 tonnes (640 000 tonnes, milled basis). Bulgaria, Greece, Hungary, Portugal and Romania are also anticipated to gather larger crops, while France may face a decline due to delayed plantings from low temperatures and excessive rains. Elsewhere in the region, little affected by the devastated fires which wrecked havoc in the country this year, 2010 paddy production in the **Russian Federation** is anticipated to increase by 5 percent to 950 000 tonnes (634 000 tonnes, milled basis).

In **Oceania**, over the 2010 season paddy production in **Australia** grew by nearly 150 000 tonnes to 205 000 tonnes (137 000 tonnes, milled basis). The increase was sustained by larger paddy plantings, made possible by greater water availability for irrigation, as well as good weather conditions which boosted yields to a record 10.8 tonnes per hectare. As planting of 2011 paddy crops is already in progress in the country, recent rains have helped replenished reservoirs, resulting in larger water entitlements to rice producers. This development brings promise of further output recoveries over the coming 2011 season, from the drought limited output levels attained since 2007. Early industry estimates would even peg 2011 Australia's rice production at close to 800 000 tonnes (534 000 tonnes, milled basis), the highest since 2006. Concerns still remain, however, over the potential spread of locust infestations across the country and their impact on crops.

## II. INTERNATIONAL TRADE IN RICE

### A. TRADE IN 2010

#### Global trade in rice forecast to rebound by 6 percent in 2010



International trade in rice in calendar 2010 is now expected to reach 31.0 million tonnes (milled basis), some 600 000 tonnes more than previously anticipated. Compared to the June issue of the RMM, several Asian countries are now expected to **import** more, primarily Bangladesh, China (Mainland), Indonesia, Thailand and Viet Nam. Upward revisions to purchases by these countries, more than compensated for lower import projections mainly for Brazil, the Islamic Republic of Iran, Madagascar and Yemen. On the **export** side, instead, downward revisions to

forecasts have mainly concerned Brazil, China (Mainland), Myanmar and Pakistan; while

India, Paraguay, Thailand, the United States and Viet Nam and are now expected to export more.

Principal Revisions to 2010 International Trade in Rice (million tonnes)							
2010 IMPORTS				2010 EXPORTS			
	June f'cast	November f'cast	Revision		June f'cast	November f'cast	Revision
<b>WORLD</b>	<b>30.4</b>	<b>31.0</b>	<b>+0.6</b>	<b>WORLD</b>	<b>30.4</b>	<b>31.0</b>	<b>+0.6</b>
<b>ASIA</b>	<b>13.8</b>	<b>14.8</b>	<b>+1.0</b>	<b>ASIA</b>	<b>24.0</b>	<b>24.4</b>	<b>+0.4</b>
Bangladesh	0.4	F 0.8	F +0.4	China (Mainland)	1.0	F 0.7	F -0.3
China (Mainland)	0.4	F 0.5	F +0.1	India	2.0	F 2.4	F +0.4
Indonesia	0.2	F 0.6	F +0.4	Myanmar	1.0	F 0.8	F -0.2
Iran Islamic Rep. of	1.2	F 1.1	F -0.1	Pakistan	3.8	F 3.2	F -0.6
Thailand	0.2	F 0.3	F +0.1	Thailand	8.2	F 8.5	F +0.3
Viet Nam	0.2	F 0.5	F +0.3	Viet Nam	6.0	F 6.9	F +0.9
Yemen	0.6	F 0.5	F -0.1	<b>NORTH AMERICA</b>	<b>3.3</b>	<b>3.5</b>	<b>+0.2</b>
<b>AFRICA</b>	<b>9.8</b>	<b>9.8</b>	<b>0.0</b>	United States of America	3.3	G 3.5	G +0.2
Nigeria	1.8	F 2.0	F +0.2	<b>LATIN AMERICA &amp; CAR.</b>	<b>2.2</b>	<b>2.2</b>	<b>0.0</b>
Madagascar	0.2	F 0.0	F -0.2	Brazil	0.5	F 0.4	F -0.1
<b>LATIN AMERICA &amp; CAR.</b>	<b>3.9</b>	<b>3.5</b>	<b>-0.3</b>	Paraguay	0.0	F 0.1	F +0.1
Brazil	1.0	F 0.8	F -0.2				

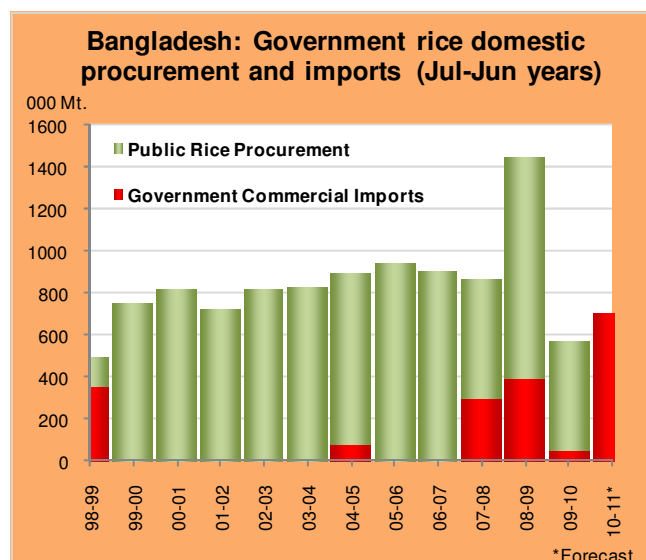
G: Official Figure; F: FAO forecast/estimate.

At the current forecast level of 31.0 million tonnes, globally traded volumes would stand 6 percent above the 2009 contracted level of 29.3 million tonnes. The 1.7 million tonne trade recovery is expected to be sustained by increasing demand from Asia, as several countries in the region raise their purchase levels to make up for output shortfalls and to reconstitute rice reserves. Nonetheless, Latin American and European countries are also expected to import more, while volumes shipped to Africa are forecast to remain largely unchanged. Based on current estimates, much of the increased import demand looks set to be met primarily by larger shipments from Viet Nam and the United States, although India and Pakistan are also expected to step up deliveries.

## Imports in 2010

### Greater demand by Asian countries to drive growth in 2010 trade

Underpinning much of the anticipated growth of global rice trade in 2010, *Asian* countries are now foreseen to import 14.8 million tonnes of rice over the calendar year, 13 percent more than purchases in 2009 and nearly 600 000 tonnes more than previously anticipated. In efforts to boost stocks and compensate for weather related supply shortfalls, **Bangladesh, China (Mainland), Indonesia, Nepal, the Philippines and Sri Lanka** are forecast to account for much of this 1.6 million tonne increase in regional flows. The **Republic of Korea, Iraq, Oman, Turkey and Viet Nam** are also projected to import more, while deliveries to **Afghanistan, Qatar, Saudi Arabia** and the **United Arab Emirates** may decline. Recently imposed import restrictions in the **Islamic Republic of Iran** also look set to translate into reduced deliveries to the country.



With high domestic prices undermining government procurement activities, **Bangladesh** has been very active in the international market since the start of the year, contracting supplies in an effort to replenish domestic public stocks. While some 337 000 tonnes are reported to have been acquired between January and September, an August decision by the Indian Government has also approved delivery of 300 000 tonnes of parboiled rice to the country. According to official statements, the Bangladeshi Government is also seeking to engage India in a long-term agreement to secure 500 000 tonnes of wheat and rice on an annual

basis from the country. FAO now estimates some 750 000 tonnes of rice may be imported by Bangladesh over calendar 2010, 600 000 tonnes more than in 2009.

In the first ten months of 2010, **China (Mainland)** is reported to have imported 238 194 tonnes, 16 percent above the imports during the corresponding period in 2009. Increased pressure on prices in southern provinces, due to a weather-based shortfall in early rice production, is reported to have led to large volumes of rice being imported from neighbouring Viet Nam. To take account of this pace of shipments, forecast of imports by the country have been revised upwards to 500 000 tonnes, nearly 150 000 tonne more than the 357 000 tonnes officially reported to have been purchased in calendar 2009.

Forecasts of 2010 rice shipments to **Indonesia** have also been upgraded and now stand at 600 000 tonnes, substantially more than the 250 000 tonnes estimated to have been purchased a year ago, but well below the 1.8 million tonnes imported in 2007. Notwithstanding the favourable prospects for the 2010 season, an erratic weather pattern has impacted the timing of 2010 harvests and the overall quality of collected crops. These factors may have added pressure on domestic prices, which have been on the rise since the latter part of 2009, prompting authorities to release government stocks. Against this backdrop and in a bid to refurbish state reserves to a desired minimum of 1.5 million tonnes, the Government approved in October the purchase of 300 000 tonnes of rice from Viet Nam. According to reports, an additional deal of 250 000 tonnes of rice would have also been secured with the country in November. The purchases would be in line with contingency plans instituted under a Rupiah 2 trillion fund (USD 220 million), to avert domestic food price increases and rebuild government rice reserves.

