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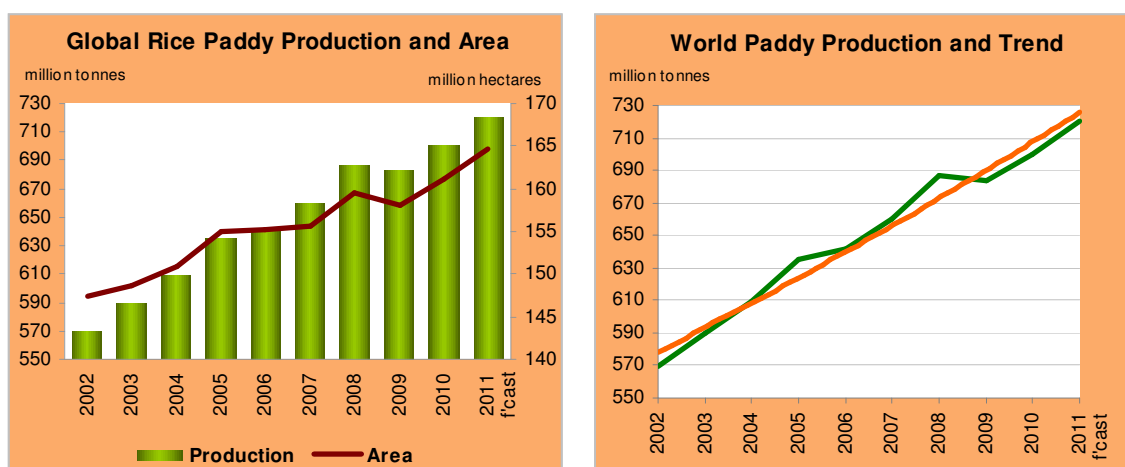
## ROUND-UP

- Notwithstanding reports of extensive floods in Asia since August, which have been associated to a resurfacing of La Niña weather anomaly, FAO has raised its July forecast of **global paddy production in 2011** by 2.4 million tonnes to 721 million tonnes. The revision reflects improved output expectations, mainly in Bangladesh, China (Mainland), India, Viet Nam, and, outside Asia, Egypt, which more than outweighed a worsening of prospects in Indonesia, the Republic of Korea, Madagascar, Myanmar, Pakistan, the Philippines and Thailand.
- At the current forecast of 721 million tonnes (481 million tonnes, milled basis), **world paddy production** would be 3.0 percent larger than in 2010 and breach last year's record. The increase reflects expectations of a 2.2 percent rise of the area harvested, to 164.6 million hectares, and a modest 0.8 percent gain in yields to 4.38 tonnes per ha. Much of the world output growth mirrors progress in **Asia**, in spite of consecutive storms in the Philippines and severe inundations in Cambodia, Lao People's Democratic Republic, Myanmar and Thailand, which marred crop prospects in those countries. The region is now anticipated to produce 651 million tonnes (435 million tonnes, milled basis), 3.0 percent above the already good 2010 outcome. Forecasts of strong gains in both China (Mainland) and India are behind much of the expected growth, with Bangladesh, Pakistan and Viet Nam also anticipated to make sizeable contributions. On the other hand, Afghanistan, Indonesia, the Republic of Korea and Japan all garnered smaller crops this season. FAO has raised production forecast in **Africa** to 26.0 million tonnes (17.0 million tonnes, milled basis), or 3 percent more than in 2010. Prospects of a significant output recovery in Egypt, the largest producer in the region, are behind the revision and much of the expected regional growth. Egypt's upturn, combined with anticipated gains in Western African countries, more than offset an anticipated production fall in Eastern and Southern Africa. In **Latin America and the Caribbean**, the production outlook remains unchanged at around 29.6 million tonnes (19.8 million tonnes, milled basis), 12 percent, above the low 2010 outcome. The recovery was led by the largest producer in the area, Brazil, but also by Argentina and Uruguay, which harvested record crops, amid favourable climatic conditions, as well as Colombia, Guyana, Paraguay and Venezuela. By contrast, Ecuador and Peru faced a contraction. In the **other regions**, abundant water boosted output in Australia. In the EU-27, progress in Italy is expected to fuel an overall recovery, while the Russian Federation harvested a bumper crop. By contrast, output in the United States looks set to fall to its lowest level since 1998, amid unfavourable weather.
- FAO has upgraded its forecast of **international rice trade in 2011** by about 1 million tonnes, to 34.3 million tonnes (milled basis), 9 percent more than in 2010 and an all time high. The expansion from last year was fuelled by strong **import** demand chiefly in Asia (Bangladesh, China, Indonesia, the Islamic Republic of Iran) and Africa (Cote d'Ivoire, Madagascar, Mali, Nigeria, Senegal). Much of the increase in demand is foreseen to be met by larger **exports** by Thailand, but also India, which relaxed, in September, its four year-long ban on non-basmati rice exports. Abundant supplies also enabled Argentina, Australia, Brazil, Myanmar, Uruguay and Viet Nam to boost deliveries, while China (Mainland), Egypt, Pakistan and the United States curbed theirs. Although very preliminary, the outlook for **international rice trade in 2012** points to a small decline in volumes to 33.8 million tonnes, driven by a weakening of demand, particularly, from traditional Asian importing nations, which seat on comfortable domestic supplies. As for exports, the drop would principally stem from lower deliveries by Thailand, which may see its competitiveness eroded by the high domestic producer price policy conducted under the government rice pledging programme. Much of the shortfall in Thai deliveries is likely to be met by larger shipments from India, following the lifting of export restrictions. Australia, China (Mainland), Pakistan and Viet Nam are also foreseen to raise exports next year, while Argentina, Brazil, Myanmar, the United States and Uruguay may witness a contraction.
- **World rice utilization in 2011-2012** is set to rise by 2 percent, or 9.7 million tonnes, to 470 million tonnes (milled basis). Consumption of rice for food is to absorb 397 million tonnes, 7.4 million tonnes more than the previous year, while volumes fed to animals are to remain small and in the order of 12 million tonnes. Other uses, including seeds, industrial uses and post-harvest losses are estimated to grow by 3 percent to 61 million tonnes. Average per capita food consumption is forecast to rise to 56.8 kilos per person, up from 56.5 kilos in 2010-2011, even though domestic prices in several countries are well-above their year ago levels. Intake is estimated to rise by 0.4 kg to 67.8 kg in developing countries, while it may fall by 1 percent to 12.2 kilos per year in developed nations.
- Following improved production prospects, FAO has raised its forecast of **global rice inventories in 2012** by 4.0 million tonnes to 149.0 million tonnes (milled basis), the highest carry-over since 2000/2001. At the revised forecast of 149.0 million tonnes, global rice inventories would stand 8 percent, or 10.5 million tonnes, above their opening level, marking the seventh consecutive season of stock-rebuilding. This increase will sustain a rise in the **global stocks-to-use ratio** from 29 in 2011 to 32 percent next year. Increased inventories in the five leading rice exporters are also boosting their **stock-to-disappearance ratio** from 19 percent to 21 percent.
- Between June and September, **international rice export prices** continued to manifest strength on most market segments, influenced by reports of flood-related crop losses and, especially, by the announced high price policy in Thailand. The FAO Rice Price Index passed from an average of 251 points in July to 260 in August and September before dropping to 255 in October. Until September, gains were underpinned by increasing prices of Aromatic rice as well Indica rice, while quotations for medium-grain rice lost ground, on increased supplies from the Russian Federation and Australia. Largely reflecting a continued weakening of prices of Low Quality Indica, following the return of Indian supplies to the market, and of Japonica rice, the price strength subsided in October. On an annual basis, international quotations over January-October averaged 13 percent above its corresponding value in 2010. Prospects for prices in the coming months remain highly uncertain, although they will be very much influenced by the unfolding of crops to be harvested in the second quarter next year. However, policy developments, especially in Thailand and India, will continue to weigh heavily on the market.

