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ROUND-UP

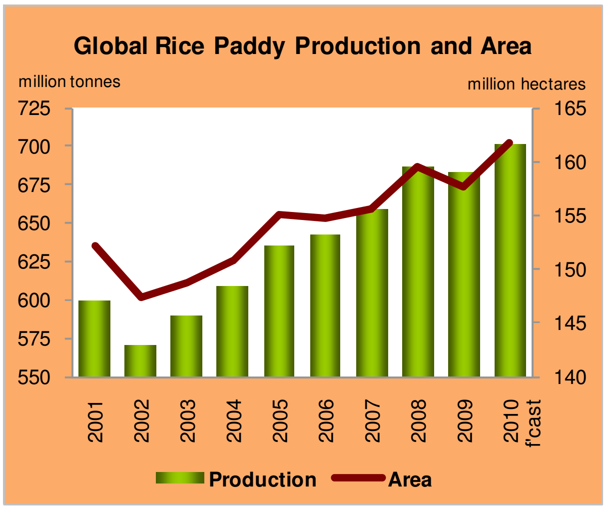
- FAO has raised by 3 million tonnes its November estimate of world paddy production for the 2010 season to 700.7 million tonnes (467.3 million tonnes, milled basis). Much of the revision stems from improved prospects in China and, to a lower extent, Brazil, Cambodia and Thailand. At the new forecast level, **world rice production** in 2010 would be 3 percent larger than in the poor 2009 season and mark a new record. However, its realization very much depends on a positive outcome of the secondary crops in the northern hemisphere countries, which will be harvested in the next few months, bringing the 2010 season to a close. Indeed, in many producing countries, the first crops of the season have been disappointing, because of anomalous and extreme weather conditions, largely associated with the prevalence of La Niña since June 2010.
- Production in **Asia** is expected to expand by 3 percent to a new record in 2010, much on account of progress in China and a recovery in India. Further gains are expected in Bangladesh, Cambodia, Indonesia, the Islamic Republic of Iran, Japan, the Democratic People's Republic of Korea, Malaysia, Philippines, Sri Lanka and Viet Nam. However, adverse climatic conditions are seen to depress output in the Chinese Province of Taiwan, the Republic of Korea, the Lao People's Democratic Republic, Myanmar, Thailand and, particularly, Pakistan. Despite a policy-induced cutback in Egypt, production in **Africa** is forecast to grow by 1 percent, thanks to strong advancements in Eastern and Southern Africa and, especially, western Africa. This contrast with an almost 6 percent fall of output in **Latin America and the Caribbean**, where adverse climatic factors impaired crops, particularly in Brazil, but also Argentina, Bolivia, Colombia, Cuba, Guyana, Nicaragua, Uruguay and Venezuela. In **North America**, the United States reaped a record paddy crop, this season, although the quality of its long grain crop is causing concern. In **Europe**, the EU is estimated to face a contraction, while institutional support has kept production in the Russian Federation on the rise. In **Oceania**, larger water allocation was behind a two-fold increase in Australia.
- Since the November issue of the RMM, FAO has upgraded its forecasts of **2010 world trade** in rice by 460 000 tonnes to 31.5 million tonnes, 6 percent more than in 2009. This expansion was primarily driven by greater **imports** by Asian States, either to compensate for production shortfalls, curb domestic inflationary pressure or reconstitute stocks. Countries in Latin America and the Caribbean and Europe also imported more, while purchases fell in Africa. As for **exports**, much of the increase was met by Viet Nam, but also Pakistan, Thailand and the United States. However, Myanmar severely cut deliveries.
- FAO also raised its forecast for **world rice trade in calendar 2011** by nearly 900 000 tonnes to 31.4 million tonnes, only slightly below the estimate for 2010. Compared to 2010, improved supplies are anticipated to help countries in Asia and in Latin America and the Caribbean to cut **purchases**, while, in Europe and Africa, they may buy more. As for **exports**, Thailand is foreseen to step up deliveries substantially next year, compensating, together with Cambodia, China (Mainland) and Myanmar, for an expected sharp reduction in shipments from Pakistan and Viet Nam.
- Improved production prospects for 2010 are behind a higher forecast for **global rice consumption** in 2011, now assessed in the order of 461 million tonnes, or 3 percent above 2010. Much of the increase is likely to be in rice destined to food, with per caput consumption averaging close to 57 kilos in 2011, half a kilo more than in 2010. This increase largely reflects rising demand in the fast growing economies, which has also contributed to fuelling domestic price rises.
- Based on current expectations, global production in 2010 is anticipated to surpass consumption by more than 6 million tonnes, resulting in a 5 percent build-up of **world stocks** to 137.2 million tonnes in 2011, the highest since 2002. The increase is likely to concentrate in net exporting countries, especially China (Mainland), India and the United States. Among rice importers, Bangladesh, Indonesia, Sri Lanka and the European Union are also anticipated to increase the size of their inventories. The refurbishing of rice inventories is expected to lift the global **stock-to-use ratio** from 29.1 percent in 2010 to 29.7 percent in 2011.
- In contrast with the sharp rises observed in the wheat or maize markets, **world rice prices** were down on an annual basis in 2010, as reflected by the FAO All Rice Price Index which fell by 9 percent, or 24 points, to 229 points, influenced by the relatively low quotations that prevailed in the second and third quarters of the year. In June, world rice prices resumed an upward trend, but the arrival of new crops largely contained the rises in December and depressed them in January. As for the coming months, relatively abundant supplies are expected to moderate the pressure stemming from other markets, but much will depend on how crops that are now in the field fare.

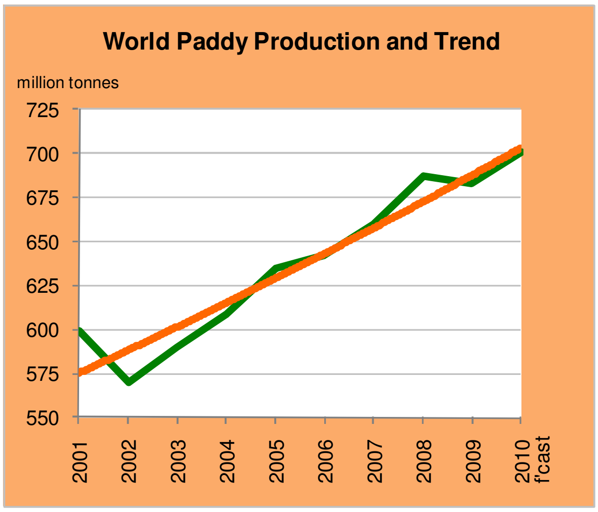
INFORMATION UPDATE AS OF 31 JANUARY 2011

I. PRODUCTION

Improved prospects in Asia result in an even higher forecast of global paddy production

The 2010 paddy season is well advanced in various northern hemisphere countries, where planting of secondary crops is currently underway. The season is well over along and south of the Equator, where producers are already engaged in planting activities of 2011 crops.[1] Since the November issue of the RMM, the global outlook for 2010 production has improved, with the forecast undergoing a 3.0 million tonne upward revision to 700.7 million tonnes (467.3 million tonnes, milled basis). The adjustment primarily resulted from more favourable crop prospects in Asian countries, particularly Cambodia, China (Mainland) and Thailand, although output forecasts were also raised in Latin America and the Caribbean and Europe.





The new output level of 700.7 million tonnes (467.3 million tonnes, milled basis) would imply a 3 percent recovery in world paddy production from the 2009 contraction. With average yields expected to remain steady at around 4.3 tonnes per hectare, the recovery would rely on an expansion in the area to 161.8 million hectares. Asia is anticipated to account for the bulk of the production increase, despite several climatic setbacks experienced over the season. Larger crops are also forecast to be harvested in Africa, North America, Europe and Oceania, more than compensating for shortfalls in Latin America and the Caribbean.

[1] 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.

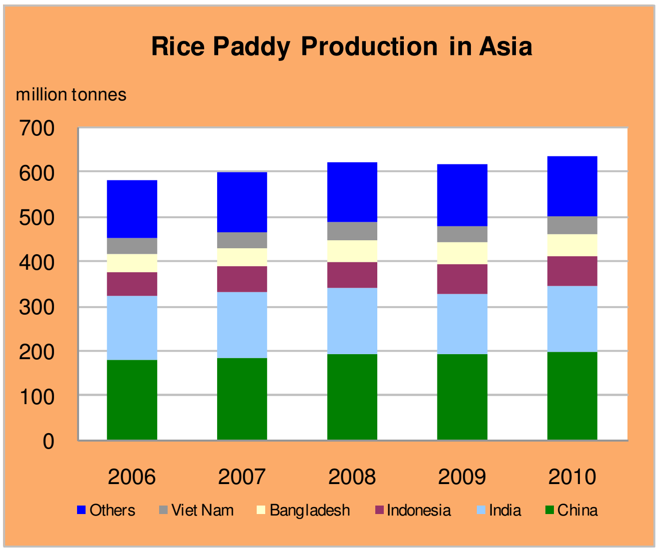
Principal Revision to 2010 Paddy Production Forecasts (millions of tonnes)

	November f'cast		January f'cast		Revision		November f'cast		January f'cast		Revision
WORLD	**697.9**		**700.7**		**+2.8**	Thailand	31.0	F	31.4	G	+0.4
ASIA	**631.4**		**633.5**		**+2.1**	**LATIN AMERICA & CAR.**	**26.5**		**26.9**		**+0.3**
Cambodia	7.3	G	8.0	G	+0.7	Brazil	11.3	G	11.7	G	+0.4
China (Mainland)	196.4	G	199.0	G	+2.6	**EUROPE**	**4.2**		**4.3**		**+0.2**
India	147.0	F	145.5	F	-1.5	Russian Federation	1.0	F	1.1	G	+0.1
Philippines	17.0	F	16.8	G	-0.2						
Sri Lanka	4.2	G	4.3	G	+0.1						

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

A. ASIA

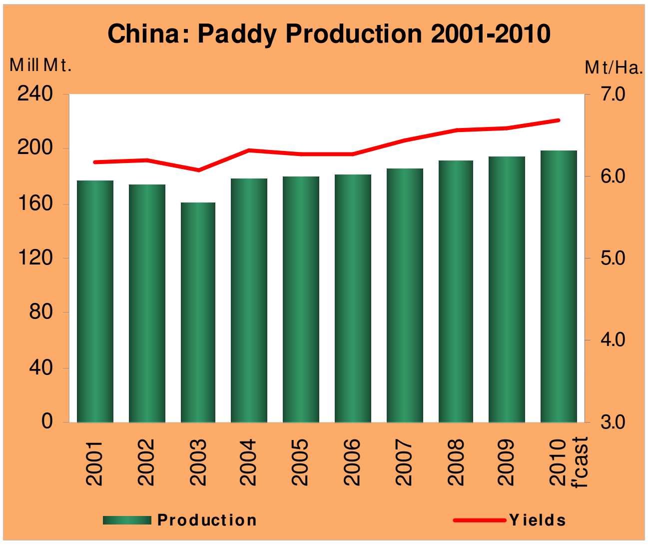
Production gains in China (Mainland) and India forecast to drive a 4 percent output expansion in the region



Several countries in ***Asia*** have already completed the harvest of their main 2010 crops, with farmers currently planting secondary paddy crops. Since November, FAO has upgraded forecasts of paddy production in the region by 2.1 million tonnes, based on more buoyant prospects for **Cambodia**, **China (Mainland)** and, to a lesser extent, **Sri Lanka, Thailand** and **Viet Nam.** Those adjustments more than offset a downward revision for **India**. As a result, countries in Asia are expected to produce a record 633.5 million tonnes of paddy (422.7 million tonnes, milled basis), 3 percent, or 17.5 million tonne, above the 2009 output low. The expansion is expected to result from gains in the two leading producing countries, **China** and **India**, but also in **Bangladesh**, **Cambodia**, **Indonesia**, **the Islamic Republic of Iran, Japan**, **the Democratic People's Republic of Korea**, **Malaysia**, **Philippines**, **Sri Lanka** and **Viet Nam.** By contrast, following adverse climatic conditions, the **Chinese Province of Taiwan, the Republic of Korea, the Lao People's Democratic Republic**, **Myanmar, Thailand** and, particularly **Pakistan** may face a contraction.

In **Bangladesh,** collection of the rainfed, Aman, paddy crop is underway, while planting activities of the largest Boro crop have been launched. Production over the 2010 season remains forecast at 50.3 million tonnes (33.5 million tonnes, milled basis), 4 percent more than last season, but short of the ambitious official target of 35.4 million tonnes (milled basis), mainly because of deficient precipitation between June and September. In December, the Government decided to shorten the loan repayment periods for rice millers, for the second time since August. The measure comes on the backdrop of increasing concern over domestic rice price increases, which, in the face of good 2009 harvest results and positive prospects for the ongoing season, have been attributed to speculative activity. In order not to aggravate the inflationary pressure, in November the Government announced that it would not buy rice domestically during the 2010 Aman harvest.