In accordance to its commitments to the WTO, **Japan** is expected to import 700 000 tonnes in 2010, unchanged from the previous year. Likewise, rice deliveries to the **Democratic People's Republic of Korea** are expected to remain steady and in the order of 400 000 tonnes. To support a recovery from the devastating floods which affected the country this year, the neighbouring Republic of Korea has given approval to a civilian aid shipment of 5 000 tonnes of rice to the country. This delivery aside, however, and given the reduction of food aid shipments to the country by major donors in recent years, the Democratic People's Republic of Korea is still expected to have to source the bulk of its rice requirements on a commercial basis. On the other hand, the **Republic of Korea** is projected to raise purchases to

327 000 tonnes, also in order to meet its obligations to the WTO, while 2010 rice deliveries to **Malaysia** may hold steady at 850 000 tonnes.

Reflecting supply shortages from a poor 2009 season outcome, **Nepal** is forecast to step up purchases by 100 000 tonnes to 250 000 tonnes in 2010. Indeed, limited availability of supplies in the local market are reported to have hampered procurement activities by the Nepal Food Corporation (NFC), leading to the September launch of an international import tender to source 20 000 tonnes of rice. The supplies acquired through this tender will also go to constitute a planned public emergency reserve of 50 000 tonnes.

The large volumes of rice delivered to **Philippines** in the first few months of the year are behind much of the increase in rice imports in the region. Purchases by the country surged to a record of 2.45 million tonnes of rice in 2010, nearly 700 000 more than a year earlier. With damages from successive storms hampering paddy production in the country, the National Food Authority sourced the bulk of these supplies, 2.25 million tonnes, through a series of tenders in late 2009. Further output losses from an El Niño-induced drought also encouraged the Government to approve the purchase of 200 000 tonnes by private traders, under a special measure applicable until September this year.

**Sri Lanka** has also had to raise purchases to compensate for a bad crop in 2009 and to contain domestic rice prices. For this purpose, import duties and charges on rice were lowered until March 2010. Largely facilitated by the measure, overall 2010 shipments to the country are expected to rise by 54 percent to 80 000 tonnes.

Imports by **Thailand**, mainly consisting of unofficial flows from neighbouring countries, are forecast to amount to 300 000 tonnes in 2010, 100 000 tonnes below the 2009 import estimate. According to reports, officials would be considering a plan to allow paddy imports under strict controls and on condition that all supplies are milled and re-exported within a specific timeframe. The creation of a special zone has also been put forward as a proposal for this purpose, which officials expect would benefit Thai rice millers, currently seen as underutilising processing capacity. In this connection, the country has also led talks geared at increasing cooperation with regional partners, through the formation of an ASEAN Rice Millers Association. By contrast, rice inflows to **Viet Nam**, the majority also undertaken through border trade, are forecast to increase by 25 percent to 500 000 tonnes in 2010, consistent with an anticipated fast pace of exports by the country.

In *Near East Asia*, a good crop and boosted stocks in **Afghanistan** are expected to lead to a 13 percent decline in 2010 deliveries to 260 000 tonnes. Rice purchases by **Saudi Arabia** are also forecast to contract by 9 percent to 820 000 tonnes, partly a reflection of the removal of subsidies on foreign rice purchases. In order to meet requirements under its food distribution system, **Iraq** is officially expected to acquire 1.2 million tonnes over course of the year. Meanwhile, a September decision in the **Islamic Republic of Iran** is reported to have banned imports of all rice varieties until December 2010, in a bid to protect the local rice industry at harvesting time. FAO anticipates the measure to translate into a 200 000 tonne drop in consignments to the country to 1.1 million tonnes. The prohibition is also anticipated to affect the **United Arab Emirates**, which has consolidated its position in recent years as a major rice re-exporter, partly on the back of significant volumes re-routed to the Islamic Republic of Iran. As a result, FAO anticipates a 13 percent decline in 2010 deliveries to the Emirates' to 520 000 tonnes.

*African countries* are now expected to purchase 9.8 million tonnes of rice in calendar 2010, little changed from 2009. Within the continent, however, production gains achieved during the previous season and refurbished stocks are forecast to translate into smaller deliveries to **Benin, Gambia, Ghana, Liberia, Mali, and Sierra Leone**. In the case of **Ghana**, the anticipated reduction would also follow the reinstatement of a higher duty on rice imports. The local industry has, however, raised concern over a recent surge in unofficial inflows, which they retain are being principally driven by differences in duties applied with neighbouring countries. For the whole of the year, FAO forecasts rice purchases by **Senegal** to fall by 8 percent to 785 000 tonnes. According to official assessments Asian supplies, mainly from Thailand and Viet Nam, accounted for 80 percent of Senegal's rice imports in 2009. However, up to 31 August this year, this proportion was down to 44 percent, as competitive prices offered by suppliers from the Americas, particularly Brazil and Argentina, raised their market share in the country from 20 percent in 2009 to 48 percent in the first eight-months of the year. Up to 8 percent of Senegal's imports during this period were also captured by African suppliers, mainly Egypt.

On the other hand, production shortfalls over the 2010 season are forecast to lead **Chad, Mauritania, Mozambique and Niger** to purchase more over the year. Likewise, **Kenya** is anticipated to increase imports by 5 percent to 300 000 tonnes, facilitated by the application of a lower tariff of 35 percent on rice from all origins. Kenyan authorities have, however, introduced more stringent import formalities, requiring laboratory analysis reports, which are reported to have delayed the release of supplies delivered to the country. In **Mozambique**, as part of the measures instituted to quell domestic food prices, the Government has waived import duties on 15 percent broken rice. Consistent with the measure and in order to compensate for lower domestic supply availability, the country is forecast to purchase 400 000 tonnes over the year, up 11 percent from 2009. FAO also anticipates 2010 imports by **Nigeria** to increase by 11 percent to 2.0 million tonnes. Unconfirmed reports would have a duty waiver for large contingent of rice being approved by authorities this year, while interest to purchase large volumes of rice from Thailand on an official basis is also being suggested. Meanwhile, rice purchases by **South Africa** and **Cote d'Ivoire** may amount to 900 000 tonnes and 850 000 tonnes respectively, unchanged from the previous year.

Overall imports by countries in *Latin America and the Caribbean* are anticipated to increase by 4 percent 3.5 million tonnes. **Brazil** is forecast to be responsible for nearly all of this expansion, sourcing supplies from abroad to compensate for the crop losses endured in 2010. Unfavourable seasonal results are also expected to boost purchases by **Bolivia, Chile, Haiti, and Panama**. FAO forecasts overall imports by **Venezuela** to reach 150 000 tonnes in 2010, 25 percent more than in 2009. Part of this volume is to be delivered in the next few months, under a September agreement clenched with Guyana, to purchase 50 000 tonnes of paddy and 20 000 tonnes of milled rice. Meanwhile, in August, **Colombia** temporarily suspended all rice imports, to avert downward pressure on prices during the main crop harvest. Overall deliveries to the country are expected to amount to 100 000 tonnes in 2010, down 18 percent from the volume officially reported for 2009. **Cuba** is also foreseen to cut purchases by 2 percent to 500 000 tonnes. Likewise, **Costa Rica, El Salvador and Peru** are anticipated to purchase less, while **Mexico** is forecast to keep imports unchanged in the order of 610 000 tonnes.

*Elsewhere in the world*, rice deliveries to the **EU-27 zone** are projected to rise by 5 percent to 1.1 million tonnes, while declining in the **Russian Federation** to 200 000 tonnes. The reduction would also follow the extension of greater trade protective measures this year.



Meanwhile, rice imports by the **United States** are officially anticipated to decline by 5 percent to 650 000 tonnes.

## Exports in 2010

### Increased exports from Viet Nam and the United States sustain trade growth in 2010

Global rice exports in 2010 are forecast to expand to 31.0 million tonnes, 6 percent, or 1.8 million tonnes, more than in 2009. Both the **United States** and **Viet Nam** are now anticipated to make a significant contribution to this expansion. Ample availability for export is also expected to translate into larger shipments by **Ecuador, Guyana, Pakistan, Paraguay** and **Uruguay**. Although still remaining limited by government restrictions, deliveries by **India** and **Egypt** may recover somewhat from the low levels in 2009. Based on current estimates, greater exports from these countries will more than compensate for lower deliveries by **Argentina, Brazil, Cambodia, China (Mainland)** and **Myanmar**.

In **Cambodia**, the Government has recently introduced a series of measures geared at improving access to credit by millers and exporters. For instance, in order to facilitate paddy collection and processing, funds for subsidised loans have been raised by USD 7 million tonnes to USD 20 million. In a separate scheme, officials have also announced a doubling of allocations to the Agricultural Development and Support Fund to USD 36 million in 2011, and provided a 50 percent credit guarantee for loans issued by commercial banks to collectors and millers. These initiatives are part of a wider policy framework to promote formal rice exports to 1.0 million tonnes by 2015. Indeed, although a surge in official deliveries to 107 291 tonnes has been witnessed in the first nine months of the year, the bulk of the country's shipments continue to be routed to neighbouring countries through border trade for processing and re-export. To reverse this trend, the Cambodian officials would be looking to engage the Philippines in export agreements, while an accord on phytosanitary requirements with China is also expected to pave the way for further rice trade between the countries. Overall, FAO anticipates 1.5 million tonnes of rice to be exported by Cambodia in 2010, 100 000 tonnes less than the estimated volume for 2009.