## I. PRODUCTION

### Global paddy production anticipated to end at a new record, despite adverse weather conditions affecting several major producers

At this time of the year, the 2011 main paddy crops are already at the harvest stage in northern hemisphere producing countries, while nations situated along or south of the equator have virtually concluded the season.<sup>1</sup> Since July, FAO has upgraded its forecast of global paddy production, which now stands at 720.7 million tonnes (480.7 million tonnes, milled basis), 2.4 million tonnes more than had been foreseen in the July 2011 issue of the FAO Rice Market Monitor. The revision mainly stems from upward adjustments to production forecasts of Asian countries, with the most significant changes concerning Bangladesh, China (Mainland), India and Viet Nam, and, outside Asia, Egypt. These adjustments more than outweighed downscaled output expectations in Cambodia, Indonesia, the Republic of Korea, Madagascar, Myanmar, Pakistan, the Philippines and Thailand.



The new world production forecast of 720.7 million tonnes (480.7 million tonnes, milled basis), implies a 3.0 percent output increase to an all time record. The upgraded outlook comes in spite of deteriorating prospects in several important producing countries, which have been affected by adverse weather conditions for several months. Indeed a resurfacing of a La Niña event in early August has contradicted earlier expectations of a return to normal growing conditions. With current climatic forecasts indicating its likely prevalence through the first months of 2012, the phenomenon could also impact the development of secondary crops in northern hemisphere countries, as well as of main 2012 crops in countries south of the equator, which are currently at the sowing stage. However, reflecting farmers' reaction to higher prices, often under official support programmes, global paddy plantings are anticipated to expand by 2.2 percent, or 3.5 million hectares, in 2011 to 164.6 million hectares. This area increase would be largely behind the 20.7 million tonne output growth anticipated this season, as yields are set to rise by a modest 0.8 percent to 4.38 tonnes per hectare.