Forecasts of 2010 production in **Cambodia** have been revised upwards by nearly 700 000 tonnes, based on more upbeat Government assessments that peg 2010 output in the country at a record 7.97 million tonnes (5.1 million tonnes, milled basis). This would represent a 5 percent increase from the 2009 harvest and a level surpassing the 7.3 million tonne official target set for the year. The expansion has been officially forecast, notwithstanding some drought and flood problems, which have affected main paddy crops currently at harvest stage.



Based on December figures released by the National Grain and Oils Information Centre, FAO has raised forecasts of production in **China (Mainland)** where 2010 crops have already been harvested. The new figure of 199.0 million tonnes (136.3 million tonnes, milled basis), points to an increase of 2 percent from the previous year and is 2.6 million tonnes more than previously anticipated. The new outlook reflects expectations of bumper intermediate and late rice crops, which more than compensated for a decline of early rice output caused by adverse weather factors. Overall 2010 area sown to paddy is reported to have expanded by 1 percent to 29.83 million hectares, while higher yields were also achieved. Progressive yield improvements over the past years mirror increased dissemination of hybrid rice, which this season is reported to have covered 6.73 million hectares, or 23 percent of total plantings.

Although still remaining favourable, FAO has downgraded its production forecast of 2010 output in **India** by 1.5 million tonnes to reflect crop damages from an irregular distribution of monsoon rains this season. With less than adequate precipitation in several northern and eastern states as well some incidence of floods, the 2010 Kharif crop, currently at harvest stage, is expected to amount to 123.0 million tonnes (82.0 million tonnes, milled basis), still 8 percent above the 2009 drought-affected crop and higher than the first official forecast of 121.0 million tonnes (80.41 million tonnes, milled basis). Good water levels in major reservoirs, boosted by abundant rainfall in October-November are anticipated to facilitate an expansion of the secondary Rabi crop to 22.5 million tonnes (15.0 million tonnes, milled basis). Accordingly, forecasts of overall production in 2010 now stand at 145.5 million tonnes (97.0 million tonnes, milled basis), implying a 9 percent recovery from the poor 2009 harvest.

The Indian Governments is reported to have set its procurement target for the 2010-2011 (October/September) marketing year at 31.0 million tonnes (milled basis), which compares to the 31.5 million tonnes actually purchased in 2009-2010. For this year's campaign, prices paid to producers will remain at Rupee 10 000 per tonne for common paddy (USD 219 per tonne) and at Rupee 10 300 per tonne for Grade-A paddy (USD 225 per tonne). Relying on the ample stocks amassed from the 2009-2010 procurement drive, the Government has announced that it will release an additional 5.0 million tonnes of rice and wheat through open market operations in a bid to contain inflation.

Located in the southern hemisphere, the 2010 season is well over in **Indonesia,** the third largest world producer. Notwithstanding the impact of excess precipitation and pest attacks, production in the country is officially assessed at 65.98 million tonnes (41.57 million tonnes, milled basis), 2 percent more than in 2009. As sowing activities of the main 2011 proceed, the Government has set the target to raise paddy output in 2011 by a further 4 percent to 68.8 million tonnes (43.34 million tonnes, milled basis). To this end and to avert the effects of above-normal rains under the influence of La Nina, the state will continue to rehabilitate irrigation infrastructure and avail drying equipment to producing regions. In addition to continuing the fertiliser subsidy program and providing resistant seed varieties, close to 105 000 hectares of idle land are to be put under rice.

The production outlook is favourable in **Japan,** where harvesting activities of the 2010 crop were concluded in November. On account of improved productivity, FAO forecasts 2010 output in the country to rise to 10.7 million tonnes (7.8 million tonnes, milled basis), up 1 percent from the previous year. According to reports, the Japanese Government would be considering lowering its rice production target for 2011 by 3.5 percent to better reflect the rice supply and demand situation in the country. The plan comes on the backdrop of mounting government rice reserves and declining domestic consumption, which are exerting downward pressure on local prices.

Prospects are also positive in the **Democratic People's Republic of Korea**, where output is officially anticipated to expand by 4 percent to 2.4 million tonnes (1.6 million tonnes, milled basis), owing to yield improvements.

By contrast, excess precipitation and cold temperatures depressed production in the **Republic of Korea** to 5.87 million tonnes (4.3 million tonnes, milled basis), 12 percent below the 2009 harvest.

Unfavourable climatic conditions, in the form of erratic precipitation, have also affected the main season crops in the **Lao People's Democratic Republic.** As a result, FAO anticipates some 3.0 million tonnes of paddy (1.8 million tonnes, milled basis) may be gathered in 2010, down 5 percent from the previous year.

The 2010 paddy season in **Malaysia** has been completed positively. On the basis of greater plantings, FAO estimates output in the country to have grown by 4 percent to 2.6 million tonnes (1.7 million tonnes, milled basis).

Conversely, early season dryness, high temperatures and damages due to storms affected crops in **Myanmar**. With harvesting of 2010 main paddy crops still underway in the country, untimely December rains were reported to have obstructed collection of crops in the main producing Ayeyarwaddy Delta region. FAO anticipates these adverse weather factors to depress production by 1 percent to 30.8 million tonnes (19.4 million tonnes, milled basis) in 2010.

This year, **Pakistan** was affected by the most devastating floods in its history, which are assessed to have caused severe losses to a third of all standing crops. As a result, FAO forecasts the 2010 paddy harvest, concluded in October, at 6.3 million tonnes (4.2 million tonnes, milled basis), implying a near 40 percent output drop from the previous year. With southern Punjab and, particularly, Sindh being most affected by the inundations, the bulk of the 3.8 million tonne production shortfall expected this season is likely to concern Irri rice varieties.

The outlook is favourable in the **Philippines,** where the 2010 main paddy crops are being gathered. Principally driven by improved yields, 2010 production in the country is officially forecast to rebound by 8 percent to 16.8 million tonnes (11.0 million tonnes, milled basis). Based on the latest Government assessment, further to a 3 percent expansion in the main crop harvest to 9.2 million tonnes (6.0 million tonnes, milled basis), expanded area and boosted yields are forecast to translate into a 15 percent recovery in secondary crop output to 7.6 million tonnes (5.0 million tonnes, milled basis). Productive gains this season will be supported by the restoration of the certified rice seed subsidy provided under the Rapid Food Production Enhancement Programme (RaFPEP) put in place in 2009. As part of the country's rice self-sufficiency plan, officials have declared that Government efforts will concentrate on bolstering irrigation capacity and providing key inputs, such as high yielding seeds, and post-harvest facilities. The recent creation of a National Rice Board, composed of the sector's major public and private stakeholders, is also expected to facilitate coordination and oversight of rice self-sufficiency plans over the coming years.

An impressive recovery was also staged in **Sri Lanka**, with 2010 production officially gauged at a new high of 4.3 million tonnes (2.9 million tonnes, milled basis), 112 000 tonnes more than last reported and 18 percent above the 2009 outcome. On the other hand, the 2011 season was launched with the October planting of main Maha crops. Authorities report that 739 501 hectares of the 804 104 hectares targeted were planted by end of December, when excessive rains resulted in severe floods across eastern, central and northern provinces, causing severe damage to crops over 121 300 hectares. As a result, the 2011 main crop harvest is officially expected to fall by 7 percent to 2.45 million tonnes (1.7 million tonnes, milled basis). In an attempt to counter food inflation, a Government decision reinstated price controls in December, requiring one kilo of Samba rice to be marketed at no more than Rupees 70 per kilo (USD 631 per tonne) and Rupees 60 per kilo (USD 541 per tonne) in the case of Nadu rice.

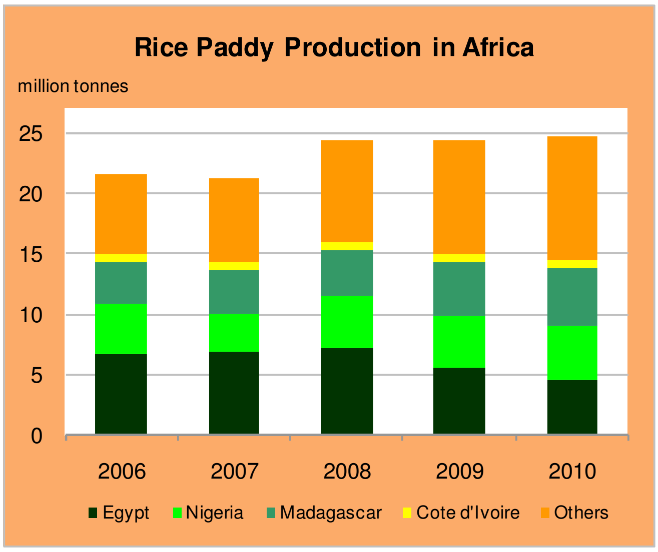
Harvesting of the 2010 main crops is still underway in **Thailand**, while planting of the secondary crops began in December. On the basis of recent Government assessments, FAO has upgraded its production outlook for the country by nearly 400 000 tonnes to 31.4 million tonnes (20.8 million tonnes, milled basis), which is still 2 percent below a revised 2009 harvest of 32.2 million tonnes (21.3 million tonnes, milled basis). Indeed, up to 1.8 million hectares of plantations are officially estimated to have been damaged by the extensive floods that have hit the northern and central regions since October, translating into a 5 percent decline in the main crop output to 22.2 million tonnes (14.7 million tonnes, milled basis). Fragrant rice cultivations in north-eastern provinces are reported to have been particularly damaged by the inundations, in addition to being affected by blast disease. Nonetheless, these losses are officially expected to be partly compensated by a rebounding of the secondary crop to an all time high of 9.2 million tonnes (6.0 million tonnes, milled basis). Ample water supplies in major reservoirs and favourable price prospects are anticipated to drive this growth.

Thailand: Paddy Production by Crop									
	Area Harvested (000 ha)			Yield (kg/ha)			Production (000 Mt)		
Year	Main	Minor	Total	Main	Minor	Total	Main	Minor	Total
2006	8,560	1,605	10,165	2,668	4,238	2,916	22,840	6,802	29,642
2007	8,623	2,046	10,669	2,703	4,297	3,009	23,308	8,791	32,099
2008	8,710	1,974	10,684	2,668	4,263	2,962	23,236	8,415	31,651
2009	8,760	2,390	11,150	2,654	3,708	2,880	23,253	8,863	32,116
2010	8,690	2,450F	11,140	2,552	3,755	2,817	22,177	9,200	31,377
Source: Office of Agriculture Economics (OAE)									
F: FAO forecast/estimate.									

The production forecast has undergone a minor revision in **Viet Nam**, where officials now estimate production at 40.0 million tonnes (26.7 million tonnes, milled basis), 1.1 million tonnes more than in 2009. A 522 000 tonne increase in the winter-spring crop to 19.2 million tonnes (12.8 million tonnes, milled basis) accounts for much of this expansion, although positive results were also attained in the summer-autumn and winter crops, which amounted to 11.6 million tonnes (7.7 million tonnes, milled basis) and 9.2 million tonnes (6.1 million tonnes, milled basis), respectively. Government officials expect the 2011 season, launched in mid-December with the sowing of the winter-spring crops, to yield a similar volume. To support this goal, state agencies will guarantee a price of Dong 5 000 per kilo of paddy (USD 250 per tonne).

B. AFRICA

West African countries forecast to account for much of the production growth in the region



The 2010 season is well advanced in ***Africa,*** where several countries have already harvested their main crops, or are in the process of doing so. The production outlook for the region has changed little since the previous issue of the RMM, with current prospects still pointing to a 1 percent output growth to 24.7 million tonnes (16.1 million tonnes, milled basis). West African countries are expected to be behind much of this expansion, although the outlook is also favourable in the Eastern and Southern regions, offsetting an output decline in Egypt.

In ***Northern Africa,*** the 2010 main crop harvest still proceeds in **Egypt**. Production in the country remains forecast to contract by 18 percent to 4.5 million tonnes (3.1 million tonnes, milled basis). The retrenchment mirrors active state efforts to contain rice cultivation in a bid to conserve water, resulting in a 22 percent decline in plantings this season to 451 000 hectares.