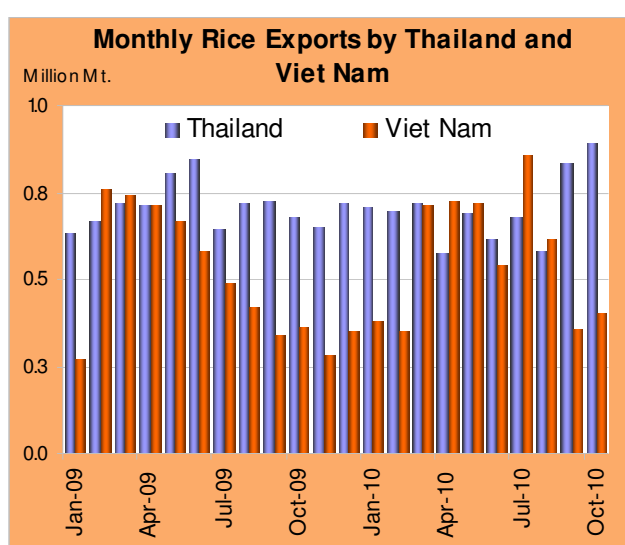
In the first ten months of 2010, rice shipments by **China (Mainland)** are reported to have fallen to 503 443 tonnes, 21 percent below the already modest export level registered in 2009. To take account of this pace of shipments, forecasts of exports by the country have been lowered to 700 000 tonnes, which would represent an 11 percent decline from deliveries the previous year.

FAO has raised projections of 2010 shipments by **India** by 400 000 tonnes to 2.4 million tonnes, 14 percent above the officially reported volume of exports in 2009. The revision reflects a sustained demand for premium varieties, as well as the approval of further exceptions to the export ban of non-basmati rice, which in August authorised an additional contingent of 300 000 tonnes for delivery to Bangladesh. Nonetheless and in spite of the positive outlook for the ongoing 2010 Kharif season, according to official statements, the Government does not foresee an imminent repeal of restrictions on exports of common varieties. Indeed, inflationary pressure remains a key concern in the country.

Amid unfavourable production prospects, **Myanmar** is now anticipated to ship some 800 000 tonnes of rice over the year, 27 percent below the 2009 outstanding performance and 200 000 tonnes less than previously anticipated. According to reports due to delays in the issuance of export licenses, consignments in the first six months of 2010 totalled 276 180 tonnes, much

down the 750 100 tonnes exported during the corresponding period a year earlier. Meanwhile, private commercial banks are reported to have been directed to provide credit of up to 60 percent of the value of shipments to rice and bean exporting entities.

On the back of competitive prices, cumulative rice shipments by **Pakistan** between January to September 2010 are officially estimated to have reached 2.9 million tonnes, which compares to the 1.9 million tonnes exported at the same time in 2009. Despite the heavy losses endured as a result of the floods, the fast pace of deliveries has been sustained by ample inventories accumulated from two consecutive large harvests. In addition, with basmati growing areas less affected by the floods than the non-premium rice cultivating zones, mainly in southern Punjab and Sindh, Pakistan is still expected to rely on some exportable surplus to add to this volume. As a result, FAO forecasts overall exports by the country to amount to 3.2 million tonnes in 2010, 600 000 tonnes below the volume anticipated prior to the devastating floods, but still 12 percent above 2009.



Forecasts of shipments by **Thailand** during calendar 2010 have been raised by 300 000 tonnes to 8.5 million tonnes, matching the 2009 export level and in line with the official annual target for the year. On sluggish demand and strong price competition from other regional suppliers, cumulative Thai rice exports between January and August 2010 stood 9 percent below their level a year earlier at 5.3 million tonnes. The continued appreciation of its currency, which lifted the Baht in September to its highest level in 13 years relative to the US Dollar, also contributed to the erosion of Thailand's competitiveness. More recently, however,

a tightening of supplies in major regional competitors has given way to a pick-up in Thai rice exports, with 1.72 million tonnes being shipped between September and October alone. The rebounding of exports was also facilitated by the release of close to 2.0 million tonnes from Government rice reserves, carried out ahead of 2010 main crop harvest, which required traders to ship abroad within four months from their purchases, so as to limit depressing effects on domestic rice prices.

FAO has also upgraded its forecast of 2010 rice deliveries by **Viet Nam** to a record of 6.9 million tonnes, 16 percent more than 2009 exports and 400 000 tonnes above the official target for the year. Indeed, adequate supplies have sustained the country's competitive edge, which has also been supported by a depreciating Dong, devaluated in August for the third time in a year. Contracts worth 6.8 million tonnes were already reported to have been secured by September, with the Philippines, Singapore and Cuba, standing as the country's top markets. In line with a surge in external demand witnessed in July, the Viet Nam Food Association has raised minimum export prices twice. Floor export prices for 5% broken rice now stand at USD 475 per tonne and at USD 445 per tonne in the case of 25% broken rice.

Forecasts of rice shipments by **Egypt** remain pegged at 500 000 tonnes, some 50 000 tonnes more than in calendar 2009. In a bid to contain rising domestic prices, a September decision by the Government has extended, until October 2011, the export ban on rice first put in place

in April 2008. As has been the practice since February 2009, authorities have nonetheless permitted a limited amount of consignments abroad, through a tender system, on condition that equal amounts are delivered to state agencies for the public distribution system.

Based on the latest figures released by the USDA, 2010 rice exports by the **United States** could expand by 18 percent to 3.5 million tonnes, the highest since 2005 and 225 000 tonnes more than previously anticipated. Ample availability of supplies from a good crop and larger sales to Latin American and Near Eastern countries are expected to be behind much of the forecast growth this year.

In South America, a bad crop in **Argentina** is forecast to translate into an 8 percent reduction in consignments by the country to 450 000 tonnes in 2010. Likewise, reduced availability of supplies for export in **Brazil** may induce a 32 percent cut to shipments to 400 000 tonnes. By contrast, rice exports by **Guyana** are forecast to increase by 5 percent to 275 000 tonnes, on the back of larger deliveries to Caribbean and European markets. The country will also be providing Venezuela with 50 000 tonnes of paddy and 20 000 tonnes of milled rice over the year. Under the terms of the agreement, part of the payments for this consignment will be deducted from the Petrocaribe oil account. Exports by **Ecuador** are also foreseen to increase to 50 000 tonnes, while, notwithstanding a reduction in supplies from a negative 2009 season outcome, **Uruguay** is officially anticipated to raise shipments by 2 percent to 700 000 tonnes.

## B. TRADE IN 2011

### World rice trade in 2011 forecast to contract by 2 percent

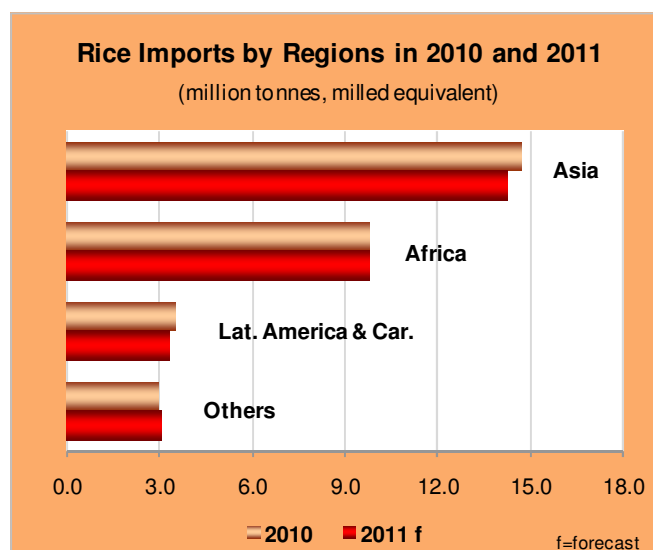
Based on current projections of 2010 paddy crops on northern hemisphere countries and preliminary expectation of 2011 production in countries south or along the Equator, FAO's forecast of rice trade in calendar 2011 points to a 2 percent contraction in globally traded volumes to 30.5 million tonnes. The reduction is expected to follow a tightening of exportable quantities in major global suppliers of rice, several of which have had their harvests reduced by weather problems or have heavily drawn of rice reserves to meet 2010 delivery commitments. Nonetheless, on the back of production gains over the season, various important rice importers are also anticipated to have to rely less on international purchases to meet domestic requirements during 2011.

### Imports in 2011

#### Asian countries to be behind much of the expected decline in world rice trade in 2011

The anticipated contraction in world rice trade in 2011 is forecast to be driven by lower imports by Asian countries, projected, as a group, to take delivery of some 14.3 million tonnes of rice over the year, 3 percent less than in 2010. Reflecting greater availability of supplies from larger 2010 crops, several traditional importers are forecast to cut purchases. This is principally expected to be the case of the **Philippines**, the world's top rice buyer in 2010, which is forecast to import 1.85 million tonnes of rice in 2011, 600 000 tonnes less than the 2010 record of 2.45 million tonnes. According to Government statements, import in 2011 would be set at around 1.2-1.5 million tonnes, under favourable prospects for 2010 paddy crops and sufficient stocks, which have already led the country to request the deferral of a 51

000 tonne shipment to 2011. Amongst other major buyers, **Bangladesh** is also foreseen to slash shipments from the current 2010 estimate of 750 000 tonnes to 400 000 tonnes. A record 2010 crop in **Sri Lanka** is also anticipated to facilitate a near 80 percent cut in imports to 15 000 tonnes.