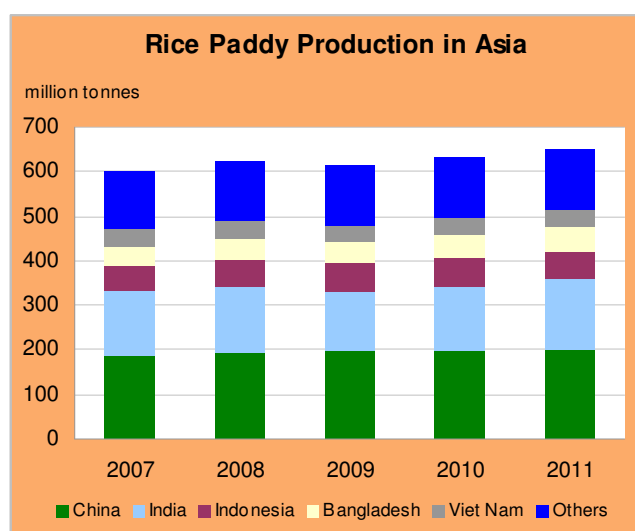
<sup>1</sup> The 2011 rice production season normally includes rice from the main paddy crops whose harvests fall in 2011, to which rice from all subsequent secondary crops, if any, is added. In the case of northern hemisphere countries, this principle implies that production in 2011 comprises the main 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 2012. In the case of southern hemisphere countries, production in 2011 normally comprises rice from the main paddy crops assembled in the first part of 2011, plus rice from the secondary crops, generally gathered in the latter part of 2011. This approach to assess rice production is applicable to any given season.

From a regional perspective, Asia is forecast to account for much of the 2011 production growth, although larger crops are also foreseen to be harvested in Africa, Latin America and the Caribbean and in Europe. In Oceania, Australia has already concluded the season with a significant recovery, while the main producer in North America, the United States, looks set to incur a considerable decline.

## A. ASIA

### Despite severe flooding problems in several key producing countries, production prospects in Asia improve

In the northern hemisphere Asian countries, producers are busy harvesting the 2011 main crop, while countries in the southern hemisphere have virtually concluded the 2011 paddy campaign. FAO's outlook for Asia has improved since the last issue of the RMM, with aggregate output now anticipated to reach 651.0 million tonnes (434.5 million tonnes, milled basis), 1.5 million tonnes more than previously foreseen and 3.0 percent above the already good 2010 outcome. The improvement stands even as severe inundations have negatively impacted crops in several south-eastern Asian countries, including **Cambodia**, the **Lao People's Democratic Republic**, **Myanmar** and **Thailand**, with consecutive storms having



also marred production prospects in the **Philippines**. However, forecasts of strong gains in both **China (Mainland)** and **India** have boosted expectations of production growth in Asia this year, with **Bangladesh**, **Pakistan** and **Viet Nam** also expected to make a sizeable contribution. The **Chinese Province of Taiwan**, the **Islamic Republic of Iran**, the **Democratic People's Republic of Korea**, **Malaysia**, **Nepal** and **Turkey** are also forecast to harvest larger crops this year, unlike **Afghanistan**, **Indonesia**, the **Republic of Korea** and **Japan**, which may face a production decline.

In **Afghanistan**, the April/May planted 2011 paddy crop is now at harvest stage. This season, production is officially forecast to amount to 672 000 tonnes (450 000 tonnes, milled basis), 6 percent below the previous year's good outcome, in spite of a 1 percent area increase to 210 000 hectares. The decline reflects expectations of lower yields, which have been negatively impacted by reduced availability of water for irrigation.

FAO has downgraded estimates of 2010 production in **Bangladesh** to 50.3 million tonnes (33.5 million tonnes, milled basis), based on official assessments which put output from the June harvested Boro crop at 27.9 million tonnes (18.6 million tonnes, milled basis). The revised level still implies a 4 percent increase from the previous year, owing to a 463 000 hectare expansion in area coverage. Meanwhile, the 2011 season progresses generally well. Indeed, in spite of localised floods, authorities expect a favourable monsoon performance to translate into a 4 percent expansion of Aman (main, rainfed crop) output to 19.95 million tonnes (13.3 million tonnes, milled basis). Moreover, the country has reportedly observed an

increase in cultivation of short duration varieties of the first and smallest Aus crop, as farmers seek to capitalise on the crop's drought resistance. For the full season, FAO expects Bangladesh to gather some 51.9 million tonnes (34.6 million tonnes, milled basis), which, if confirmed, would represent a 3.2 percent increase from the previous year.

In **Cambodia**, an early onset of the seasonal rain this year permitted farmers to begin cultivation ahead of time and expand area coverage. September progress reports assessed the main crop area to have surpassed the previous year's by 4 percent to 2.46 million hectares. By October, however, early appraisals also indicated that the incessant rains and ensuing floods, which also affected countries in the surrounding region, had destroyed some 180 000 hectares of paddy plantations. As a result and to take account of damages to 2011 wet crops due for harvest in December, FAO has lowered its forecast of 2011 paddy production in the country by 300 000 tonnes to 8.2 million tonnes (5.2 million tonnes, milled basis). This level would represent only a small reduction, in the order of 1 percent, from the 2010 record, as some of the losses are expected to be compensated by larger secondary crops, to be planted in December.