Most countries in ***Western Africa*** have already collected their main paddy crops. Despite the incidence of floods in various countries, growing conditions during the 2010 season have proved favourable and characterised by normal to above-normal precipitation. This, coupled with government and external support to the sector, often in the form of subsidised input distribution programmes, are estimated to have boosted plantings by 8 percent to 6.2 million hectares. On these bases and with foreseeable yield improvements, 2010 output in the sub-region may reach a record of 12.5 million tonnes (7.9 million tonnes, milled basis), 1.1 million tonnes above the good 2009 outcome. Production gains are expected to be widespread, with **Burkina Faso, Chad, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Nigeria, Senegal** and **Sierra Leone** anticipated to harvest larger crops, more than compensating for shortfalls in **Benin, Niger** and **Togo.**

Based on the latest official assessment, production in **Ghana** looks set to reach 412 000 tonnes (247 000 tonnes, milled basis) over the 2010 season, representing a 5 percent increase from a year earlier. With crops benefiting from abundant rains and in spite of some localized pest problems, production in **Guinea** is also expected to increase. Driven by an 8 percent increase in plantings to 938 000 hectares, output in the country is officially predicted to expand to 1.6 million tonnes (1.1 million tonnes, milled basis). The outlook is also favourable in **Mali,** where greater cultivation of paddy, sustained by the distribution of subsidized inputs and the rehabilitation of land, is anticipated to enable a 16 percent output expansion to 2.3 million tonnes (1.5 million tonnes, milled basis). In **Nigeria,** where planting of the off-season crop is underway, the September inundations in northern regions are assessed to have had a limited impact on aggregate rice production as a whole. As a result, FAO has maintained its forecast at 4.5 million tonnes (2.7 million tonnes, milled basis), implying a 5 percent expansion from the previous year. In **Senegal**, the latest official reports foresee a 19 percent growth in output this season to 598 000 tonnes (419 000 tonnes, milled basis). Through the continuation of land and irrigation rehabilitation programmes over the 2011 year, the Government is targeting to raise output to 699 761 tonnes (489 800 tonnes, milled basis) in the coming season. The recent creation of the *La Société de promotion et de commercialisation du riz local* (SPCRL), bringing together stakeholders along the rice value chain, is also expected to support efforts to raise consumption of local produce in the country.

In ***Eastern Africa,*** FAO has reviewed production figures for **Kenya** based on statistics released by the Ministry of Agriculture. Under prolonged drought conditions, the country is assessed to have incurred a much sharper contraction in 2008 than previously assessed, with output falling by 54 percent to 22 000 tonnes (14 000 tonnes, milled basis). Despite progressive declines in prices paid to producers, a partial recovery was attained in 2009, as production rebounded to 42 000 tonnes (27 000 tonnes, milled basis). FAO anticipates this recovery to continue, with the 2010 crop, currently at harvest stage, expanding by a further 30 percent to 55 000 tonnes (36 000 tonnes, milled basis). By contrast, prospects are negative in **Rwanda,** where 2010 production is officially expected to incur a 30 percent decline to 67 000 tonnes (44 000 tonnes, milled basis), on account of a decline in plantings to 16 000 hectares. At the same time, under a five year plan, the Government has been reported to be targeting up to 35 000 hectares of land for rice cultivation, further to promoting the cultivation of upland varieties. The outlook is favourable in the **United Republic of Tanzania**, where off-season crops are being gathered. Owing to both larger plantings and yield improvements, facilitated by good growing conditions, production in the country is forecast at 1.4 million tonnes (910 000 tonnes, milled basis), 5 percent more than in 2009. By improving seed production, research and facilities, the Government has recently announced that it is aiming to raise domestic rice production to 2.7 million tonnes in three years' time, with the support of the AfricaRice centre. Driven by expanded area, paddy output is expected to increase by 10 percent in **Uganda** to 200 000 tonnes (133 000 tonnes, milled basis).

The 2010 season is well over in ***Southern Africa***. In **Madagascar,** notwithstanding unfavourable weather conditions and damages to crops from storms, the Government has released an estimate for the 2010 harvest of 4.8 million tonnes (3.2 million tonnes, milled basis), implying a 5 percent increase from the 2009 outcome. By contrast, precipitation deficits in central and southern regions resulted in a 31 percent output decline in **Mozambique** to 179 000 tonnes (119 000 tonnes, milled basis).

C. CENTRAL AMERICA AND THE CARIBBEAN

Larger crops in Costa Rica, the Dominican Republic and Mexico sustain a 1 percent production expansion in the sub-region

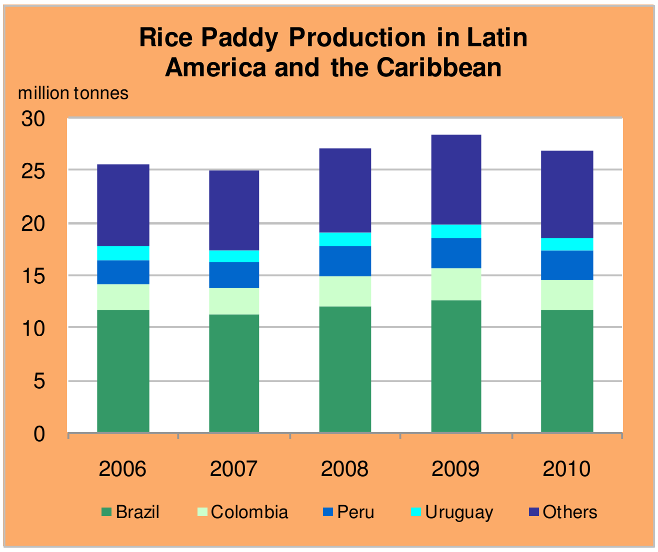
The production outlook for ***Central America and the Caribbean*** has been slightly downgraded since the previous issue of the RMM, mainly as a result of deteriorated prospects in Cuba. Nonetheless, overall output in the sub-region is still forecast to surpass the 2009 outcome by 1 percent to 2.9 million tonnes (1.9 million tonnes, milled basis). **Costa Rica, the Dominican Republic** and **Mexico** are expected to drive this small increase, although **El Salvador, Haiti** and **Panama** may also harvest larger crops. On the other hand, **Cuba, Guatemala, Honduras** and **Nicaragua** are forecast to experience declines, ensuing from insufficient precipitation early in the season as well as damages from storms.

In **Cuba,** notwithstanding official efforts to stimulate growth in the sector to reduce reliance on imports, the Government has recently estimated that rice production would likely decline by 12 percent in 2010 as a result of the prolonged drought at the onset of the season and limited water availability for irrigation. As a consequence, forecasts of production now stand at 495 000 tonnes (330 000 tonnes, milled basis), down from the 564 000 tonnes (376 000 tonnes, milled basis) produced in 2009. Conversely, favoured by good climatic conditions and state support to the sector, output in the **Dominican Republic** is officially assessed at 870 000 tonnes (574 000 tonnes, milled basis) in 2010, up 3 percent year-on-year. The outlook is also favourable in **Haiti,** where production is officially anticipated to rise by 3 percent to 133 000 tonnes (89 000 tonnes, milled basis). Increased availability of fertilisers, credit and water for irrigation are expected to enable larger winter crops to be harvested this year, more than compensating for losses endured as a result of the devastating earthquake that hit the country in January 2010 and dry winter conditions which affected spring crops. On account of losses inflicted by storms, **Honduras** is predicted to face a 14 percent output contraction to 24 000 tonnes (16 000 tonnes, milled basis). Meanwhile, in a bid to curb domestic food inflation, a retail price ceiling of Lempiras 8.75 per bag of 350 grams of rice (USD 1 300 per tonne) was temporarily established in November. The measure, which also applies price limits to 32 other basic food commodities, is scheduled to last for a 60 days.

D. SOUTH AMERICA

The 2010 season ends with negative results, but the outlook for 2011 is positive

Most countries in ***South America*** have already completed the 2010 season with negative results. As a result, aggregate production in the region is gauged to have contracted by 1.6 million tonnes to 24.0 million tonnes (16.1 million tonnes, milled basis). Although the bulk of this decline was imputable to **Brazil,** adverse climatic factors also curtailed output in **Argentina, Bolivia, Brazil, Colombia, Guyana, Uruguay** and **Venezuela**. Production also contracted in **Chile** and **Peru,** while **Ecuador** and **Paraguay** ended the season with larger crops. As for the 2011 season, which is already well advanced, early indications point to a recovery in major producing countries, led by more favourable weather conditions and positive price prospects.



Reflecting a sharp depression in yields due to excessive precipitation, production in **Argentina** fell by 7 percent to 1.24 million tonnes (843 000 tonnes, milled basis) in 2010. On the other hand, planting activities of 2011 crops have been practically concluded. Based on the latest official estimates, some 256 000 hectares were brought under cultivation between September and December 2010, for harvest in 2011, 16 percent more than the previous season. The increase, which marks the fourth consecutive year of area gains, was fostered by adequate availability of water for irrigation and favourable price prospects.

Adverse weather conditions also constrained 2010 production in **Bolivia**, now estimated by FAO at 500 000 tonnes (343 000 tonnes, milled basis), 13 percent less than the 2009 record. Prospects for the 2011 season, launched in October, remain unfavourable because of the deficient rainfall conditions prevailing in the main producing regions. As a result, delays in sowing activities and unfulfilled planting intentions have been reported.

In **Brazil,** the latest figures released by CONAB have upgraded the 2010 output by 400 000 tonnes to 11.66 million tonnes (7.8 million tonnes, milled basis), still 7 percent below the 2009 level, as bad weather depressed area and yields. With 2011 plantings already completed, officials have released buoyant production forecasts for the upcoming season. Although pegging the paddy area at 2.75 million hectares, marginally down from 2.76 million hectares in 2010, an expected 9 percent rebounding of yields to 4.6 tonnes per hectare is foreseen to propel output by 8.3 percent to 12.6 million tonnes (8.5 million tonnes, milled basis). Progress in the most productive Southern states is the main factor behind the foreseen recovery, as stiff competition with soya and maize may bring about cuts in rainfed rice cultivations in North-eastern and Centre-west regions for a further season.

Brazil Paddy Production by Region in 2010 and 2011 (for Brazil: 2009/10 and 2010/11 paddy seasons)									
	Area (000 ha)			Yields (kg/ha)			Production (000 Mt)		
Region	**2010**	**2011**	**Var %**	**2010**	**2011**	**Var %**	**2010**	**2011**	**Var %**
Brazil	**2,765**	**2,747**	**-0.7**	**4,218**	**4,598**	**9.0**	**11,661**	**12,628**	**8.3**
North	387	392	1.2	2,628	2,616	-0.4	1,018	1,026	0.8
Northeast	670	661	-1.3	1,226	1,658	35.2	822	1,096	33.4
Centre-West	364	283	-22.1	2,981	3,067	2.9	1,085	869	-19.9
South East	73	70	-4.4	2,598	2,663	2.5	190	186	-2.0
South	1,270	1,340	5.5	6,728	7,053	4.8	8,547	9,451	10.6
Source: CONAB – Forth Planting Survey – January 2011									

Historical production figures for **Colombia** have undergone a number of revisions. For the 2009 season, output is now assessed to have risen by 3 percent to 2.99 million tonnes (2.0 million tonnes, milled basis). By contrast, the 2010 outlook has deteriorated, as, under the influence of La Nina conditions, the country has been battered by torrential winter rains leading to extensive floods. Damage assessments indicate that rice cultivations, namely secondary crops currently at harvest stage, have been amongst the most affected by the inundations, which add to several adversities already encountered earlier in the season, including drought problems and pest attacks. As a result, FAO now forecasts 2010 production to contract by 3 percent to 2.9 million tonnes (1.97 million tonnes, milled basis). To support the recovery of the agricultural sector, the Government is to avail Pesos 500 billion (USD 260 million) in the form of subsidised credit to agricultural producers.

Colombia: Paddy and Rice Production 2001-2010											
		2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Area	000 Ha.	481	459	532	549	463	438	443	514	549	514
Yield	Mt/Ha.	5.0	5.5	5.4	5.5	5.3	5.3	5.4	5.6	5.4	5.6
Production (Paddy)	000 Mt.	2,385	2,502	2,867	3,015	2,462	2,338	2,396	2,900	2,985	2,900$_{F}$
Production (Milled Equiv.)	000 Mt.	1,622	1,701	1,949	2,051	1,674	1,590	1,629	1,972	2,030	1,972
Source: Ministry of Agriculture and Rural Development F: FAO forecast/estimate.											

2010 production in **Peru** is forecast to contract by 3 percent to 2.9 million tonnes (1.97 million tonnes, milled basis), as producers responded to un-remunerative prices and rising production costs by reducing plantings.

In **Uruguay,** excessive precipitation has constrained yields in 2010, resulting in an 11 percent contraction of output to 1.1 million tonnes (804 000 tonnes, milled basis). As for prospects for 2011 crops, currently at planting stage, the latest officials forecasts predict that enough water availability for irrigation and favourable prices could prompt a 22 percent expansion in area to 195 000 hectares. In addition, under the influence of La Nina, dryer conditions, with more light and sun, are expected to prevail in the coming months, with positive impacts on crop development, contributing to a 7 percent yield increase to 7.7 tonnes per hectare. On these bases, the 2011 harvest is expected to reach a record of 1.5 million tonnes (1.1 million tonnes, milled basis), 31 percent more than in 2010.