By contrast, a sustained drive to replenish government rice reserves are projected to result in a 17 percent increase in 2011 deliveries to **Indonesia** to 700 000 tonnes. This volume is expected to be sourced by the state trading company, Bulog, which retains full control over rice imports to the country. Consignments to the **Republic of Korea** are also forecast to grow to 348 000 tonnes, consistent with the country's obligations to the WTO. In that connection, prospects of record level government reserves by the end of the marketing year are prompting advisory

panels to renew calls for the country to abandon the import quota regime, with a formal proposal to move towards early tariffication submitted to the Government in October.

The **Democratic People's Republic of Korea** is anticipated to maintain 2011 imports unchanged and in the order of 400 000 tonnes. Likewise, rice purchases by **China (Mainland)** are forecast to remain steady at 500 000 tonnes, a fraction of the tariff-rate import quota, which was kept unchanged at 5.32 million tonnes for 2011. Half of this volume, or 2.66 million tonnes, is to be reserved for long grain varieties, with the remaining volume consisting of medium-short grain rice. In **India**, a September Government decision renewed the exemption of a 70 percent duty on rice imports until September 2011. Nevertheless, based on current favourable expectations for the 2010 season, purchases by the country could remain minimal, in the order of 100 000 tonnes. **Japan** and **Malaysia** are also forecast to keep 2011 rice imports steady at 700 000 and 850 000 tonnes, respectively. Likewise, little change is anticipated in **Nepal**, which is forecast to take delivery of 250 000 tonnes.

In *Near East Asia*, **Afghanistan** may have to raise purchases by 15 percent to 300 000 tonnes. Growing requirements under its public distribution system are also forecast to lead to a 1 percent increase in consignments to **Iraq** to 1.2 million tonnes. **Saudi Arabia** is anticipated to import 10 percent more over the year or some 900 000 tonnes. Meanwhile, FAO forecasts 2011 deliveries to the **Islamic Republic of Iran** remain steady at 1.1 million tonnes.

Countries in *Africa* are foreseen to import 9.8 million tonnes of rice in calendar 2011, unchanged from the current import estimate for 2010. A 5 percent decline in purchases by **Nigeria** to 1.9 million tonnes is expected to be behind much of this reduction. In addition, larger crops harvested in **Chad, Gambia, Ghana, Mali, Mauritania** and **Sierra Leone** may also enable them to import less. Lower consignments to these countries are expected to more than compensate for increases in **Benin, Kenya** and **Liberia**. Amongst other major buyers in the region, **Senegal** may have to step-up purchases by 7 percent to 840 000 tonnes. Rice deliveries are forecast to hold steady in **Cote d'Ivoire** at 850 000 tonnes, in **Guinea** at 230 000 tonnes, while rising by 6 percent in **South Africa** to 950 000 tonnes.

Rice imports in *Latin America and the Caribbean* are anticipated to fall by 6 percent, to 3.3 million tonnes in 2011. **Brazil** is projected to account for the bulk of this contraction, with a 25 percent reduction in purchases to 600 000 tonnes. Likewise, favourable seasonal outcomes are forecast to lead to fewer shipments to **Colombia, Costa Rica, Mexico**, and to **Panama**. Conversely, with erratic weather affecting 2010 output, **Cuba** may have to step up shipments by 2 percent to 510 000 tonnes. Larger deliveries are also foreseen to **Honduras** and **Guatemala**, while **Venezuela** is forecast to raise purchases by 33 percent to 200 000 tonnes, to make up for the shortfall in 2010 production.

Elsewhere in the world, the **EU-27** zone is anticipated to import 1.2 million tonnes, up 14 percent from the current 2010 estimate, reflecting negative prospects for 2010 crops in the region. With the 31 August closing of the 2009-2010 marketing year, the European Commission has reviewed applicable import duties on rice. Given that imports of husked rice (excluding basmati) from 1 September 2009 to 31 August 2010 totalled 319 539 tonnes, below the annual threshold of 382 226 tonnes, import duties from 1 September 2010 to 28 February 2011 will continue at the lower range of Euro 42.5 per tonne. By contrast, with imports of semi-milled or wholly milled rice amounting to 399 665 tonnes, above the 387 743 tonne annual threshold, import duties are to remain in the upper range of Euro 175 per tonne.

European Union -Husked and Semi/Wholly Milled Rice Imports (tonnes)									
	2007/08			2008/09			2009/10		
	1 Sep 28-Feb	1 Mar 31-Aug	Total	1 Sep 28-Feb	1 Mar 31-Aug*	Total	1 Sep 28-Feb	1 Mar 31-Aug	Total
<b>Husked (excluding basmati)</b>	307,448	243,293	550,741	221,765	228,017	449,782	168,642	150,897	319,539
<b>Semi-milled or wholly milled</b>	203,597	227,842	431,438	160,203	183,619	343,822	207,074	192,591	399,665
<b>Total</b>	511,045	471,135	982,179	381,968	411,636	793,604	375,717	343,488	719,204
* Calculated by difference.									
Source: EU Commission, based on import licenses issued.									

On the other hand, consignments to the **Russian Federation** are forecast to hold steady at 200 000 tonnes, while imports by the **United States** are officially anticipated to recover by 2 percent to 665 000 tonnes.

## Exports in 2011

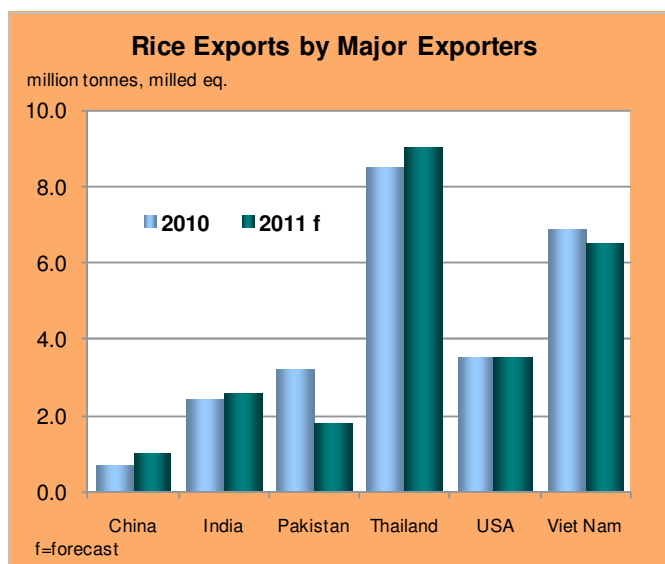
### Rice trade in 2011 to contract as several major exporters face supply constrains

The contraction in global trade in rice in 2011 is principally anticipated to reflect a sharp retrenchment in deliveries by **Pakistan**, the world's fourth largest supplier of rice, which is now forecast to ship 1.8 million tonnes, 44 percent less than current estimate for 2010. Much of this 1.4 million tonne reduction is expected to concern non-basmati rice, as crop damages registered as a result of devastating floods were particularly concentrated around southern Punjab and Sindh, important producing areas of IRRI-6 rice varieties. Instead, with key aromatic growing areas less severely affected, Pakistan is anticipated to maintain its high-value basmati rice exports in the order of 1.0 million tonnes.

On current expectations of a reduced crop, shipments by **Cambodia** are also foreseen to fall by 10 percent to 1.35 million tonnes. Likewise, the 2010 output decline in **Egypt** may

translate into a 40 percent drop of exports to 300 000 tonnes. Although continued inflationary pressure has prompted the Egyptian Government to extend the export ban on rice until October 2011, officials are expected to continue granting approval to a limited amount of rice shipments, as has been the case for the large part of 2009 and 2010.

Following a record pace of deliveries in 2010, rice exports by **Viet Nam** are also forecast to fall to more normal levels, and in the order of 6.5 million tonnes. However, according to official statements the country will be seeking to expand shipments of parboiled rice to 300 000-400 000 tonnes over the year to cater to growing demand. Meanwhile, the Vietnamese Government has approved a series of regulatory measures for the rice export market. Starting 1 January 2011, rice traders will be required to hold legal certification, count on storage capacity and facilities to process rice. Exporters will be additionally obliged to store the equivalent of 10 percent of volumes shipped during the previous six months as stocks. Although a nine-month grace period to adhere to these stipulations has been granted, the 1 January 2011 implementation of these provisions coincides with the opening of the Vietnamese rice export sector to foreign individuals and enterprises, as required under the country's commitments to the World Trade Organisation.



Part of the reduction of exports by these countries is expected to be compensated by larger deliveries by **Thailand**, which may ship 9.0 million tonnes, 6 percent more than in 2010. In an effort to address increasing competition from other regional suppliers, the Thai Government has devised a five-year strategy to raise the value of its rice exports. Under the initiative, to be implemented from 2011 to 2015, officials will concentrate on quality improvements and on raising the value of Jasmine, Pathum Thani, and parboiled rice by 20 percent each year and by 10 percent in the case of white

rice. For this purpose, they will seek to boost production of premium varieties and organic rice.