The 2011 season is more advanced in **China (Mainland)**, where the third crop of the year, the late rice crop, is presently being gathered. Forecasts of production in 2011 have been raised by 3.9 million tonnes since July, based on the latest assessments issued by the China National Grain and Oils Information Centre, which point to an area and yield growth driving a 5.7 million tonne output expansion to 201.5 million tonnes (138.0 million tonnes, milled basis). The much-improved outlook reflects excellent results of the largest, intermediate, rice crop, estimated to have yielded 133.0 million tonnes, 3 percent more than the previous year. Early rice output also rose by 4.5 percent 32.76 million tonnes, notwithstanding the severe drought conditions and floods witnessed earlier this year, while the ongoing late rice harvest is forecast to amount to some 35.7 million tonnes, up 1 percent from 2010. From a geographical perspective, excellent crops were gathered in the north-eastern producing area of the country, particularly in Heilongjiang, which is set to account, alone, for over half of the expected national increase.

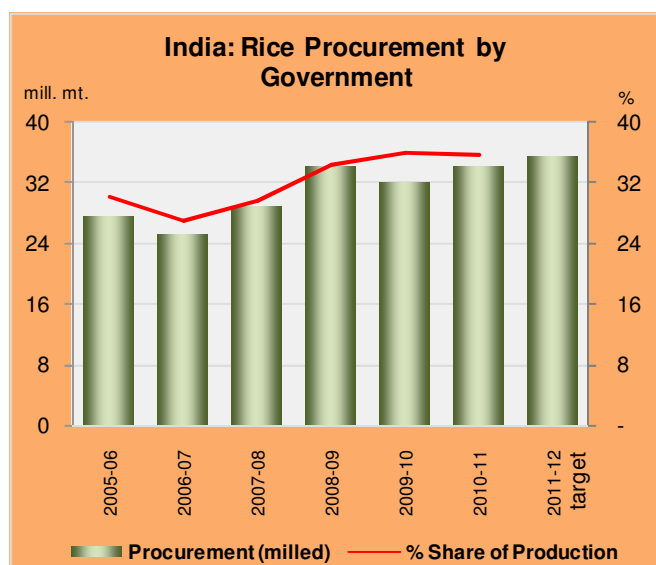
<b>China Paddy Production by Region in 2010 and 2011</b>									
	Area (000 ha)			Yields (kg/ha)			Production (000 tonnes)		
	2010	2011	Var %	2010	2011	Var %	2010	2011	Var %
<b>Total</b>	<b>29,873</b>	<b>30,351</b>	<b>2%</b>	<b>6,553</b>	<b>6,639</b>	<b>1%</b>	<b>195,760</b>	<b>201,500</b>	<b>3%</b>
Heilongjiang	2,769	3,100	12%	6,659	7,097	7%	18,439	22,000	19%
Jiangsu	2,234	2,302	3%	8,093	8,099	0%	18,079	18,644	3%
Anhui	2,245	2,286	2%	6,162	6,169	0%	13,834	14,102	2%
Jiangxi	3,318	3,284	-1%	5,601	5,864	5%	18,583	19,256	4%
Hubei	2,038	2,036	0%	7,644	7,727	1%	15,578	15,733	1%
Hunan	4,031	4,075	1%	6,217	6,263	1%	25,060	25,521	2%
Guangdong	1,953	1,928	-1%	5,431	5,588	3%	10,606	10,774	2%
Guangxi	2,094	2,071	-1%	5,355	5,414	1%	11,213	11,212	0%
Sichuan	2,005	2,002	0%	691	714	3%	1,385	1,430	3%
Others	7,186	7,266	1%	8,765	8,647	-1%	62,985	62,827	0%
Source: China National Grain and Oils Information Centre (CNGOIC) – October 2011									



The anticipated growth would be in line with China's commitments to maintaining grain self-sufficiency, as set out under the 12th Five-Year Plan (2011-2015). Essential to this, official efforts over the coming years will be geared at preserving arable land over a 120 million hectare extension, in order to ensure that local grain output stays over 540 million tonnes. Particular emphasis would also be put on raising japonica rice production to 78 million tonnes from a targeted extension of 10 million hectares.

In **India**, after a slightly advanced onset, the south-western monsoon progressed to cover the entire country ahead of time, extending its stay beyond the usual withdrawal dates. Indeed and in spite of early concerns of seasonal deficits, in October, the India Meteorological Department assessed cumulative precipitation for the June-September period to have stood 1 percent above the Long Period Average. Excepting north-eastern areas, where some shortfalls were recorded, the favourable rainfall performance was supportive of planting activities, as by 14 October coverage of 2011 Kharif crops stood at 38.6 million hectares, 3.0 million hectares above the 2010 area. Steady sowing progress together with the absence of major setbacks had already given rise, in September, to a buoyant first official advanced estimate of the 2011 Kharif main crop of 130.6 million tonnes (87.1 million tonnes, milled basis), 150 000 tonnes above target and 8 percent more than the previous year. Prospects are also positive for the second, irrigated, Rabi crop, planted in November, as replenished reservoir levels and improved groundwater tables from the abundant monsoon rains can sustain an increase in secondary crop output. Accordingly, and assuming no major obstacles are incurred during the remainder of the season, FAO anticipates the country to reap an all time high of 154.5 million tonnes (103.0 million tonnes, milled basis), 1.0 million tonnes above the official target and 8 percent more than in 2010.