Prospects for 2010 production are negative in **Venezuela.** Reflecting a sharp retrenchment in area sown to paddy due to severe drought conditions experienced earlier in the season and further damages to crops from intense winter rains, FAO anticipates output to fall by 25 percent to 900 000 tonnes (630 000 tonnes, milled basis). Industry groups have also associated the contraction to low producer prices and mounting production costs.

E. NORTH AMERICA, EUROPE AND OCEANIA

While production declines in the European Union, a record crop is gathered in the United States

In ***North America,*** harvest of 2010 crops has been completed in the **United States.** According to the USDA's latest assessment, 11.0 million tonnes of paddy (7.4 million tonnes, milled basis) were collected in the country this season, representing an 11 percent increase from the 2009 crop and an all time high. The expansion was solely attributable to greater area coverage, estimated in the order of 1.5 million hectares, which more than compensated for lower productivity resulting from delayed plantings in California and unseasonable high summer temperatures in several southern states.

In ***Europe*,** most crops were collected between September and October in the **EU-27 zone**. The outcome of the season was, overall, disappointing, with aggregate output estimated to have fallen by 3 percent to 3.1 million tonnes (2.2 million tonnes, milled basis). The contraction mainly mirrored declines in Italy, the major producer in the region, where yields were depressed by cold and wet conditions, outweighing area gains. Adverse weather also afflicted crops in France, while good water availability for irrigation supported an output expansion in Spain. Production also increased in Bulgaria, Greece, Portugal and Romania.

Italy: Paddy Production by Type in 2009 and 2010

	Area (000 ha)			Yields (kg/ha)			Production (000 Mt)		
Type	**2009**	**2010**	**Var %**	**2009**	**2010**	**Var %**	**2009**	**2010**	**Var %**
Total	**238**	**248**	**3.8**	**7,003**	**6,318**	**-9.8**	**1,670**	**1,564**	**-6.3**
Round	55	55	-0.5	7,366	6,900	-6.3	407	379	-6.8
Medium and Long A	113	119	5.2	6,614	5,939	-10.2	750	708	-5.6
Long B	70	73	5.1	7,348	6,500	-11.5	513	477	-7.0

Source: ENTERISI

Elsewhere in Europe, forecasts of 2010 production in the **Russian Federation** have been upgraded by close to 100 000 tonnes to a record of 1.1 million tonnes (708 000 tonnes, milled basis), up 16 percent from 2009. In the past few years, the sector has benefited from strong Government support and high external protection. On the other hand, production in 2010 in the **Ukraine** is officially assessed to have remained unchanged in the order of 135 000 tonnes (90 000 tonnes, milled basis).

In ***Oceania,*** 2010 production in **Australia** rose by 144 000 tonnes to 205 000 tonnes (137 000 tonnes, milled basis). The partial output recovery, from the drought constrained lows of the previous five years, was facilitated by greater water allocations, which allowed plantings to expand, and record yields. On the other hand, ABARE's most recent assessment confirms expectation of an even higher upturn for 2011 crops, planted in October. Indeed, with water storages replenished by abundant rainfall received since July, plantings are forecast to rise four-fold to 89 000 hectares, which, coupled with average yields, may give way to a harvest of 800 000 tonnes (534 000 tonnes, milled basis), the highest since 2006.

I. INTERNATIONAL TRADE IN RICE

A. TRADE IN 2010

The latest forecasts confirm expectations of a 6 percent expansion in global rice trade in 2010

Since the November issue of the RMM, FAO has upgraded its forecasts of 2010 world trade in rice by 460 000 tonnes to 31.5 million tonnes. On the demand side, the revision mainly resulted from upward adjustments to forecasts in the Chinese Province of Taiwan, Jordan, Liberia, Nigeria, Saudi Arabia and Venezuela, while figures were lowered principally in Cameroon, Mozambique, the Philippines, the United Republic of Tanzania and Yemen. On the export side, estimates were raised for Pakistan and Thailand, more than compensating for reductions in Cambodia, Egypt and Myanmar.

The latest forecast level of 31.5 million tonnes confirms expectations of a 6 percent, or 1.8 million tonne, recovery in internationally traded volumes over calendar 2010. This expansion was primarily driven by greater imports to Asian countries, several of which needed to rely on foreign supplies to compensate for production shortfalls, curb domestic inflationary pressure or reconstitute stocks. Nonetheless, imports also increased in Latin America and the Caribbean and in Europe, while countries in Africa cut their purchases. As for exports, much of the increase demand is estimated to have been met by larger shipments from Viet Nam, although Pakistan and the United States also significantly expanded deliveries over the year.

Principal Revisions to 2010 International Trade in Rice (million tonnes, milled basis)

2010 IMPORTS						2010 EXPORTS					
	November f'cast		January f'cast		Revision		November f'cast		January f'cast		Revision
WORLD	**31.0**		**31.5**		**+0.5**	**WORLD**	**31.0**		**31.5**		**+0.5**
ASIA	**14.8**		**15.4**		**+0.6**	**ASIA**	**24.4**		**24.7**		**+0.3**
China (Taiwan Prov.)	0.1	F	0.4	F	+0.3	Cambodia	1.5	F	1.4	F	-0.1
Jordan	0.2	F	0.3	G	+0.1	Myanmar	0.8	F	0.4	G	-0.4
Philippines	2.5	F	2.2	G	-0.3	Pakistan	3.2	F	3.5	F	+0.3
Saudi Arabia	0.8	F	1.1	F	+0.3	Thailand	8.5	F	9.0	G	+0.5
Yemen	0.5	F	0.4	G	-0.1	**AFRICA**	**0.5**		**0.5**		**-0.0**
AFRICA	**9.8**		**9.6**		**-0.1**	Egypt	0.5	F	0.4	F	-0.1
Ghana	0.5	F	0.4	F	-0.1						
Liberia	0.2	F	0.3	F	+0.1						
Nigeria	2.0	F	2.2	F	+0.2						
Tanzania United Rep.	0.2	F	0.1	F	-0.1						
Cameroon	0.5	F	0.3	G	-0.2						
Mozambique	0.4	F	0.3	G	-0.1						
LATIN AMERICA & CAR.	3.5		3.6		+0.1						
Venezuela	0.2	F	0.3	F	+0.2						

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

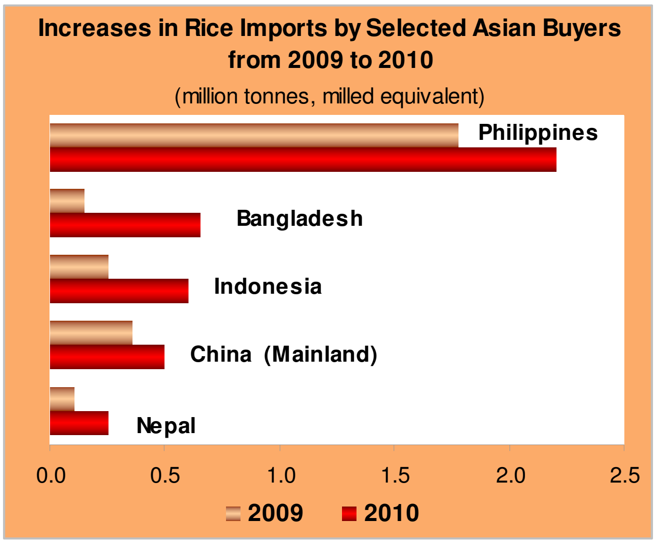
Imports in 2010

Greater imports from Asian countries sustain expansion in global rice trade in 2010

Accounting for nearly half of all volumes traded, countries in ***Asia*** are now estimated to have purchased 15.4 million tonnes of rice over the course of calendar 2010, nearly 600 000 more than previously reported and 1.9 million tonnes more than in 2009.

Amongst the single importers, high domestic prices inhibiting public procurement of local rice compelled **Bangladesh** to rely on the international supplies to reconstitute stocks and fill its requirements for public distribution. Overall, imports by the country are officially forecast to reach 656 000 tonnes in 2010, more than 500 000 tonnes above the low volumes purchased in 2009, when domestic supplies were ample and local prices falling.

Purchases by **China (Mainland)** also increased by 143 000 tonnes to 500 000 tonnes in 2010, still negligible considering that more than 5 million tonnes are allowed to be imported on preferential terms. Based on exporter's shipment reports, FAO estimates deliveries to the **Chinese Province of Taiwan** to have amounted to 400 000 tonnes, up from 283 000 tonnes the previous year and well above the 144,720 (brown basis) tariff rate quota set under its WTO commitments. Up to November 2010, consignments from Viet Nam alone totalled 348 000 tonnes.



Despite good production results, a bid to contain inflationary pressure and replenish state stocks to a desired level of 1.5 million tonnes, prompted **Indonesia** to return to the international as a major importer during the latter part of the year. By December, the Indonesian State Logistics Agency, Bulog, is reported to have contracted 1.23 million tonnes, with nearly half of this volume set for consignment before the year's end. On these basis, FAO now estimates 2010 imports by the country to have reached 600 000 tonnes, which compares to a 2009 figure of 250 000 tonnes.

Faced with production shortages, **the Philippines** is officially reported to have imported 2.2 million tonnes in 2010, 250 000 tonnes less than previously reported, but still 24 percent, or 425 000 tonnes, more than a year earlier. Nearly all of this volume was contracted through a series of tenders in late 2009. Recently released Government figures suggest that quantities acquired by the private sector totalled 220 000 tonnes, 51 000 tonnes were delivered in the form of food aid, with the rest for distribution or stock building by the National Food Authority (NFA). In **Sri Lanka** a lower import duty at the start of the year is estimated to have facilitated intake of 105 000 tonnes, up from 52 000 tonnes in 2009.

By contrast, several *Near Eastern* countries are estimated to have reduced purchases. In particular, rice imports by **the Islamic Republic of Iran** are gauged at 1.1 million tonnes in 2010, compared with 1.3 million tonnes in 2009. **Jordan** is also officially reported to have cut imports by 31 percent to 236 000 tonnes, as did **Yemen** by 13 percent to 352 000 tonnes. Following the receipt of official statistics, FAO has revised the 2009 imports by **Saudi Arabia** from 820 000 tonnes to 1.1 million tonnes. In calendar 2010, the country is assessed to have taken about the same amount. Conversely, it is estimated that the **United Arab Emirates** raised imports by 2 percent to 610 000 tonnes and **Iraq** by 6 percent to 1.2 million tonnes, the latter to cover its requirements for the public distribution system.

Mirroring extensive production gains achieved during the 2009 season, ***African countries*** are now gauged to have imported 9.6 million tonnes of rice in 2010, 3 percent less than a revised estimate of 9.9 million tonnes for 2009. **Benin**, **Cameroon**, **Gambia, Guinea, Madagascar, Mali, Senegal, Sierra Leone** and **the United Republic of Tanzania** are all estimated to have cut purchases. In the case of **Ghana,** the decline also reflected the reinstatement of a higher duty on rice, while in spite of a lowering of tariffs, deliveries to **Kenya** and **Mozambique** fell as well. In **Chad** and **Mauritania,** the smaller 2009 harvests translated into greater international purchases. **Nigeria**, is also assessed to have raised imports by 300 000 tonnes to 2.2 million tonnes, which would give it the status of the largest world rice importer at par with the Philippines. Similarly, deliveries to **Cote d'Ivoire** increased by 6 percent to 900 000 tonnes, while they remained steady in **South Africa** at 900 000 tonnes.

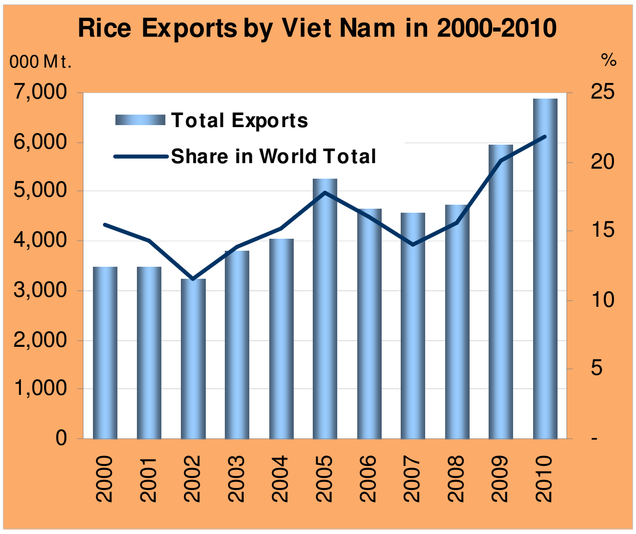
Countries in ***Latin America and the Caribbean*** are assessed to have taken delivery of 3.6 million tonnes of rice in 2010, up 9 percent from a year earlier. Much of this 300 000 tonne increase reflected greater imports by *South American* countries, particularly Brazil and Venezuela. Faced with a local supply shortfall, **Brazil** is estimated to have imported 750 000 tonnes in 2010, 15 percent more than a year earlier. Under similar circumstances and facilitated by agreements with regional suppliers, deliveries to **Venezuela** are estimated to have increased to 300 000 tonnes, up from 100 000 tonnes in 2009. **El Salvador, Haiti** and **Panama** also purchased more over the year, while deliveries to **Honduras**, **Mexico** and **Nicaragua** remained unchanged. Nearly all other countries in the region, including **Chile**, **Colombia, Costa Rica, Cuba** and **the Dominican Republic** are estimated to have cut imports in 2010.