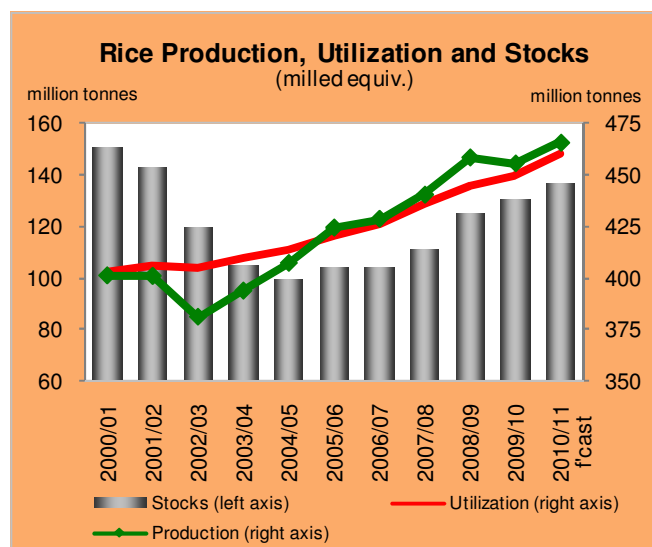
Based on the favourable production outlook for 2010 crops, **India** is also anticipated to step-up deliveries to 2.6 million tonnes, up 8 percent year-on-year. The increase is anticipated to be primarily supported by larger shipments of premium varieties, but also of common rice. Indeed, although the Indian authorities are still maintaining the ban on exports of common rice, the recovery in 2010 output and the accumulation of large inventories may encourage the Government to authorize larger exceptions to the ban over the course of the year, mostly under government-to-government deals.

Exports by the **United States** are officially anticipated to rise by 1 percent to 3.6 million tonnes, as a record 2010 crop and a relatively weak US dollar are expected to make rice from the country particularly competitive. Likewise, on early expectations of an important production recovery over the 2011 season, **Australia** is preliminarily anticipated to ship 200 000 tonnes in 2011. Rice exports by **China (Mainland)** may also recover over the calendar year to a more normal level of 1.0 million tonnes, while in **Myanmar** they are

expected to remain unchanged in the order of 800 000 tonnes. Based on early expectations of 2011 crops in South American countries, production recoveries in **Argentina** and **Brazil** may facilitate a rebound in deliveries by the two countries. **Ecuador** is also expected to export more.

### III. RICE UTILIZATION

#### Global per caput rice consumption forecast to increase by 1 percent



Drawing on supplies produced over the 2009 season, **global rice utilisation in 2010-2011** is forecast to rise by 2 percent to 460.1 million tonnes (milled basis). Consumption of rice as food is projected to account for much of this increase, passing from an estimated 384.4 million tonnes in 2009-2010 to 392.7 million tonnes in 2010-2011. Volumes used for animal feed also look set to expand to around 12.2 million tonnes, with another 55.2 million tonnes are used for seeds, non-food industrial uses and post-harvest losses, 4 percent more than a year earlier. Based on current forecasts, global per caput rice

consumption may rise to 56.7 kilograms per person, up 1 percent from the 2009-2010 estimate.

Despite a poor outcome to the 2009 paddy season in *Asia*, average per caput consumption of rice in the region is now projected in the order of 82.2 kilos per year, up 1 percent from a year earlier. By contrast, in *Africa* it may rise only marginally to roughly 22.1 kilos, on average: while greater availability of supplies from larger crops might facilitate an increase to 35.7 kilos per person in Western Africa and to 27.7 kilos in Southern Africa, poor crops in Eastern and Central regions of the continent might induce a 1 percent and 2 percent cut in rations, respectively, to 10.1 kilos and 10.7 kilos. Tighter supplies in *Latin America and the Caribbean* might also lead to a 1 percent decline in average rice consumption to 30.5 kilos per person. By contrast, per caput intake is forecast to rise in *North America* to 10.8 kilos, in *Oceania* to 15.2 kilos and in *Europe* to 5.2 kilos per year.

On the other hand, a look at **retail/wholesale prices** across forty-nine countries reveals that in the third-quarter of the year consumer prices of rice have witnessed significant gains, relative to their levels three-months ago, in various Asian countries (Bangladesh, Indonesia, Nepal, Pakistan, Sri Lanka and Viet Nam), in Western Africa (Burkina Faso), in Eastern Africa (Somalia), in Southern Africa (Madagascar and Mozambique) and in Latin America and the Caribbean (Bolivia and El Salvador). Conversely, compared with a quarter ago, domestic rice quotations tended to decline in Asia (Cambodia), in Eastern Africa (Burundi, Rwanda and Uganda) and in Central America and the Caribbean (the Dominican Republic, Haiti, Honduras and Mexico).

## MONTHLY RETAIL PRICES OF RICE IN SELECTED MARKETS

Asia	Latest available quotation:			Latest available quotation compared to: <sup>1/</sup>			
	Month	USD/Kg	3 months earlier	6 months earlier	1 year earlier	2 years earlier	
Bangladesh: Ntl. Avg. (coarse)	Aug-10	0.42	12%	10%	52%	-9%	
Cambodia: Phnom Penh (mix)*	Aug-10	0.40	-10%	-10%	23%	-20%	
China: Hubei (Indica first quality)*	Oct-10	0.43	0%	2%	8%	7%	
India: Delhi	Oct-10	0.48	0%	-7%	0%	0%	
Indonesia: Ntl. Avg.	Sep-10	0.95	11%	13%	26%	31%	
Japan: Tokyo Ku-area (Non-glutinous)	Sep-10	5.34	-1%	0%	-2%	-4%	
Republic of Korea: Ntl. Avg.	Oct-10	1.81	0%	-3%	-7%	-10%	
Myanmar: Ntl. Avg.	Jul-10	0.40	0%	13%	13%	8%	
Nepal: Kathmandu (coarse)	Jul-10	0.47	9%	9%	-5%	3%	
Pakistan: Karachi (irri)	Oct-10	0.42	6%	6%	10%	-15%	
Philippines: Ntl. Avg. (well-milled)	Jul-10	0.74	0%	1%	0%	-11%	
Sri Lanka: Colombo (white)	Oct-10	0.48	9%	3%	-13%	-13%	
Thailand: Bangkok (5% broken)*	Aug-10	0.41	1%	-19%	-20%	-36%	
Viet Nam: Dong Thap (25% broken)	Sep-10	0.39	26%	20%	35%	19%	
<b>Western Africa</b>	<i>Month</i>	<i>USD/Kg</i>	<i>3 months earlier</i>	<i>6 months earlier</i>	<i>1 year earlier</i>	<i>2 years earlier</i>	
Burkina Faso: Ouagadougou (imported)*	Oct-10	0.67	6%	6%	-6%	-11%	
Cape Verde: Santiago (imported)	Sep-10	1.10	1%	1%	6%	23%	
Chad: N'Djamena (imported)	Aug-10	0.90	0%	0%	-1%	-23%	
Mali: Bamako (imported)*	Oct-10	0.57	-3%	4%	-12%	-19%	
Mauritania: Nouakchott (imported)	Aug-10	0.97	0%	-13%	41%	30%	
Senegal: Dakar (imported)	Aug-10	0.79	0%	0%	9%	-8%	
<b>Central Africa</b>	<i>Month</i>	<i>USD/Kg</i>	<i>3 months earlier</i>	<i>6 months earlier</i>	<i>1 year earlier</i>	<i>2 years earlier</i>	
Cameroon: Yaoundé	Aug-10	0.86	-1%	0%	-2%	-1%	
Dem. Rep. Congo: Kinshasa (imported)	Aug-10	1.09	-1%	-1%	8%	46%	
<b>Eastern Africa</b>	<i>Month</i>	<i>USD/Kg</i>	<i>3 months earlier</i>	<i>6 months earlier</i>	<i>1 year earlier</i>	<i>2 years earlier</i>	
Burundi: Bujumbura	Jul-10	0.93	-8%	-16%	-4%	15%	
Djibouti: Djibouti (imported)*	Sep-10	0.61	2%	-2%	-13%	-36%	
Rwanda: Kigali*	Sep-10	0.82	-18%	-22%	-29%	-31%	
Somalia: Mogadishu (imported)	Sep-10	0.68	2%	4%	-25%	-	
Uganda: Kampala*	Oct-10	0.57	-16%	-33%	-36%	-41%	
United Rep. of Tanzania: Dar es Salaam*	Oct-10	0.68	-2%	-16%	-24%	-15%	
<b>Southern Africa</b>	<i>Month</i>	<i>USD/Kg</i>	<i>3 months earlier</i>	<i>6 months earlier</i>	<i>1 year earlier</i>	<i>2 years earlier</i>	
Madagascar: Ntl. Avg. (local)	Oct-10	0.53	14%	-	3%	-3%	
Malawi: Lilongwe	Sep-10	1.23	0%	-	4%	3%	
Mozambique: Maputo	Oct-10	0.80	15%	21%	42%	52%	
<b>Central America and the Caribbean</b>	<i>Month</i>	<i>USD/Kg</i>	<i>3 months earlier</i>	<i>6 months earlier</i>	<i>1 year earlier</i>	<i>2 years earlier</i>	
Costa Rica: Ntl. Avg. (first quality)	Sep-10	1.53	1%	1%	19%	17%	
Dominican Rep: Santo Domingo (first quality)	Sep-10	1.23	-6%	-5%	-4%	4%	
El Salvador: San Salvador	Jul-10	1.11	4%	9%	-18%	-19%	
Guatemala: Ntl. Avg. (second quality)	Sep-10	1.07	-1%	-1%	-1%	-2%	
Haiti: Port-au-Prince (imported)	Oct-10	0.95	-5%	-21%	-13%	-36%	
Honduras: Tegucigalpa (second quality)*	Oct-10	0.71	-5%	-11%	-16%	-34%	
Mexico: Mexico City (sinaloa)*	Oct-10	0.69	-4%	-9%	-12%	-24%	
Nicaragua: Ntl. Avg. (second quality)	Sep-10	0.91	-1%	1%	-1%	-17%	
Panama: Panama City (first quality)	Oct-10	1.07	0%	4%	0%	0%	
<b>South America</b>	<i>Month</i>	<i>USD/Kg</i>	<i>3 months earlier</i>	<i>6 months earlier</i>	<i>1 year earlier</i>	<i>2 years earlier</i>	
Bolivia: La Paz (grano de oro)*	Oct-10	0.87	5%	-7%	-4%	-24%	
Brazil: Ntl. Avg.	Sep-10	1.17	-1%	-2%	-7%	-17%	
Colombia: Bogotá (first quality)*	Sep-10	1.00	0%	-6%	12%	-11%	
Ecuador: Ntl. Avg.	Sep-10	0.85	2%	-1%	1%	-3%	
Peru: Lima (corriente)	Sep-10	0.73	1%	1%	-22%	-30%	
Uruguay: Ntl. Avg.	Sep-10	0.90	-1%	-2%	-3%	-8%	
<b>North America</b>	<i>Month</i>	<i>USD/Kg</i>	<i>3 months earlier</i>	<i>6 months earlier</i>	<i>1 year earlier</i>	<i>2 years earlier</i>	
United States: City Avg. (long grain, uncooked)	Sep-10	1.59	-2%	-5%	-5%	-15%	
<b>Europe</b>	<i>Month</i>	<i>USD/Kg</i>	<i>3 months earlier</i>	<i>6 months earlier</i>	<i>1 year earlier</i>	<i>2 years earlier</i>	
Italy: Milan (Arborio Volano)*	Oct-10	1.48	0%	17%	25%	-2%	