The forecast growth is expected to mainly rely on larger plantings, consistent with improved price prospects. In fact the June setting of higher public procurement prices is likely to encourage farmers to sell increasing volumes to state agents, particularly if, as reported, officials would also pay a bonus on top of prices already offered. In anticipation of this, the Government has set a procurement target of 35.3 million tonnes for the 2011-2012 marketing year, started in October. This follows an already active 2010-2011 procurement drive which, by 30 September, had seen 34.0 million

tonnes of rice, or 36 percent of 2010 domestic output, purchased by state agencies.

In **Indonesia**, where the 2011 has already ended, the Government has downgraded its production outlook by 2.7 million tonnes, reversing earlier expectations of a record performance this year. Largely on account of depressed yields, production in the country is now assessed to have declined by 2 percent to 65.4 million tonnes (41.2 million tonnes, milled basis). Weather conditions were, in fact, unfavourable throughout the season: wetter than normal climate prevailed during the main crop growth period, followed by a drawn-out dry season. Unremitting plantings are also resulting in growing incidence of pest attacks. Meanwhile, the 2012 season was just opened with the October planting of main season wet-crops. At this time, however, the production outlook for the country is still rather uncertain, particularly given prospects of a recurring La Niña event. This weather anomaly is normally associated with excessive rainfall in Indonesia, which could potentially undermine the development of crops for a second season. Meanwhile, as local quotations remain high, out of a 2010/2011 procurement target of 3.5 million tonnes, Bulog now only expects public purchases to reach between 2.0 and 2.5 million tonnes in 2011. This follows an already low procurement drive in 2010 that saw 1.9 million tonnes officially purchased, down from 3.6 million tonnes in 2009.

Reflecting losses to the devastating March earthquake and tsunami, FAO anticipates 2011 production in **Japan** to decline to 10.3 million tonnes (7.5 million tonnes, milled basis), 3 percent below the 2010 outcome. As crop harvesting activities proceed in the country, parallel tests are being undertaken by officials to determine potential presence of radioactive substances in supplies. In the meantime, Japanese officials have readied a set of proposals geared at guiding the country's recovery from the calamity and revitalising the agricultural sector by addressing some of its fundamental constraints, including that of an ageing and declining farm population and falling rural incomes. The policy recommendations include calls to expand average farm size from the current national average of 2 hectares to 20-30 hectares in flatlands and to 10-20 hectares in hills and mountainous terrains, while encouraging younger segments of the population to enter into farming activities, through the provision of financial incentives. Reportedly, authorities would be in the process of studying funding mechanisms for the plan, which could imply a reduction in allocations to the direct payment of income support programme for rice farmers.

The 2011 crop harvest began in September in the **Democratic People's Republic of Korea**. FAO has kept its forecasts of paddy production in the country unchanged at 2.5 million tonnes (1.6 million tonnes, milled basis), which compares to a 2.4 million tonnes (1.6 million tonnes, milled basis) official figure for 2010. The outlook may, however, be subject to revision pending assessments of damages caused by torrential summer rains and floods, which affected important southern producing provinces of the country.

Production prospects have deteriorated in the **Republic of Korea**, where the 2011 harvest is ongoing. Much as a result of conversion of paddy fields to other crops or non-agricultural purposes, plantings are estimated to have retrenched by 4.3 percent to 854 000 hectares in 2011. The contraction is expected to more than offset yield gains from an improvement in growing conditions relative to last year's exceptionally poor climate. As a result, 2011 paddy output is officially gauged at 5.7 million tonnes (4.22 million tonnes, milled basis), 2 percent below the previous year's harvest and the lowest level reaped since 1980. Notwithstanding this year's expected contraction, officials recently confirmed the continuation of the rice reduction plan over the 2012 season, with another 40 000 hectares of paddy targeted to be converted to other uses.

By contrast, in **Malaysia**, government estimates point to a favourable seasonal result, with 2011 production forecast to increase by 5 percent to 2.7 million tonnes (1.7 million tonnes, milled basis), 165 000 tonnes more previously anticipated. In a bid to improve farm management and boost yields, Malaysian officials have launched plans to reorganise productive activities in the country's main irrigated production hubs. For instance, authorities are seeking to cluster small plots into 50 000 hectare estate farms around the MADA granary by 2020, by providing incentives to farmers to lease their land or engage in profit sharing arrangements with third parties. Similar plans have been outlined for other major granary areas, in hopes of raising paddy output by 433 936 tonnes. Such initiatives are part of the Economic Transformation Programme (ETP), launched in September 2010, and are being supplemented by efforts to enhance irrigation infrastructure, farm management and services. They also include plans to substitute 65 percent of fragrant rice imports with 73 000 tonnes of local produce. Although details of the framework are yet to emerge, officials have also recently launched the National Agro-Food Policy 2011-2020, as a four-pronged strategy to boost the nations' food self-sufficiency level, raise product value addition, reinforce supply chains and increase technical capacity.