In ***Europe***, consignments are gauged to have increase in the EU-27 zone by 5 percent to 1.1 million tonnes in calendar 2010 while they fell by 23 percent to 200 000 tonnes in the **Russian Federation,** mirroring larger availability of domestic supplies and the institution of greater protective measures. In the **United States**, officials have lowered estimates of 2010 purchases by the country to 610 000 tonnes, 11 percent below imports in 2009, to take account of a lower rate of deliveries of fragrant varieties from Thailand and India.

Exports in 2010

Viet Nam strengthens its position as a leading exporter, while deliveries by the United States and Pakistan also increase

Following a 460 000 tonne upward revision, FAO's latest forecast of 2010 world exports points to a 6 percent expansion in globally traded volumes to 31.5 million tonnes. Based on the latest figures, a considerable contribution to this 1.8 million tonne annual growth was made by **Viet Nam**, officially reported to have shipped 6.9 million tonnes over the course of the year, 922 000 tonnes above the already record level reached in 2009. Indeed, cementing its position as a competitive supplier of rice, over the past decade the country has virtually



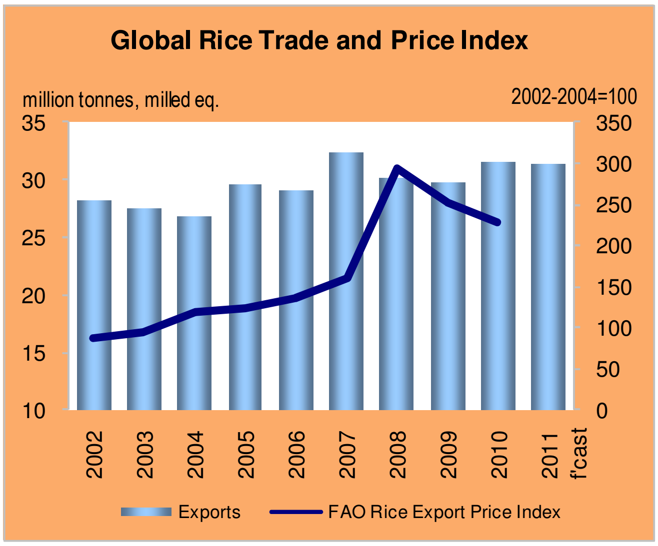
doubled volumes shipped abroad, in 2010 alone accounting for 22 percent of total world exports. Ample reserves from previous large harvests also permitted **Pakistan** to step-up deliveries to a new high of 3.5 million tonnes, more than 600 000 tonnes over the 2009 level. A strong pace of shipments was also witnessed in the **United States,** where on the back of increased demand from Latin American and Near Eastern countries, officials estimate 3.5 million tonnes to have been exported by the United States, up 17 percent from the previous year.

Estimates of exports by **Thailand** have been upgraded, with the Government now reporting to have shipped 9.0 million tonnes of rice in 2010. A revival in demand in the latter part of the year, especially from Indonesia, the Islamic Republic of Iran, Iraq and Nigeria, supported this 5 percent year-on-year increase, allowing exports by the country to surpass the annual official target of 8.5 million tonnes. Notwithstanding the maintenance of export restrictions on common rice, shipments by **India** are also estimated to have risen to 2.4 million tonnes, sustained by demand for aromatic varieties and exceptions to the ban on exports of non-basmati shipments undertaken under government-to-government deals. With ample domestic availability, FAO estimates consignments by **Cambodia**, including unofficial cross-border flows, to have expanded by 8 percent to 1.4 million tonnes. According to industry assessments, in the first year of implementation of the Everything-But-Arms agreement, Cambodian shipments to European countries also recorded a substantial increase, with up to 37 500 tonnes of rice shipped by November 2010.

By contrast, rice exports by **China (Mainland),** which remain under direct government control**,** are estimated to have declined by 11 percent to 700 000 tonnes. Administrative delays in the issuance of export licences, as well as currency factors, are also reported to have significantly impacted the performance of the export sector in **Myanmar**, where shipments are officially assessed to have passed from 1.1 million tonnes in 2009 to 400 000 tonnes in 2010. The maintenance of export restrictions in **Egypt** also translated in a 30 percent decline in consignments to 400 000 tonnes. Elsewhere in the world, reduced availability of supplies from a negative 2010 harvest led to a 2 percent contraction in deliveries by **Argentina** to 516 000 tonnes. Similarly, shipments by **Brazil** and **Uruguay** are officially reported to have declined by 27 and 24 percent, to 431 000 tonnes and 738 000 tonnes, respectively. Conversely**,** larger sales to the European Union, Panama and Venezuela enabled **Guyana** to boost shipments by 60 000 tonnes to 320 000 tonnes in 2010.

B. TRADE IN 2011

Forecasts of world trade in rice in 2011 upgraded by 900 000 tonnes



FAO has upgraded its forecasts of international trade in rice during calendar 2011 by close to 900 000 tonnes to 31.4 million tonnes. Import forecasts were raised for several Asian countries, particularly Bangladesh, the Chinese Province of Taiwan, Indonesia, Saudi Arabia, the United Arab Emirates, as well as Venezuela. They were lowered for Ghana, the Philippines, Senegal, the United Republic of Tanzania and Yemen. As for exports in 2011, prospects were raised mainly for Cambodia and Thailand, while they were reduced in the case of India.

At the current forecast level of 31.4 million tonnes, world trade in rice in 2011 would stand only slightly below last year's outcome. Under current prospects of larger 2010 crops, countries in both Asia and Latin America and the Caribbean are anticipated to cut their imports compared with last year. Only part of the decline is now predicted to be offset by increased demand from Europe and Africa. On the export side, Thailand is foreseen to play a pivotal role next year, compensating for a sharp reduction in deliveries by Pakistan and Viet Nam. Deliveries by Cambodia, China (Mainland) and Myanmar may also increase.

Principal Revisions to 2011 International Trade in Rice (million tonnes, milled basis)

2011 IMPORTS						2011 EXPORTS					
	November f'cast		January f'cast		Revision		November f'cast		January f'cast		Revision
WORLD	**30.5**		**31.4**		**+0.9**	**WORLD**	**30.5**		**31.4**		**+0.9**
ASIA	**14.3**		**15.1**		**+0.8**	**ASIA**	**23.5**		**24.4**		**+0.9**
Bangladesh	0.4	F	0.7	F	+0.3	Cambodia	1.4	F	1.6	F	+0.2
China (Taiwan Prov.)	0.1	F	0.2	F	+0.2	India	2.6	F	2.5	F	-0.1
Indonesia	0.7	F	0.9	F	+0.2	Thailand	9.0	F	9.7	F	+0.7
Philippines	1.9	F	1.7	F	-0.2						
Saudi Arabia	0.9	F	1.2	F	+0.3						
United Arab Emirates	0.5	F	0.6	F	+0.1						
Yemen	0.5	F	0.4	F	-0.1						
AFRICA	**9.8**		**9.8**		**+0.0**						
Ghana	0.5	F	0.4	F	-0.1						
Nigeria	1.9	F	2.0	F	+0.1						
Senegal	0.8	F	0.7	F	-0.1						
Tanzania United Rep.	0.2	F	0.0	F	-0.1						
LATIN AMERICA & CAR.	**3.3**		**3.5**		**+0.1**						
Venezuela	0.2	F	0.3	F	+0.1						

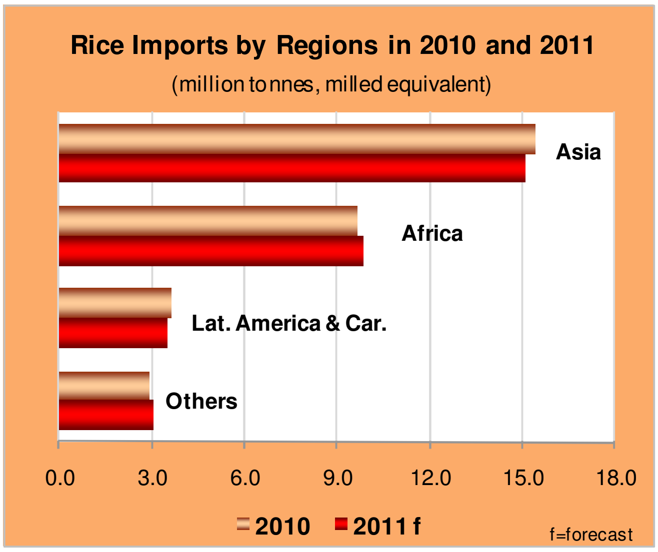
G: Official Figure; F: FAO forecast/estimate.

Imports in 2011

Asian and Latin American countries set to import less, while shipments to Africa and Europe rise

Aggregate shipments to countries in ***Asia*** are forecast to amount to 15.1 million tonnes in 2011, 800 000 more than previously reported, but still 2 percent below volumes purchased in 2010. The year-on-year contraction mainly reflects expectations of a sharp decline in imports by **the Philippines**, which FAO anticipates may amount to 1.7 million tonnes this year, 500 000 tonnes below the 2010 official estimate. Although the country's official import intentions have yet to be disclosed, the Filipino Government has reiterated its intent to drastically reduce purchases, relying instead on the large carry-over stocks still held by the National Food Authority (NFA), which by 1 December where officially reported to total 1.8 million tonnes. Authorities have indicated plans to let the private sector play a more active role in sourcing rice supplies. They also signed a three-year agreement with Viet Nam that gives the Philippines a priority status to buy up to 1.5 million tonnes annually from Viet Nam. Although the full terms of this government-to-government deal remain unclear, such transactions would have to be made on commercial terms.

Amongst other important buyers in the region, abundant supplies may enable **Malaysia** and **Sri Lanka** to cut imports by 6 percent to 850 000 tonnes and by 52 percent to 50 000 tonnes respectively. Deliveries to the **Chinese Province of Taiwan** are also expected to return to more normal levels, in the order of 200 000 tonnes. On the other hand, 2011 rice shipments are expected to remain steady in **China (Mainland)** around 500 000 tonnes; in **Japan**, in the order of 700 000 tonnes; and in **the Democratic People's Republic of Korea** at 400 000 tonnes.



By contrast, FAO has upgraded forecasts of imports by **Bangladesh** to 700 000 tonnes, 7 percent above the volume officially reported for 2010. Despite good production prospects for the 2010 season, the government has announced it would import 1.2 million tonne over the 2010/11 fiscal year, from July 2010 to June 2011, and has been very active in sourcing supplies on the international market in recent months to meet that target. Mounting domestic prices have indeed discouraged the authorities to procure the rice internally. Concerns over surging prices also prompted officials to extend a ban on exports of all rice types into 2011 and to try to engage Viet Nam in a long term agreement to supply 500 000 tonnes annually.

Consignments to **Indonesia** are also anticipated to rise by 300 000 tonnes to 900 000 tonnes in 2011. The increase is expected to be facilitated by the December removal of a Rupiah 450 per kilo duty (USD 50 per tonne) on imported rice. The measure, to be effective until 31 March 2011, is geared at supporting purchase operations by Bulog, which is authorised to procure up to 1.5 million tonnes of rice to refurbish stocks and quell domestic prices. By December, the agency is reported to have already contracted over 600 000 tonnes of rice for delivery in the first quarter of 2011, before main crop harvest activities begin. In line with its obligations to fulfil its minimum import quota commitments, purchases by the **Republic of Korea** are also anticipated to rise to 348 000 tonnes, up from 307 000 tonnes in 2010.

Mainly consisting of informal border flows for milling and re-export, purchases by **Viet Nam** may also rise to 600 000 tonnes. The 100 000 tonne increase will also be supported by the removal of import taxes on paddy and rice originating from Cambodia, which is to be effective until 31 December 2011. The country is also heading towards the opening of rice exports to foreign enterprises as of mid February 2011.

In *Near East Asia*, **Afghanistan** and **the Islamic Republic of Iran** are predicted to keep imports in 2011 unchanged at 300 000 tonnes and 1.1 million tonnes respectively. On the other hand, growing needs under its food distribution system may require **Iraq** to raise purchases by 1 percent to 1.2 million tonnes, while consignments to **Saudi Arabia** may increase by 5 percent to 1.2 million tonnes.