<sup>1/</sup> Quotations in the month specified in the second column were compared to their levels in the preceding three, six, twelve and twenty-four months. Price comparisons were made in nominal local currency units.

\* Wholesale prices.



Sources: Associazione Industrie Risiere Italiane (AIRI); FAO/GIEWS National Food Price database; Korea Agricultural Marketing Information Service (KAMIS); Monthly Report on the Retail Price Survey, Japan Ministry of Internal Affairs and Communications; Monthly Report on SocioEconomic Data, Statistics Indonesia; U.S. Bureau of Labor Statistics (BLS).

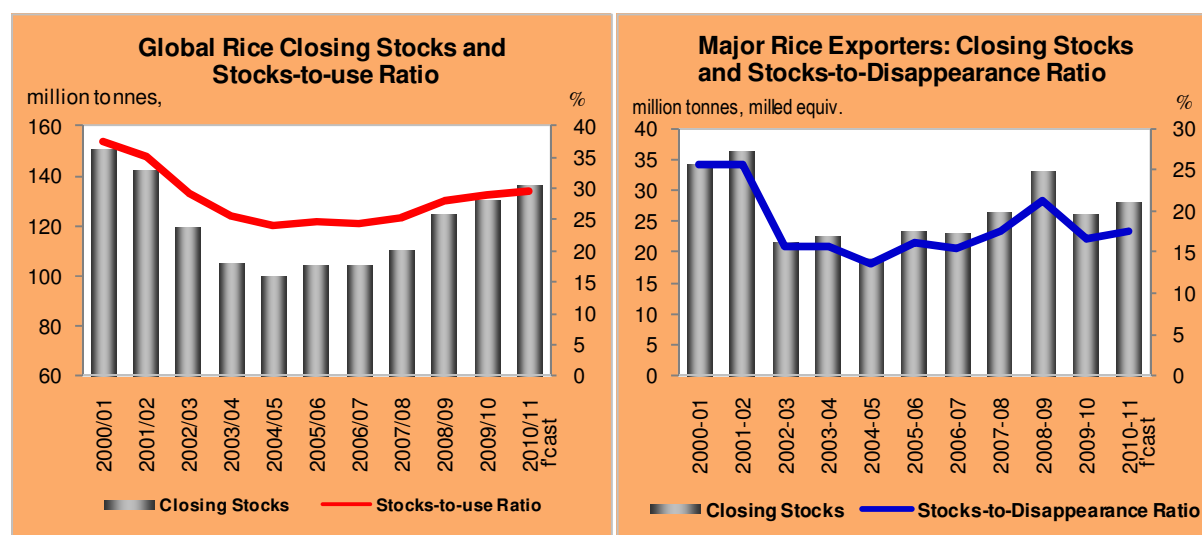


More generally, many countries, especially developing countries, have witnessed a return of food inflation, which has concerned especially fruit, vegetable and livestock products but also rice and wheat. Rice domestic prices have undergone hefty rises even where the supply situation has been relatively ample, possibly signalling a particular strong demand, amid dynamic economic growth. This has been the case of Bangladesh, where, at Taka 29 per kilo (USD 417 per tonne), domestic rice price in August 2010 stood 52 percent above their levels a year earlier, encouraging the Government to take-up sales of subsidised rice to an estimated 1.1 million beneficiaries in November. Of recent, food inflation has also been a major concern in China (Mainland), where authorities announced a set of directives to contain mounting price pressure, including the extension of subsidies to vulnerable groups, release of supplies from state reserves and greater market oversight. In October, Chinese authorities also declared that measures would be taken to arrest irregular behaviour in rice futures trade in the Zhengzhou Commodity Exchange. Meanwhile, with high domestic rice prices remaining a key concern, both India and Indonesia have stepped-up the release of government rice reserves to local markets.

#### IV. CLOSING STOCKS

##### World rice inventories at the close of 2010-2011 marketing year forecast to reach their highest level since 2002

Based on current expectations for the ongoing 2010 paddy season, **global rice stocks at the close of the 2010-2011 marketing year** are forecast to rise to 136.2 million tonnes (milled basis). This level would imply a 5 percent, or 6.1 million tonne, replenishment, marking the fourth consecutive years of gains in world rice reserves.



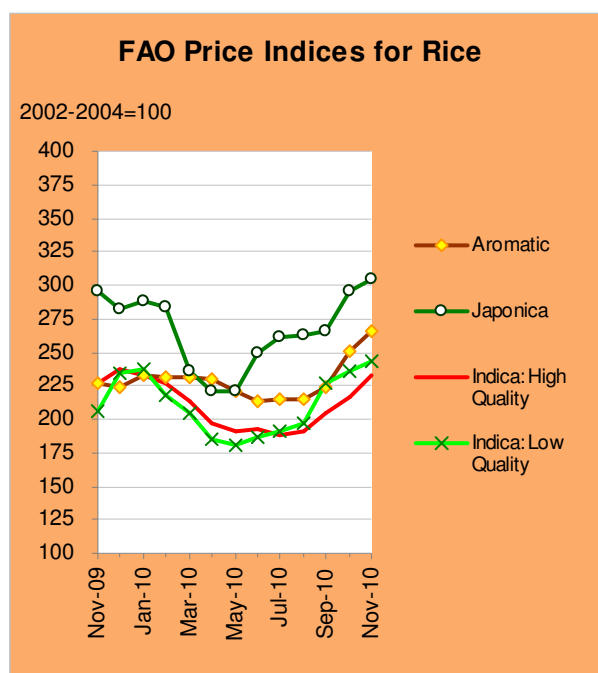
**Rice exporting countries** are expected to account for all of the projected increase. This is the case particularly in **China (Mainland)**, which is foreseen to close the year with a 9 percent boost to inventories to 77.0 million tonnes. An output recovery and a large public procurement campaign in **India** are also expected to enable a 1.0 million tonne stock replenishment to 20.0 million tonnes. In anticipation of a large 2010 harvest, the **United States** is also forecast to end the year with larger stocks, which are officially projected at a two-decade high of 1.53 million tonnes. By contrast, stocks are forecast to plummet in Pakistan, from a 900 000 tonne opening level to 100 000 tonnes, as the severe production losses incurred from the devastating floods that hit the country this year are likely to require

that inventories be drawn-down to meet internal demand and some exports. Output shortfalls are also expected to result in lower closing stocks in **Myanmar**, where they are projected to drop by 11 percent to 4.4 million tonnes and in **Egypt**, where they might be cut by close to 60 percent to 500 000 tonnes. Strong export demand may also trim inventories in **Thailand** and **Viet Nam**, where they may fall to 5.6 million tonnes and 3.2 million tonnes, respectively.