<b>Malaysia Paddy Production in Granary and Non-granary Areas in 2010 and 2011</b>									
	Area (000 ha)			Yields (kg/ha)			Production (000 tonnes)		
	2010	2011	Var %	2010	2011	Var %	2010	2011	Var %
<b>Total</b>	<b>674</b>	<b>684</b>	<b>1.5</b>	<b>3,783</b>	<b>3,898</b>	<b>3.1</b>	<b>2,548</b>	<b>2,665</b>	<b>4.6</b>
<b>Granary Areas</b>	<b>387</b>	<b>390</b>	<b>0.7</b>	<b>4,347</b>	<b>4,720</b>	<b>8.6</b>	<b>1,684</b>	<b>1,840</b>	<b>9.3</b>
MADA	193	193	0.1	4,715	5,113	8.4	909	987	8.6
KADA	51	52	2.1	3,700	3,856	4.2	189	201	6.4
IADA KSM	54	55	3.0	3,344	3,581	7.1	179	197	10.3
IADA BLS	37	38	2.0	4,979	5,491	10.3	183	206	12.5
IADA P.PINANG	21	21	0.0	5,029	5,304	5.5	104	109	5.5
IADA SEB. PERAK	16	15	-8.5	3,352	4,712	40.6	53	69	28.6
IADA KETARA	10	10	-1.1	4,788	5,021	4.9	48	50	3.7
IADA KEMASIN									
SEMERAK	7	7	4.7	2,801	3,021	7.8	18	21	12.9
<b>Non-granary areas</b>	<b>286</b>	<b>294</b>	<b>2.6</b>	<b>3,020</b>	<b>2,807</b>	<b>-7.0</b>	<b>865</b>	<b>825</b>	<b>-4.6</b>
Source: Malaysian Agricultural Department									



In **Myanmar**, harvesting of the wet season crop is underway, while planting of secondary crop started in November. This season, paddy plantings in various important producing areas, including Irrawady and Bago, are reported to have been affected by successive rounds of floods resulting from exceptionally abundant precipitations since July. Limited availability of seeds would have reportedly hampered attempts by farmers to replant crops in some affected areas. To reflect these setbacks, FAO has lowered its forecasts of production in 2011 to 30.0 million tonnes (18.9 million tonnes, milled basis), 3 percent below the 2010 estimate.

Despite some localised damages due to land-slides and inundations, the 2011 season progresses well in **Nepal**, where gathering of early paddy crops was concluded in September. Crops this season are reported to have benefitted from favourable weather, with normal to above normal rainfall conditions facilitating timely crop sowing activities. FAO anticipates these factors to support a 1 percent output expansion over the season to 4.5 million tonnes (3.0 million tonnes, milled basis).

**Pakistan** is another country to have been battered by torrential rains and successive floods since mid-August, exacerbating an already precarious situation left by the severe 2010 flooding episode. This season's inundations are estimated to have spoiled crops over an 880 000 hectare extension, chiefly in the lower parts of the main IRRI producing region of Sindh, in addition to inflicting damages to infrastructure and causing massive population displacements. However, based on October official assessment, overall damages to paddy crops have proven relatively contained, with 92 600 hectares of plantings destroyed. As a result, FAO forecasts the 2011 crop, which is currently being harvested, to yield 9.7 million tonnes (6.5 million tonnes, milled basis), somewhat below the previous forecast of 10.0 million tonnes (6.7 million tonnes, milled basis). Despite the revision, at 9.7 million tonnes, production in 2011 would stage a 2.5 million tonne recovery from the severely flood-impacted output in 2010. Indeed, losses are expected to be partly compensated by gains in the other growing region, which benefitted from good availability of water irrigation. Moreover, despite widespread increases in prices of basic inputs, official assessments attest to a growing adoption of hybrid rice varieties, which may promote yield gains.

FAO has lowered its July 2011 production forecast for the **Philippines** to 16.4 million tonnes (10.7 million tonnes, milled basis), 2 percent below the 2010 outcome. The reduction mirrors losses to successive storms, in particular typhoon Nesat, which struck on 27 September and typhoon Nalgae, which hit five days later. Based on preliminary assessments by the Department of Agriculture, the two typhoons caused extensive damages over 420 000 hectares of maturing crops, causing the loss of close to 720 000 tonnes of a main-season harvest, originally foreseen to rise by 6 percent to 9.7 million tonnes. To make up for some of the damages, mainly concentrated in the Central Luzon region, authorities have announced the implementation of quick-turn-around programme, providing free certified seeds and facilitating access to fertiliser and credit for affected farmers. The Government has further taken measures to procure damaged supplies from afflicted producers at Pesos at 14 per kg (USD 323 per tonne) of paddy purchased.

The August-September harvest of Yala (second) crop marks the closure of the 2011 season in **Sri Lanka**. The latest official appraisal has confirmed an exceptional performance of this secondary crop, which is estimated to have surpassed the previous year's level by 16 percent to 1.94 million tonnes (1.3 million tonnes, milled basis), sustained by considerable increases in area coverage. The excellent performance partly compensated for a flood-induced contraction of the Maha (main) crop, containing the overall output decline for the season to 1

percent to 4.26 million tonnes (2.9 million tonnes, milled basis). Meanwhile, in September, officials extended their support to the harvest, by announcing public procurement of 75 000 tonnes of Yala paddy. The purchase drive will offer producers Rupees 30 per kilo for Samba varieties (USD 272 per tonne) and Rupees 28 per kilo of Nadu paddy (USD 254 per tonne).