Overall ***African countries*** are foreseen to import 9.8 million tonnes in 2011, 2 percent more than last year. At a country level, **Egypt** may need to purchase 100 000 tonnes to meet part of its domestic and export requirements, in light of the significant reduction in local production anticipated this season. Due to output shortfalls, **Cameroon** is also expected to step-up imports by approximately 200 000 tonnes to 500 000 tonnes. Following riots in September against food inflation, **Mozambique** abolished the import duty for 15 percent broken rice, a measure geared at relieving pressure on domestic prices and which may facilitate a 47 percent increase in purchases to 380 000 tonnes. Growing rice consumption in **Kenya** and the maintenance of a low import tariff for rice from all origins are also forecast to boost consignments to the country by 9 percent to 380 000 tonnes. Greater demand is also expected to bolster rice deliveries to **Senegal** by 3 percent to 720 000 tonnes and to **South Africa** by 6 percent to 950 000 tonnes. On the other hand, **Nigeria** is foreseen to cut imports by 9 percent to 2.0 million tonnes, while **Cote d'Ivoire** may keep them unchanged around 900 000 tonnes. On the back of greater availability of domestic produce, several countries in the Western Africa may similarly need cut purchases of foreign rice, including **Burkina Faso, Chad, Gambia, Guinea Bissau, Mali, Mauritania** and **Sierra Leone**.

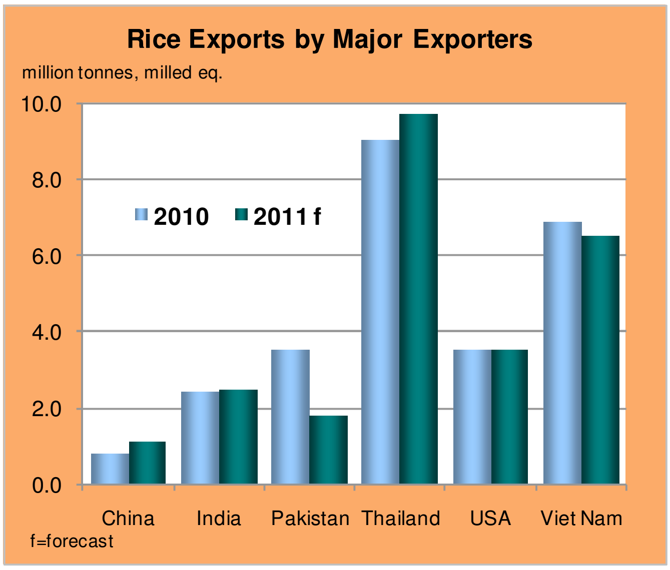
Countries in ***Latin America and the Caribbean*** are forecast to take delivery of 3.5 million tonnes of rice in calendar 2011, 3 percent less than last year. Under expectations of a recovery in 2011 output, **Brazil** is anticipated to account for much of the contraction, with imports by the country forecast to decline by 13 percent to 650 000 tonnes. Large harvests are also expected to result in cuts in **Ecuador** and **Peru,** while 2011 shipments to **Venezuela** may remain steady at 300 000 tonnes. Conversely, in **Colombia**, the Government has announced that it will allow a contingent of 40 000 tonne of rice to be imported from Andean Community members[2] between February and April 2011, as part of the measures adopted to compensate for losses ensuing from the severe flooding problems this season. As a result, overall purchases by the country are now forecast to rise by 13 percent to 90 000 tonnes. In Central America and the Caribbean, on account of a drought reduced crop, **Cuba** is foreseen to buy 6 percent more, or 530 000 tonnes, with the bulk of the volume sourced from Viet Nam, under a preferential payment scheme. Based on the latest figures, **Costa Rica, El Salvador** and **Honduras** are also likely to import more, while, **Mexico** and **Panama** may lower purchases.

[2] Namely, Bolivia, Ecuador and Peru.

Elsewhere, consignments to the **European Union** are forecast to rise by 150 000 tonnes to 1.2 million tonnes. The latest official forecast also foresees a 2 percent increase in imports by the **United States** to 625 000 tonnes. Conversely, purchases by the **Russian Federation** are expected to remain in the order of 200 000 tonnes.

Exports in 2011

Shipments by Thailand to rebound in 2011



Based on the latest estimates, international trade in rice during calendar 2011 is likely to remain in the order of 31.4 million tonnes, marginally below the estimate for 2010. Looking at the major rice suppliers, however, **Thailand** is anticipated to play a major role in 2011, with exports rising to 9.7 million tonnes, up from 9.0 million tonnes in 2010 and above the official target of 9.5 million tonnes. Notwithstanding expectations of smaller 2010 main crops, positive prospects for large secondary crops, to be harvested in the coming months, along with the release of government stocks, which by January had already downloaded 4-5 million tonnes, are expected to provide the necessary supply for the export market. Thai authorities have also announced they would be promoting greater sales of fragrant varieties, further to focusing on quality improvements.

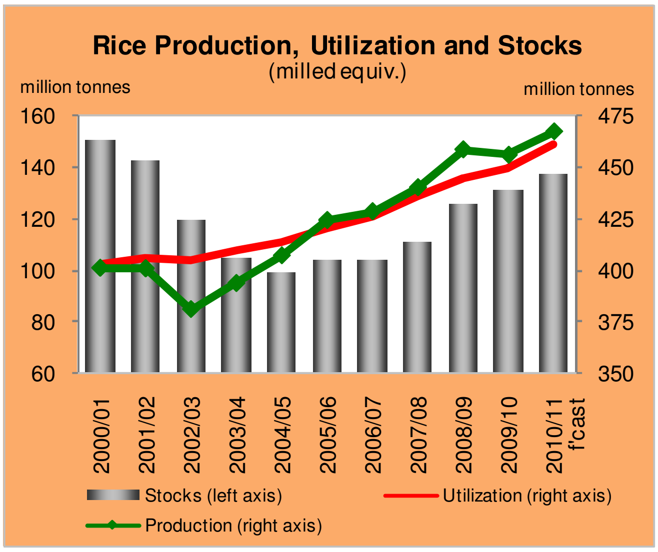
Under current expectations of a good 2010 season result, **Cambodia** would also be able to hold sufficient supplies to raise exports to 1.6 million tonnes, 11 percent above the 2010 estimate. Over the year, outflows from the country into Viet Nam will benefit from the removal of import taxes, effective until 31 December 2011. Likewise, shipments by **China (Mainland)** are expected to return to more normal levels and in the order of 1.0 million tonnes and in **Myanmar** to 800 000 tonnes. Despite prospects of the maintenance of the export ban on common varieties, **India** is currently anticipated to ship 2.5 million tonnes in 2011, up 4 percent year-on-year, mainly on the back of sustained demand for aromatic rice. Although slightly downgraded since the previous report, USDA officials expect deliveries from the United States to match the good 2010 performance of 3.5 million tonnes, on the back of steady demand from African and Latin American countries. In addition, exporters in the United States continue to benefit from the limited presence of Egypt in the medium grain market. Based on prospects of a significant output recovery, **Australia** may hold enough supplies to ship 180 000 tonnes. Favourable 2011 harvests, if confirmed, could also raise exports by **Argentina** and **Brazil.**

Greater deliveries from these countries are currently forecast to compensate for a sharp reduction in shipments by **Pakistan**, following severe crop losses from floods this season. Exports by the country are projected to total 1.8 million tonnes in 2011, virtually half the amount estimated for 2010. Deliveries by **Viet Nam** are also foreseen to fall by 6 percent to

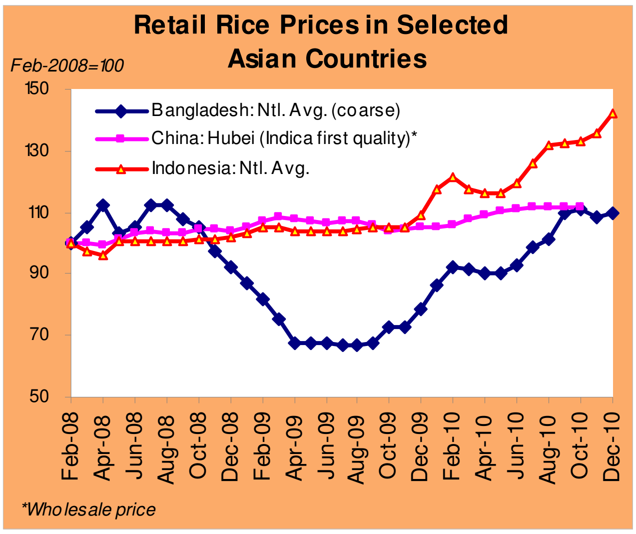
6.5 million tonnes, though still remaining above the 6.0 million tonnes officially anticipated for the year. Less competitive prices and tighter availability of supplies due to dwindling reserves are expected to be behind this decline. The opening of the rice export market to foreign traders, as well as the application of more rigorous storage and milling facility requirements by the Government, are also likely to involve some adjustment period for the export sector this year. On the other hand, the maintenance of export restrictions on rice is forecast to depress deliveries by **Egypt** by 25 percent to 300 000 tonnes.

II. RICE UTILIZATION

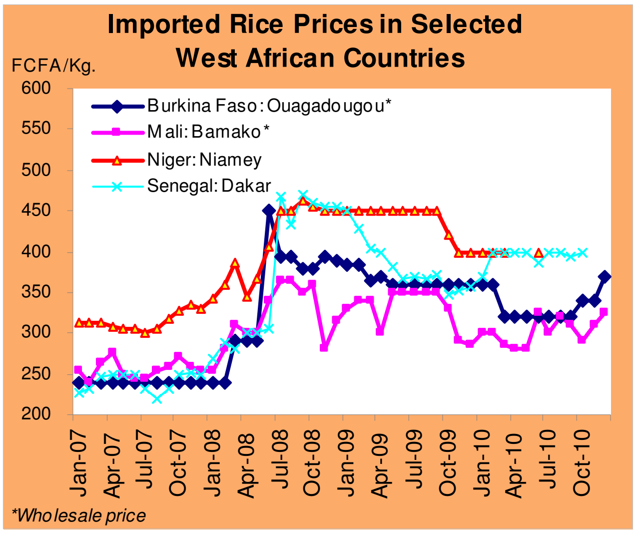
Higher food consumption of rice forecast to drive 3 percent increase in global rice utilization in 2011



<u>Global consumption of rice in 2011</u> is forecast to rise by 3 percent to 461.2 million tonnes (milled basis). A 7.8 million tonne increase in consumption of rice as food, to 391.4 million tonnes, is behind much of this expansion, accounting for 85 percent of total world rice utilisation. Rice fed to animals is estimated to amount to 12.2 million tonnes, while other-end-uses, including seed, non-food uses and post-harvest losses, may absorb 57.8 million tonnes, 7 percent more than the previous year. On these bases, global per caput rice consumption in 2011 could reach close to 57 kilos, half a kilo more than in 2010. This is forecast to reflect greater average rice intake in both developing and developed countries, estimated in the order of 67.5 and 12.4 kilos, respectively.



Looking at the different regions, per caput rice consumption in ***Asia*** is predicted to expand by 1 percent to 82 kilos, despite reports of sharp domestic price increases in several Asian countries, in particular Indonesia, Myanmar, Pakistan, Sri Lanka, Thailand and Viet Nam. These rises and the ensuing discontent have prompted various Governments to intensify efforts to quell inflationary pressure, for instance through public stock releases or expanded welfare programs, as has been the case in Bangladesh, China (mainland), India and Indonesia; price controls, mainly in Sri Lanka or; imports, as is the case of Bangladesh and Indonesia.



On the back of greater domestic supplies from larger harvests and imports, average rice consumption in ***Africa*** is also forecast to rise slightly to 22.1 kilos per person. A look at recent price developments in the region, reveals that quotations in the last quarter of 2010 tended to increase relative to their levels three months earlier in Western Africa (Burkina Faso and Cape Verde), in Central Africa (the Democratic Republic of Congo), Eastern Africa (Somalia, Uganda and United Republic of Tanzania) and in Southern Africa (Madagascar and Mozambique). By contrast, prices were down in Burundi, Chad, Malawi and Rwanda.

Average rice intake in ***Latin America and the Caribbean*** is similarly anticipated to increase by 1 percent to 31.1 kilos. Within the area, the latest domestic quotations in Bolivia, Colombia, the Dominican Republic, Haiti, Honduras, Mexico and Peru indicate that rice prices in these countries were up compared to their values three months ago, while the price of a kilo of rice declined mainly in Brazil, El Salvador and Uruguay.

In the other regions, per caput consumption is forecast to expand in ***North America*** to 10.8 kilos per person, to 14.4 kilos in ***Oceania*** and to 5.3 kilos per person in ***Europe***.