Closing stocks held by **rice importers** as a group are also foreseen to increase by 2 percent to 23.2 million tonnes. Amongst individual countries, production gains and some imports in **Bangladesh** might enable a 3 percent carry-over increase to 6.0 million tonnes. Likewise, positive 2010 season results and greater international purchases to replenish government held reserves are anticipated to result in an 18 percent boost to rice inventories in **Indonesia** to 5.3 million tonnes. Meanwhile, stocks held by **Philippines** are anticipated to end in the order of 2.75 million tonnes at the close of the marketing year, some 300 000 tonnes less than the 2010 high. Rice inventories may also end lower in **Brazil**, **Nigeria**, and **Venezuela**, while the **European Union**, the **Islamic Republic of Iran**, **Saudi Arabia** and **Sri Lanka** may replenish stocks.

## V. INTERNATIONAL PRICES

### International rice export prices on the rise since June

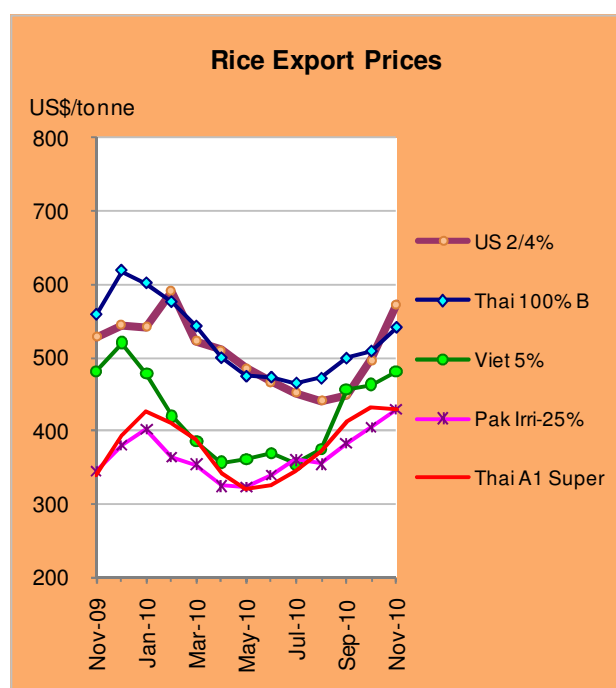


International rice export prices have followed an upward tendency since June 2010, as reflected in the FAO All Rice Price Index (2002-2004=100), which has gained 50 points since then to end at 260 points in November. The positive price trend has concerned all the rice market segments, but in particular the lower quality Indica market, the index of which has passed from a value of 187 in June to 243 in November. Gains were equally witnessed in Japonica and Aromatic rice markets, the indices of which rose by 54 points to 304 and by 51 points to 265 points respectively. Quotations of the higher quality Indica have also recovered ground, reaching 233 points, up from a June value of 193. Over the first eleven months of the year, the FAO All Rice Price Index, at 227 points, still

averaged 27 points less than its corresponding value in 2009, reflecting the relatively weak prices prevailing during the first half of the year.

Seen from an origin perspective, after sluggish demand had depressed **Thai** rice export quotations until July, a pick-up in foreign orders since August has supported prices of benchmark Thai 100% B rice, which was traded at USD 541 in November, up from a June value of USD 474. Indeed, Thai quotations have strengthened in spite of the release of close to 2.0 million tonnes of rice from government reserves. In part, the firming was supported by

the appreciation of the Thai Baht, which in September reached its highest level relative to the US Dollar in 13 years. The upward tendency has also affected other Thai rice qualities, with a recovery in demand, mainly from African countries, underpinning a 19 percent increase in Thai 100% B Parboiled quotes to USD 557 per tonne and a 31 percent rise in Thai A1 Super prices to USD 430 per tonne. Prices also rose in the **United States**, where US N.2 4% was quoted at USD 573 per tonne in November, up 23 percent from June. Concerns over the effects of hot weather on crops in important producing states, coupled with large sales to Near Eastern countries, contributed to the recent gains in US quotes.



More marked increases were witnessed in **Viet Nam**, where 25% broken rice was traded at USD 450 per tonne in November, up USD 107 from its June value. Unlike in Thailand, the strengthening took place in spite of the lower value of the Dong, which was devaluated in August for the third time since November 2009. Indeed, prices have been driven higher by strong export demand, which also led the Viet Nam Food Association to raise Minimum Export Prices in August and again in September. Floor export prices of 5% broken Vietnamese rice now stand at USD 475 per tonne, while 25% broken rice cannot be traded at less than USD 445 per tonne. Export quotations were also up in **Pakistan**, with 25% broken rice quoted at USD 429 in November, USD 89 higher than in June,

reflecting concerns over supply following the devastating floods in August. Meanwhile, **Indian** Basmati prices have remained relatively subdued between June and November, falling by 2 percent over the period to USD 1 345 per tonne.

In the upcoming months, international rice export prices will be heavily influenced by the arrival of newly harvested supplies from 2010 main paddy crops in major northern hemisphere countries. However, government policies will continue to play an important role in determining the direction of export quotations. On the import side, these may foster a return of important buyers to the market, such as Bangladesh, Indonesia or the Philippines, while on the export side, the release of government reserves in Thailand and policies in Viet Nam will continue to hold sway over the market. In India, the government's stance towards the rice export ban could also falter. Price developments in other cereal markets, mainly wheat and maize, will also need to be closely watched, as these may give further support to rice export quotations.

FAO Rice Price Indices (2002-2004=100)					
	All	Indica		Japonica	Aromatic
		High quality	Low quality		
<b>2005</b>	<b>125</b>	<b>124</b>	<b>128</b>	<b>127</b>	<b>108</b>
<b>2006</b>	<b>137</b>	<b>135</b>	<b>129</b>	<b>153</b>	<b>117</b>
<b>2007</b>	<b>161</b>	<b>156</b>	<b>159</b>	<b>168</b>	<b>157</b>
<b>2008</b>	<b>295</b>	<b>296</b>	<b>289</b>	<b>315</b>	<b>251</b>
<b>2009</b>	<b>253</b>	<b>229</b>	<b>197</b>	<b>341</b>	<b>232</b>
<b>2009</b> November	241	227	207	295	227
December	249	238	234	283	224
<b>2010</b> January	251	232	237	289	232
February	242	227	218	283	231
March	219	213	205	235	232
April	204	197	185	221	230
May	200	192	181	221	221
June	210	193	187	250	214
July	214	189	191	261	214
August	217	192	197	263	216
September	232	205	227	266	224
October	249	217	235	296	250
November	260	233	243	304	265
<b>2009</b> Jan.-Nov.	254	228	194	346	232
<b>2010</b> Jan.-Nov.	227	208	210	263	230
<b>% Change</b>	-10.5	-8.8	8.2	-24.2	-1.1

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.

RICE EXPORT PRICES													
	Thai White 100% B Second grade	Thai Parboiled 100%	U.S. Long Grain 2,4%	Thai 5%	Viet 5%	Thai 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>												
<b>2005</b>	291	285	319	285	255	259	239	235	219	418	327	473	404
<b>2006</b>	311	300	394	304	266	269	249	230	217	512	353	516	470
<b>2007</b>	335	332	436	325	313	305	294	290	275	557	404	677	550
<b>2008</b>	695	722	782	682	614	603	553	498	506	913	n.a.	1077	914
<b>2009</b>	587	619	545	555	432	460	384	351	329	1019	765	937	954
<b>2009</b>													
November	558	593	528	527	481	443	432	345	338	816	782	750	1083
December	618	622	544	588	520	496	488	380	394	794	742	750	1009
<b>2010</b>													
January	601	616	542	570	478	503	451	401	426	772	652	830	1024
February	576	594	590	542	420	485	401	364	410	772	652	865	1016
March	543	552	522	502	386	453	361	354	388	732	607	880	1005
April	500	492	510	466	357	411	328	325	341	728	575	856	1000
May	475	460	485	446	362	390	332	323	322	719	577	760	983
June	474	470	466	443	369	390	343	340	327	739	n.a.	760	957
July	466	480	452	438	355	397	325	360	345	728	n.a.	752	998
August	472	513	441	454	374	417	332	355	372	722	n.a.	750	1021
September	499	539	449	482	456	451	427	382	414	741	n.a.	750	1105
October	508	558	496	494	463	464	432	404	430	794	n.a.	1020	1140
November	541	557	573	524	481	478	450	429	430	794	n.a.	1200	1152
<b>2009 Jan.-Nov.</b>	584	619	545	552	424	457	375	349	323	965	n.a.	954	949
<b>2010 Jan.-Nov.</b>	514	530	502	487	409	440	380	367	383	749	n.a.	857	1036
<b>% Change</b>	-12.0	-14.3	-7.9	-11.8	-3.6	-3.6	1.5	5.2	18.3	-22.3	n.a.	-10.2	9.3

Sources: Jackson Son & Co. (London) Ltd., Thai Department of Foreign Trade (DFT) 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.