Amongst the countries in the region, **Thailand** has been one of the most affected by excessive precipitations this season. Since late-July, torrential monsoon rains have battered the country, leading to severe floods over 60 of its 77 provinces. Further to affecting the lives of more than two million people and causing considerable economic damage, preliminary assessments report 1.6 million hectares of farmland to have been submerged, with close to 80 percent of this extension or, some 1.3 million hectares gauged to concern paddy fields. Given the timing of the deluge, damages to crops, which were to be harvested in November, are expected to be extensive, with the window of opportunity for farmers to replant their fields being also long overdue. As a result, and although the true extent of losses will only be clearer when flood waters recede, FAO has lowered its estimate of 2011 main-crop output to 21.0 million tonnes (13.9 million tonnes, milled basis), down from the 25.1 million tonnes (16.6 million tonnes, milled basis) initially expected and 14 percent less than the 2010 level. Yet, despite the extent of expected losses, there could still be scope for recoveries over the secondary crops due for planting in December, as these will benefit from abundant availability of water for irrigation and sediment-enriched soil conditions. Moreover, the high producer price policy pursued by the Government provides farmers with a strong incentive to expand area coverage of off-season crops. Consequently, for the full season, FAO now expects the country to reap some 32.0 million tonnes (21.2 million tonnes, milled basis), a 7 percent contraction from the previous year's record, but still an above-average outturn.

Thai authorities have set out measures to compensate afflicted farmers for flood related damages. In addition to receiving compensation for spoilt rice seeds, they are to be paid Baht 3 659 per rai (USD 738 per hectare) of lost paddies, or Baht 1 437 (USD 46) per tonne of prematurely harvested paddy. However, Government support this season is being mainly channelled through a reinstated Paddy Pledging Programme, which has raised price support to farmers to Baht 13 800-20 000 (USD 446-646) per tonne, compared to Baht 10 000-15 300 (USD 323-494) offered by the price guarantee programme, which it substituted in October. Although officials have already announced intentions to extend its coverage to secondary crops, a budget of Baht 435 billion (USD 14.0 billion) has been allocated for the first phase of the scheme, which will cover the 2011 main crop, between 7 October and 29 February 2012, except in southern provinces where it will begin on 1 February and run until July 2012. The programme will permit farmers to pledge unlimited quantities of paddy as collateral for loans, which they can subsequently choose to redeem by repaying the loans at a minimal interest cost, or forfeit in the hands of officials.

<b>Thailand: Support Prices Under Paddy Pledging Programme and Price Insurance Scheme</b>				
	<b>Paddy Pledging Programme (2011/12)</b>		<b>Price Insurance Scheme (2010/11)</b>	
	Baht/tonne	USD/tonne	Baht/tonne	USD/tonne
White rice	13,800-15,000	446-484	11,000	355
Glutinous	15,000-16,000	484-517	10,000	323
Pathum Thani	16,000	517	11,500	371
Provincial fragrant	18,000	581	14,300	462
Hom Mali	20,000	646	15,300	494
Source: Thai Department of Internal Trade, Ministry of Commerce /USDA.				

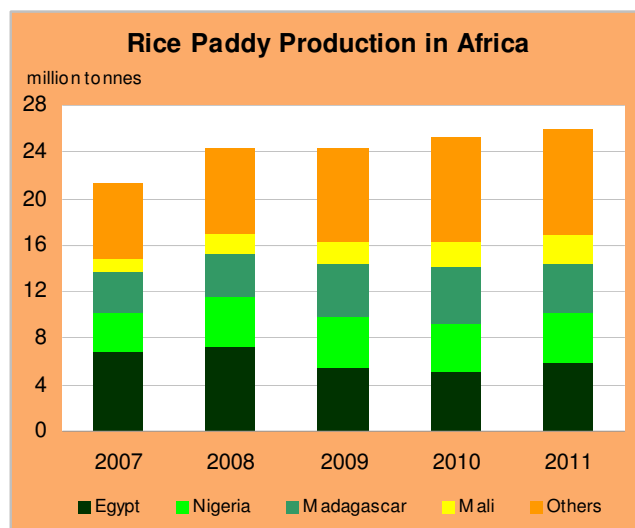
The reinstatement of the programme has been surrounded by considerable controversy, much of which concerns the enormous cost that it is likely to imply to public coffers, in terms of funds required to cover farmer loans, operational expenses and those related to milling and storing the likely sizeable public reserves that the programme will accumulate. The procedures to release the anticipated large stockpiles still remain unclear, with the question arising as to whether they will be sold at discounted prices and at a loss to the state. Previous implementations of the programme entailed heavy public intervention in rice trading and was accredited to have led to over-capacity of in Thai milling industry. Concerns also exist that the high prices being offered will encourage massive inflows from neighbouring countries for illicit pledging, potentially compromising the quality of supplies.