MONTHLY RETAIL PRICES OF RICE IN SELECTED MARKETS

Latest available quotation: *Latest available quotation compared to:* [/1]

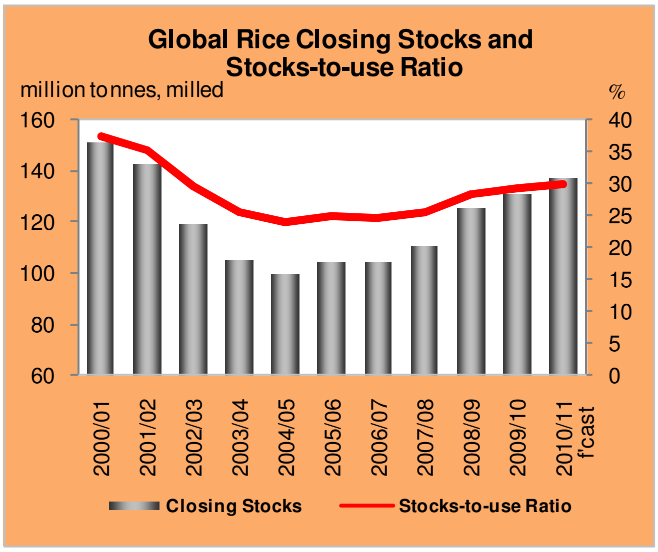
Market	Month	USD/Kg	3 months earlier	6 months earlier	1 year earlier	2 years earlier
Asia	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Bangladesh: Ntl. Avg. (coarse)	Dec-10	0.44	0%	18%	40%	19%
Cambodia: Phnom Penh (mix)*	Dec-10	0.41	0%	-11%	-8%	3%
China: Hubei (Indica first quality)*	Oct-10	0.43	0%	2%	8%	7%
India: Delhi	Dec-10	0.50	2%	5%	0%	5%
Indonesia: Ntl. Avg.	Dec-10	1.00	8%	19%	31%	40%
Japan: Tokyo Ku-area (Non-glutinous)	Nov-10	4.94	-4%	-7%	-8%	-13%
Republic of Korea: Ntl. Avg.	Dec-10	1.76	-1%	-2%	-4%	-13%
Myanmar: Ntl. Avg.	Oct-10	0.45	4%	5%	14%	12%
Pakistan: Karachi (irri)	Dec-10	0.42	3%	6%	10%	-2%
Philippines: Ntl. Avg. (well-milled)	Nov-10	0.78	-1%	-1%	1%	4%
Sri Lanka: Colombo (white)	Oct-10	0.48	20%	12%	-8%	-9%
Thailand: Bangkok (5% broken)*	Nov-10	0.47	9%	11%	-12%	-17%
Viet Nam: Dong Thap (25% broken)	Dec-10	0.44	16%	46%	5%	78%
Western Africa	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Burkina Faso: Ouagadougou (imported)*	Dec-10	0.73	16%	16%	3%	-5%
Cape Verde: Santiago (imported)	Nov-10	1.16	4%	5%	9%	17%
Chad: N'Djamena (imported)	Nov-10	0.72	-24%	-24%	-24%	-37%
Mali: Bamako (imported)*	Dec-10	0.64	5%	0%	14%	3%
Mauritania: Nouakchott (imported)	Oct-10	0.98	0%	-7%	39%	35%
Senegal: Dakar (imported)	Oct-10	0.85	0%	0%	15%	-13%
Central Africa	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Dem. Rep. Congo: Kinshasa (imported)	Nov-10	1.11	4%	3%	11%	44%
Eastern Afirca	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Burundi: Bujumbura	Nov-10	1.01	-5%	17%	-6%	5%
Djibouti: Djibouti (imported)*	Nov-10	0.61	0%	2%	-13%	-29%
Rwanda: Kigali*	Dec-10	0.77	-6%	-23%	-29%	-34%
Somalia: Mogadishu (imported)	Nov-10	0.71	5%	14%	-22%	-36%
Uganda: Kampala*	Dec-10	0.64	3%	-16%	-32%	-10%
United Rep. of Tanzania: Dar es Salaam*	Dec-10	0.75	14%	-5%	-21%	-13%
Southern Africa	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Madagascar: Ntl. Avg. (local)	Dec-10	0.57	18%	-	19%	10%
Malawi: Lilongwe	Nov-10	1.04	-16%	-16%	-12%	-16%
Mozambique: Maputo	Dec-10	0.87	14%	14%	35%	55%
Central America and the Caribbean	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Dominican Rep: Santo Domingo (first quality)	Dec-10	1.27	4%	-1%	4%	1%
El Salvador: San Salvador	Nov-10	1.04	-4%	-4%	-8%	-27%
Guatemala: Ntl. Avg. (second quality)	Nov-10	1.07	1%	0%	0%	-2%
Haiti: Port-au-Prince (imported)	Nov-10	1.13	25%	4%	4%	-23%
Honduras: Tegucigalpa (second quality)*	Dec-10	0.86	20%	12%	2%	-17%
Mexico: Mexico City (sinaloa)*	Dec-10	0.75	13%	4%	-3%	-20%
Nicaragua: Ntl. Avg. (second quality)	Nov-10	0.89	2%	1%	2%	-15%
Panama: Panama City (first quality)	Dec-10	1.09	0%	0%	4%	0%
South America	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Bolivia: La Paz (grano de oro)*	Dec-10	0.92	7%	7%	-4%	-19%
Brazil: Ntl. Avg.	Dec-10	1.12	-5%	-6%	-3%	-15%
Colombia: Bogotá (first quality)*	Nov-10	1.06	8%	8%	12%	-21%
Ecuador: Ntl. Avg.	Nov-10	0.87	2%	2%	5%	-1%
Peru: Lima (corriente)	Dec-10	0.75	5%	6%	-12%	-25%
Uruguay: Ntl. Avg.	Nov-10	0.92	-2%	-1%	2%	-7%
North America	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
United States: City Avg. (long grain, uncooked)	Dec-10	1.60	1%	-1%	-3%	-10%
Europe	*Month*	*USD/Kg*	*3 months earlier*	*6 months earlier*	*1 year earlier*	*2 years earlier*
Italy: Milan (Arborio Volano)*	Dec-10	1.47	3%	12%	26%	13%

[/1] 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: FAO/GIEWS National Food Price database; Monthly Report on the Retail Price Survey, Japan Ministry of Internal Affairs and Communications; Korea Agricultural Marketing Information Service (KAMIS); U.S. Bureau of Labor Statistics (BLS); Associazione Industrie Risiere Italiane (AIRI).

Percentage price decrease
Percentage price increase

III. CLOSING STOCKS

Global rice carry-over stocks forecast to increase by 5 percent in 2011



Forecasts of global stocks at the close of the marketing seasons in 2011 have been upgraded by close to 1.1 million tonnes to 137.2 million tonnes (milled basis), consistent with more buoyant expectations over crops. The revision stems from larger carry-over estimates than previously anticipated in Asian countries, particularly Bangladesh, Cambodia, the Republic of Korea, Myanmar and the Philippines, which more than offset reductions, mainly for the European Union, Thailand and Uruguay.

At the current forecast level, global inventories would be 6.0 million tonnes, or 5 percent, above a revised estimate of 130.9 million tonnes for 2010. This would lift the **global stock-to-use** ratio by 1 percent to 30 percent in 2011. Although **developing countries** are predicted to account for the bulk of this increase, rebuilding stocks by 5.7 million tonnes to 133.6 million tonnes, **developed economies** are also anticipated to boost carry-overs by 18 percent to 3.6 million tonnes.

Principal Revisions to 2010-2011 Closing Stocks (millions of tonnes, milled basis)

	November f'cast		December f'cast		Revision		November f'cast		December f'cast		Revision
WORLD	**136.2**		**137.2**		**+1.1**	Saudi Arabia	0.1	F	0.2	F	+0.1
ASIA	**129.6**		**131.1**		**+1.5**	Thailand	5.6	F	5.2	F	-0.4
Bangladesh	6.0	F	6.2	F	+0.2	**LATIN AMERICA AND CARIBBEAN**	**1.6**		**1.4**		**-0.3**
Cambodia	0.8	F	1.2	F	+0.3	Uruguay	0.2	F	0.0	F	-0.2
Korea Republic	0.8	F	1.3	F	+0.5	**EUROPE**	**0.7**		**0.5**		**-0.1**
Myanmar	4.4	F	4.7	F	+0.3	European Union	0.6	F	0.5	F	-0.1
Philippines	2.8	F	3.0	F	+0.2						

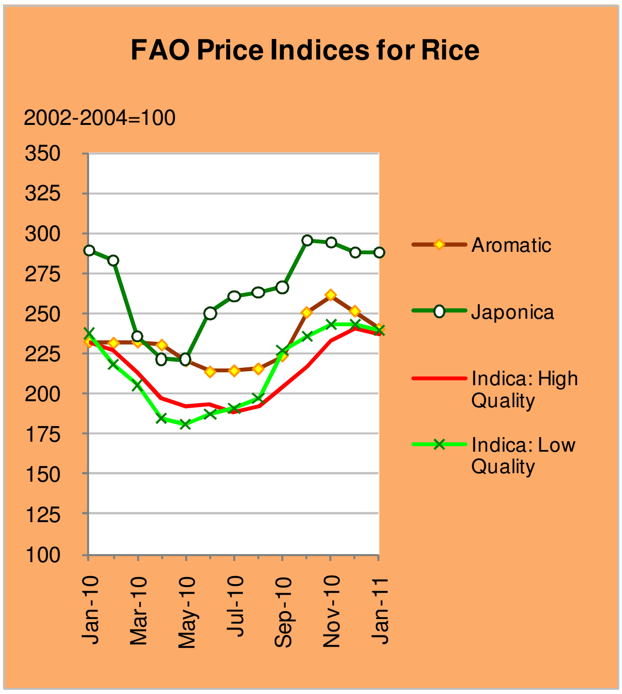
G: Official Figure; F: FAO forecast/estimate.

From a trade status perspective, much of the year-to-year increase in global inventories is expected to concentrate in **rice exporting countries,** which, as a group, are predicted to hold 112.6 million tonnes, up 5.1 million tonnes from last year. A good harvest in **China (Mainland)** is likely to add 6.6 million tonnes to the country's carry-overs to 77.0 million tonnes. Similarly, the anticipated output recovery would refurbish **India's** stocks by 5 percent to 20.0 million tonnes. In the **United States,** officials expect a bumper crop to translate into a 37 percent boost to inventories to 1.6 million tonnes. By contrast, a poor 2010 paddy season in **Myanmar,** coupled with an expected recovery of exports in 2011, may lead to an 11 percent stock draw-down to 4.7 million tonnes. Principally reflecting large losses endured as a result of floods, **Pakistan** is anticipated to end the marketing year with a 600 000 tonne decline in inventories to 100 000 tonnes. Large exports in **Thailand** are forecast to induce a 9 percent decline in the overall (public and private) rice stockpile carried over in 2011 to 5.2 million tonnes. With the recent release of an estimated 4-5 million tonnes of government intervention stocks and the implementation of the new price guarantee programme, the distribution of Thai rice inventories between the public and private sectors is changing in favour of the latter, which may have implications for their release and, hence, for future export quotations. Similarly, **Viet Nam** may end the year with a 100 000 tonne stock decline to 3.2 million tonnes. As a group, the five major exporters may hold 30 million tonnes of rice as closing inventories, with would result in a **stock-to-disappearance ratio** in the order of 19 percent in 2011, virtually unchanged from a revised 2010 estimate.

Rice importing countries are anticipated to replenish reserves by 5 percent to 24.6 million tonnes over the 2010-2011 marketing year. Amongst the major importers, a good crop and large government imports are forecast to translate into a 13 percent boost in stocks held by **Bangladesh** to 6.2 million tonnes. Likewise, **Indonesia** is foreseen to end the season with 5.3 million tonnes in stock, 800 000 tonnes more than a year earlier. By contrast, based on current expectations of a decline in foreign purchases, **the Philippines** could end the season with a 2 percent stock-draw down to 3.0 million tonnes. In **Brazil,** the poor 2010 harvest is also estimated to have required a near 40 percent drawdown of stocks to 200 000 tonnes. Rice carry-overs are also expected decline in the **Republic of Korea** and **Nigeria,** while the **European Union, Islamic Republic of Iran, Saudi Arabia** and **Sri Lanka** may replenish theirs**.**

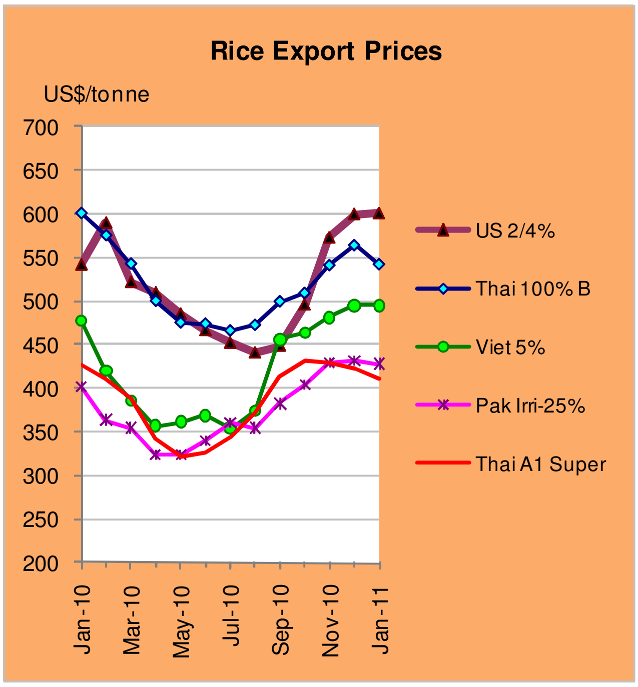
IV. INTERNATIONAL PRICES

International rice prices on a downward trend since November



With the completion of 2010 main crop harvest activities in several major global suppliers, rice export prices have assumed a downward trend since November, as reflected by the FAO All Rice Price Index (2002-2004=100), which lost 4 points between November and January, when it averaged 253. Nonetheless, contrasting tendencies have continued at play across the various rice market segments. For instance, active demand for Thai and US supplies have been supportive of high quality Indica quotes, with their corresponding January index of 237 standing 4 points ahead of its November value. On the other hand, the low quality Indica Index has declined by 4 points to a 239 point average since November, while meek buying interest has depressed the Aromatica rice Index by 21 points to 240 and the Japonica price Index by 6 points to 288 in January.