<b>WORLD PADDY PRODUCTION</b>			
	<b>2008</b>	<b>2009</b>	<b>2010</b>
		(estimated)	(forecast)
	<i>million tonnes</i>		
<b>WORLD</b>	<b>686.5</b>	<b>682.4</b>	<b>697.9</b>
Developing countries	662.2	656.8	671.2
Developed countries	24.3	25.5	26.7
<b>ASIA</b>	<b>622.8</b>	<b>615.3</b>	<b>631.4</b>
Bangladesh	47.0	48.4	50.3
Cambodia	7.2	7.6	7.3
China	193.4	196.7	197.9
of which Taiwan Prov.	1.5	1.6	1.5
India	148.8	133.7	147.0
Indonesia	60.3	64.4	66.0
Iran, Islamic Rep. of	2.2	2.3	2.5
Japan	11.0	10.6	10.7
Korea Rep. of	6.5	6.6	5.9
Myanmar	30.5	31.0	30.8
Pakistan	10.4	10.1	6.3
Philippines	17.1	15.5	17.0
Sri Lanka	3.9	3.7	4.2
Thailand	31.7	31.5	31.0
Viet Nam	38.7	38.9	39.9
<b>AFRICA</b>	<b>24.5</b>	<b>24.4</b>	<b>24.6</b>
<b>North Africa</b>	<b>7.3</b>	<b>5.6</b>	<b>4.5</b>
Egypt	7.3	5.5	4.5
<b>Sub-Saharan Africa</b>	<b>17.1</b>	<b>18.7</b>	<b>19.9</b>
Western Africa	10.5	11.4	12.4
Côte d'Ivoire	0.7	0.7	0.8
Guinea	1.5	1.5	1.6
Mali	1.6	2.0	2.3
Nigeria	4.2	4.3	4.5
Central Africa	0.4	0.5	0.5
Eastern Africa	1.8	1.8	1.9
Tanzania	1.4	1.3	1.4
Southern Africa	4.3	5.0	5.1
Madagascar	3.9	4.5	4.8
Mozambique	0.2	0.3	0.2
<b>CENTRAL AMERICA</b>	<b>2.5</b>	<b>2.8</b>	<b>2.9</b>
Cuba	0.4	0.6	0.5
Dominican Rep.	0.8	0.8	0.9
Mexico	0.2	0.3	0.3
<b>SOUTH AMERICA</b>	<b>24.0</b>	<b>25.5</b>	<b>23.6</b>
Argentina	1.2	1.3	1.2
Brazil	12.1	12.6	11.3
Colombia	2.4	2.8	2.9
Peru	2.8	3.0	2.9
Uruguay	1.3	1.3	1.1
<b>NORTH AMERICA</b>	<b>9.2</b>	<b>10.0</b>	<b>11.0</b>
United States	9.2	10.0	11.0
<b>EUROPE</b>	<b>3.4</b>	<b>4.2</b>	<b>4.2</b>
EU	2.5	3.2	3.0
<b>OCEANIA</b>	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>
Australia	0.0	0.1	0.2

**FOOTNOTES:**

Totals computed from unrounded data.

1/ Highly tentative.

2/ Excluding intra-trade.

<b>WORLD IMPORTS OF RICE</b>			
	<b>2009</b>	<b>2010</b>	<b>2011<sup>1/</sup></b>
		(estimated)	(forecast)
	<i>million tonnes, milled eq.</i>		
<b>WORLD</b>	<b>29.3</b>	<b>31.0</b>	<b>30.5</b>
Developing countries	24.6	26.4	25.7
Developed countries	4.7	4.6	4.8
<b>ASIA</b>	<b>13.1</b>	<b>14.8</b>	<b>14.3</b>
Bangladesh	0.1	0.8	0.4
China	0.8	0.9	0.9
of which Taiwan Prov.	0.1	0.1	0.1
Indonesia	0.3	0.6	0.7
Iran, Islamic Rep. of	1.3	1.1	1.1
Iraq	1.1	1.2	1.2
Japan	0.7	0.7	0.7
Malaysia	0.9	0.9	0.9
Philippines	1.8	2.5	1.9
Saudi Arabia	0.9	0.8	0.9
Sri Lanka	0.1	0.1	0.0
<b>AFRICA</b>	<b>9.8</b>	<b>9.8</b>	<b>9.8</b>
Côte d'Ivoire	0.9	0.9	0.9
Nigeria	1.8	2.0	1.9
Senegal	0.9	0.8	0.8
South Africa	0.9	0.9	1.0
<b>CENTRAL AMERICA</b>	<b>2.2</b>	<b>2.3</b>	<b>2.3</b>
Cuba	0.5	0.5	0.5
Mexico	0.6	0.6	0.6
<b>SOUTH AMERICA</b>	<b>1.2</b>	<b>1.3</b>	<b>1.1</b>
Brazil	0.7	0.8	0.6
Peru	0.1	0.0	0.0
<b>NORTH AMERICA</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
Canada	0.3	0.3	0.3
United States	0.7	0.7	0.7
<b>EUROPE</b>	<b>1.5</b>	<b>1.5</b>	<b>1.7</b>
EU 2/	1.0	1.1	1.2
Russian Fed.	0.3	0.2	0.2
<b>OCEANIA</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>

<b>WORLD EXPORTS OF RICE</b>			
	<b>2009</b>	<b>2010</b>	<b>2011<sup>1/</sup></b>
		(estimated)	(forecast)
	<i>million tonnes, milled eq.</i>		
<b>WORLD</b>	<b>29.3</b>	<b>31.0</b>	<b>30.5</b>
Developing countries	25.8	26.9	26.2
Developed countries	3.4	4.1	4.3
<b>ASIA</b>	<b>23.3</b>	<b>24.4</b>	<b>23.5</b>
China	0.8	0.7	1.1
of which Taiwan Prov.	0.0	0.0	0.1
India	2.1	2.4	2.6
Myanmar	1.1	0.8	0.8
Pakistan	2.9	3.2	1.8
Thailand	8.5	8.5	9.0
Viet Nam	6.0	6.9	6.5
<b>AFRICA</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>
Egypt	0.5	0.5	0.3
<b>SOUTH AMERICA</b>	<b>2.3</b>	<b>2.1</b>	<b>2.4</b>
Argentina	0.5	0.5	0.5
Guyana	0.3	0.3	0.3
Uruguay	0.7	0.7	0.7
<b>NORTH AMERICA</b>	<b>3.0</b>	<b>3.5</b>	<b>3.6</b>
United States	3.0	3.5	3.6
<b>EUROPE</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>
EU 2/	0.1	0.2	0.2
<b>OCEANIA</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>
Australia	0.1	0.1	0.2

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

	CHINA 2/ 3/ (Oct./Sep.)			INDIA 2/ (Oct./Sep.)		
	2008/2009	2009/2010 prelim.	2010/2011 <sup>5/</sup> f'cast	2008/2009	2009/2010 prelim.	2010/2011 <sup>5/</sup> f'cast
	<i>(..... thousand tonnes .....)</i>			<i>(..... thousand tonnes .....)</i>		
Opening Stocks	58290 F	63712 F	70586 F	16700 F	21900 F	19000 F
Production 1/	132513 G	134798 G	135629 *	99180 G	89130 G	98000 F
Imports	797 F	920 F	916 F	80 F	100 F	100 F
Total Supply	191600	199430	207131	115960	111130	117100
Domestic Use	127101	128143	128925	91949	89730	94500
Exports	787 F	701 F	1050 F	2111 G	2400 F	2600 F
Closing Stocks	63712 F	70586 F	77156 F	21900 F	19000 F	20000 F
	PAKISTAN 2/ (Nov./Oct.)			THAILAND 2/ (Nov./Oct.)		
	2008/2009	2009/2010 prelim.	2010/2011 <sup>5/</sup> f'cast	2008/2009	2009/2010 prelim.	2010/2011 <sup>5/</sup> f'cast
	<i>(..... thousand tonnes .....)</i>			<i>(..... thousand tonnes .....)</i>		
Opening Stocks	350 F	950 F	900 F	4150 F	5250 F	5800 F
Production 1/	6954 G	6741 G	4202 F	20952 G	20829 G	20522 F
Imports	1 F	15 F	15 F	400 F	300 F	400 F
Total Supply	7305	7706	5117	25502	26379	26722
Domestic Use	3487	3606	3217	11731	12079	12122
Exports	2868 G	3200 F	1800 F	8521 G	8500 F	9000 F
Closing Stocks	950 F	900 F	100 F	5250 F	5800 F	5600 F
	UNITED STATES 4/ (Aug./Jul.)			VIET NAM 2/ (Nov./Oct.)		
	2008/2009	2009/2010 prelim.	2010/2011 <sup>5/</sup> f'cast	2008/2009	2009/2010 prelim.	2010/2011 <sup>5/</sup> f'cast
	<i>(..... thousand tonnes .....)</i>			<i>(..... thousand tonnes .....)</i>		
Opening Stocks	918 G	960 G	1154 G	4400 F	4300 F	3300 F
Production 1/	6400 G	6917 G	7397 G	25830 G	25943 G	26613 G
Imports	603 G	598 G	597 G	400 F	500 F	600 F
Total Supply	7921	8475	9148	30630	30743	30513
Domestic Use	3958	3854	3980	20372	20543	20813
Exports	3003 G	3467 G	3643 G	5958 G	6900 F	6500 F
Closing Stocks	960 G	1154 G	1525 G	4300 F	3300 F	3200 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.