Based on these tendencies, on an annual basis, the FAO All Rice Price Index averaged 229 points in 2010, still 9 percent, or 24 points, below its 2009 average, mainly influenced by the relatively low quotations that prevailed in the second and third quarter of 2010.



Looking at prices from an origin perspective, renewed buying interest over the last part of 2010 supported a strengthening of export quotations in **Thailand** during December, with benchmark Thai 100% B quoted at USD 564 per tonne, up 4 percent from November. Nevertheless, this trend was quickly reverted by January, when downward pressure on prices exerted by a weaker Baht and by the release of an estimated 4-5 million tonnes of rice from government reserves offset this vigour, resulting in a 22 dollar decline in quotations to USD 542. By contrast, lively demand in the **United States** translated into 5 percent rise in prices of US N.2 4% to USD 601 per tonne, an increase that may also reflect concerns over the quality of the newly harvested rice impacted by adverse weather factors. Prices for US medium grain rice also gained ground, however, underpinned by greater demand from Near Eastern and Far-Eastern countries, with US N.1/4 medium priced 19 dollars higher at USD 871 in January. In **Viet Nam,** 25% broken rice was quoted at USD 450 per tonne, virtually unchanged from its November value. Supply availability constraints ahead of the major harvest of winter-spring crops have nonetheless prompted the Viet Nam Food Association to raise minimum export prices various times, with floor prices for 25% broken now standing at USD 498 per tonne and at USD 520 per tonne in the case of 5% broken rice. By contrast, while export quotations for IRRI 25% broken from **Pakistan** have remained stable at USD 428, Basmati export prices in the country have been largely subdued, sliding by 4 percent to USD 1150 per tonne by January.

With secondary paddy crops in major world rice exporters not due for harvest until March, international rice prices will be influenced by the return of major buyers into the market in the upcoming months. In this context, policy decisions on the timing and modalities of purchases will play an important role. Climatic factors, which may affect the size of secondary paddy crops, also need to be carefully monitored. Against a backdrop of rising food prices and a weak US dollar, currency factors and developments in other cereal markets will also exert an important influence on world rice quotations in the coming months.

FAO Rice Price Indices (2002-2004=100)						
		All	**Indica**		**Japonica**	**Aromatic**
			High quality	**Low quality**		
2006		**137**	**135**	**129**	**153**	**117**
2007		**161**	**156**	**159**	**168**	**157**
2008		**295**	**296**	**289**	**315**	**251**
2009		**253**	**229**	**197**	**341**	**232**
2010		**229**	**211**	**213**	**264**	**231**
2010	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	257	233	243	294	261
	December	256	240	243	288	251
2011	January	253	237	239	288	240
2010	Jan.	251	232	237	289	232
2011	Jan.	253	237	239	288	240
% Change		0.9	1.8	0.7	-0.3	3.5

Source *: FAO*

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

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%
							(US $/tonne, f.o.b.)						
2006	**311**	**300**	**394**	**304**	**266**	**269**	**249**	**230**	**217**	**512**	**353**	**516**	**470**
2007	**335**	**332**	**436**	**325**	**313**	**305**	**294**	**290**	**275**	**557**	**404**	**677**	**550**
2008	**695**	**722**	**782**	**682**	**614**	**603**	**553**	**498**	**506**	**913**	**n.a.**	**1077**	**914**
2009	**587**	**619**	**545**	**555**	**432**	**460**	**384**	**351**	**329**	**1019**	**765**	**937**	**954**
2010	**518**	**532**	**510**	**492**	**416**	**444**	**387**	**372**	**386**	**764**	**n.a.**	**881**	**1045**
2010													
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	452	429	430	852	n.a.	1200	1152
December	564	552	600	547	495	486	458	431	423	871	n.a.	1150	1141
2011													
January	542	542	601	525	495	472	450	428	412	871	n.a.	1150	1016
2010 Jan.	601	616	542	570	478	503	451	401	426	772	652	830	1024
2011 Jan.	542	542	601	525	495	472	450	428	412	871	n.a.	1150	1016
% Change	-9.8	-12.0	10.9	-7.8	3.6	-6.2	-0.3	6.7	-3.4	-25.0	n.a.	38.6	-0.8

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

1/ White broken rice. 2/ No. 1, maximum 4-percent brokens, sacked, California mill.

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

WORLD PADDY PRODUCTION

	2008	2009 (estimated)	2010 (forecast)
		million tonnes	
WORLD	**686.9**	**683.2**	**700.7**
Developing countries	662.7	657.6	673.7
Developed countries	24.2	25.6	27.0
ASIA	**622.8**	**616.0**	**633.5**
Bangladesh	47.0	48.4	50.3
Cambodia	7.2	7.6	8.0
China	193.4	196.7	200.5
of which Taiwan Prov	1.5	1.6	1.5
India	148.8	133.7	145.5
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	16.8
Sri Lanka	3.9	3.7	4.3
Thailand	31.7	32.1	31.4
Viet Nam	38.7	38.9	40.0
AFRICA	**24.4**	**24.4**	**24.7**
North Africa	**7.3**	**5.6**	**4.5**
Egypt	7.3	5.5	4.5
Sub-Saharan Africa	**17.0**	**18.7**	**19.9**
Western Africa	10.5	11.4	12.5
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	1.7	1.8	1.9
Tanzania	1.3	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
CENTRAL AMERICA	**2.5**	**2.8**	**2.9**
Cuba	0.4	0.6	0.5
Dominican Rep.	0.8	0.8	0.9
Mexico	0.2	0.3	0.3
SOUTH AMERICA	**24.6**	**25.7**	**24.0**
Argentina	1.2	1.3	1.2
Brazil	12.1	12.6	11.7
Colombia	2.9	3.0	2.9
Peru	2.8	3.0	2.9
Uruguay	1.3	1.3	1.1
NORTH AMERICA	**9.2**	**10.0**	**11.0**
United States	9.2	10.0	11.0
EUROPE	**3.4**	**4.3**	**4.3**
EU	2.5	3.2	3.1
OCEANIA	**0.0**	**0.1**	**0.2**
Australia	0.0	0.1	0.2

WORLD IMPORTS OF RICE

	2009	2010 (estimated)	2011 1/ (forecast)
		million tonnes, milled eq.	
WORLD	**29.7**	**31.5**	**31.4**
Developing countries	25.1	27.0	26.7
Developed countries	4.7	4.5	4.7
ASIA	13.5	15.4	15.1
Bangladesh	0.1	0.7	0.7
China	1.0	1.3	1.1
of which Taiwan Prov.	0.3	0.4	0.2
Indonesia	0.3	0.6	0.9
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	2.2	1.7
Saudi Arabia	1.1	1.1	1.2
Sri Lanka	0.1	0.1	0.1
AFRICA	**9.9**	**9.6**	**9.8**
Côte d'Ivoire	0.9	0.9	0.9
Nigeria	1.9	2.2	2.0
Senegal	0.8	0.7	0.7
South Africa	0.9	0.9	1.0
CENTRAL AMERICA	**2.2**	**2.2**	**2.2**
Cuba	0.5	0.5	0.5
Mexico	0.6	0.6	0.6
SOUTH AMERICA	**1.1**	**1.4**	**1.2**
Brazil	0.7	0.8	0.7
Peru	0.1	0.1	0.0
NORTH AMERICA	**1.0**	**0.9**	**1.0**
Canada	0.3	0.3	0.3
United States	0.7	0.6	0.6
EUROPE	**1.5**	**1.5**	**1.7**
EU 2/	1.0	1.1	1.2
Russian Fed.	0.3	0.2	0.2
OCEANIA	**0.5**	**0.4**	**0.4**

WORLD EXPORTS OF RICE

	2009	2010 (estimated)	2011 1/ (forecast)
		million tonnes, milled eq.	
WORLD	**29.7**	**31.5**	**31.4**
Developing countries	26.3	27.3	27.2
Developed countries	3.4	4.1	4.3
ASIA	**23.1**	**24.7**	**24.4**
China	0.9	0.8	1.1
of which Taiwan Prov.	0.1	0.1	0.1
India	2.1	2.4	2.5
Myanmar	1.1	0.4	0.8
Pakistan	2.9	3.5	1.8
Thailand	8.6	9.0	9.7
Viet Nam	6.0	6.9	6.5
AFRICA	**0.7**	**0.5**	**0.6**
Egypt	0.6	0.4	0.3
SOUTH AMERICA	**2.7**	**2.3**	**2.4**
Argentina	0.5	0.5	0.5
Guyana	0.3	0.3	0.3
Uruguay	1.0	0.7	0.7
NORTH AMERICA	**3.0**	**3.5**	**3.5**
United States	3.0	3.5	3.5
EUROPE	**0.2**	**0.3**	**0.3**
EU 2/	0.1	0.2	0.2
OCEANIA	**0.1**	**0.1**	**0.2**
Australia	0.1	0.1	0.2

FOOTNOTES:

Totals computed from unrounded data.

1/ Highly tentative.

2/ Excluding intra-trade.

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** 5/ f'cast	**2008/2009**	**2009/2010** prelim.	**2010/2011** 5/ f'cast
	(......... thousand tonnes ....)			*(......... thousand tonnes ....)*		
Opening Stocks	58325 F	63777 F	70656 F	16700 F	21900 F	19000 F
Production 1/	132513 G	134798 G	137410 *	99180 G	89130 G	97000 F
Imports	995 F	1260 F	1066 F	80 F	100 F	100 F
Total Supply	191833	199835	209132	115960	111130	116100
Domestic Use	127204	128389	130876	91949	89730	93600
Exports	852 G	790 F	1100 F	2111 G	2400 F	2500 F
Closing Stocks	63777 F	70656 F	77156 F	21900 F	19000 F	20000 F

	PAKISTAN 2/ (Nov./Oct.)			THAILAND 2/ (Nov./Oct.)		
	2008/2009	**2009/2010** prelim.	**2010/2011** 5/ f'cast	**2008/2009**	**2009/2010** prelim.	**2010/2011** 5/ f'cast
	(......... thousand tonnes ....)			*(......... thousand tonnes ....)*		
Opening Stocks	350 F	1000 F	700 F	4150 F	5200 F	5700 F
Production 1/	6954 G	6741 G	4202 F	20953 G	21261 G	20772 G
Imports	1 F	15 F	15 F	400 F	300 F	400 F
Total Supply	7305	7756	4917	25503	26761	26872
Domestic Use	3437	3556	3017	11683	12031	11972
Exports	2868 G	3500 F	1800 F	8620 G	9030 G	9700 F
Closing Stocks	1000 F	700 F	100 F	5200 F	5700 F	5200 F

	UNITED STATES 4/ (Aug./Jul.)			VIET NAM 2/ (Nov./Oct.)		
	2008/2009	**2009/2010** prelim.	**2010/2011** 5/ f'cast	**2008/2009**	**2009/2010** prelim.	**2010/2011** 5/ f'cast
	(......... thousand tonnes ....)			*(......... thousand tonnes ....)*		
Opening Stocks	918 G	960 G	1154 G	4400 F	4300 F	3300 F
Production 1/	6400 G	6917 G	7443 G	25830 G	25943 G	26673 G
Imports	610 G	604 G	572 G	350 F	500 F	600 F
Total Supply	7928	8481	9169	30580	30743	30573
Domestic Use	3964	3861	4001	20322	20563	20873
Exports	3004 G	3466 G	3582 G	5958 G	6880 G	6500 F
Closing Stocks	960 G	1154 G	1586 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.