Nevertheless, initial statements would have the programme run on a one-year trial basis, with public efforts to cut area planted to paddy, in favour of more remunerative crops, being launched in the event that the scheme was unable to shore producer prices up. The Government would additionally be intent on implementing a survey of plantings, with millers and traders required to disclose amounts held in stocks, in a bid to impede domestic supplies from being mixed with imported rice. A Rice Board is also being set-up, with representation of all industry actors, to encourage dialogue and promote coordination of productive activities, trade in rice and transparency in stock releases.

In **Viet Nam**, Government forecasts of 2011 paddy production have been revised upward by 1.0 million tonnes to a record of 42.0 million tonnes (28.0 million tonnes, milled basis). The resulting 5 percent year-on-year output increase reflects expectations of a 200 000 hectare expansion in plantings to 7.7 million hectares and higher yields, boosted by generally favourable weather conditions. This is despite excessive precipitation and storms having also led to floods in central regions and in the Mekong River Delta, where river levels recently reached record highs. Indeed, damages to paddy crops thus far have proven limited, with 26 000 hectares of paddy officially assessed to have been inundated as of 21 October. Authorities have, nonetheless, announced plans to offer affected farmers compensation worth Dong 5 million (USD 250) per hectare of paddies inundated.

## B. AFRICA

### A production rebound in Egypt together with gains in Western African countries behind expectations of a 3 percent production growth in the region



Northern and Western parts of Africa are harvesting the rice main crops. By and large, these have already been collected in Eastern and Southern Africa. FAO has raised its July production forecast for the continent by 930 000 tonnes to 26.0 million tonnes (17.0 million tonnes, milled basis), representing a 3 percent increase from 2010. Prospects of a significant output recovery in Egypt, the largest producer in the region, are behind the revision and much of the expected growth. This, combined with anticipated

gains in Western African countries, now look set to more than offset for forecast losses in the Eastern and Southern parts of the continent.

In *Northern Africa*, farmers in **Egypt** are still busy harvesting the season's main crop. In recent years, rice cultivation in the country had been significantly constrained following the adoption of official water conservation policies. This season, the area under paddy is reported to have registered a marked increase compared to 2010, due to an only partial enforcement of such planting curbs along with producer expectations of remunerative prices. FAO now estimates these incentives to be supportive of an 11 percent area increase to 600 000 hectares. As a result, production looks set to reach 5.8 million tonnes (4.0 million tonnes, milled basis) in 2011, 600 000 tonnes more than a revised 2010 figure and the second highest performance since the 2008 record. On the other hand, recent official statements would have the Government intending to build a strategic rice reserve equivalent to half of the country's annual requirements for the food distribution system, which are estimated at 1.1 million tonnes. Under the plan, producers would be offered between 1 920-2 000 pounds per tonne (USD 320-334 per tonne) of paddy procured.

In spite of expectations of above normal rains over *Western Africa* this year, the season took off with an irregular start, with weak rainfall conditions affecting several countries through July. However, with precipitation levels improving markedly by August, first assessments of crops in the sub-region confirm expectations of a sustained pace of growth this year, as the sector continues to benefit from investment and public assistance. As a result, the sub-region's aggregate output in 2011 is expected to reach a record of 12.9 million tonnes (8.2 million tonnes, milled basis). **Benin, Gambia, Ghana, Guinea, Liberia, Mali, Nigeria, Senegal** and **Sierra Leone** are all expected to end the season with larger crops, more than compensating for weather related shortfalls in **Burkina Faso, Chad, and Guinea Bissau** and a reduction in **Cote D'Ivoire**, mainly as a result of civil unrest earlier in the year.

Notwithstanding an erratic rainfall performance this season, prospects are positive in **Benin**, where the 2011 harvest is ongoing. On both area and yield gains, production in the country is officially expected to rebound to a new record of 178 500 tonnes (107 000 tonnes, milled basis), up 42 percent from the 2010 flood reduced output of 125 600 tonnes (75 000 tonnes, milled basis). The achievement would be in line with a new Government plan to raise rice production to 550 000 tonnes by 2015. With that purpose, authorities would be allocating a budget of FCFA 3.8 billion (USD 8.0 million) for projects in north-eastern and central areas of the country.

By contrast, much as a result lower yields, depressed by delayed and irregular precipitation, the authorities in **Burkina Faso** anticipate production in 2011 to fall to 236 000 tonnes (156 000 tonnes, milled basis). This level would imply a 13 percent contraction from the previous year's outstanding result, while still standing as the second highest level on record.

The outlook is also negative in **Cote d'Ivoire**, as a consequence of productive activities being disrupted by post-electoral civil strife this year. Indeed and although the season has been characterised by generally favourable rainfall performance, large population displacements due to the unrest, compounded by loss of productive assets and reduced access to basic inputs and machinery, are expected to result in area retrenchments. As a result and even if gains in less affected areas are anticipated to offset losses in some regions, the 2011 harvest is officially forecast to decline by 2 percent to 744 000 tonnes (447 000 tonnes, milled basis).

Government assessments in **Ghana** point to a 4 percent growth in 2011 paddy output to 511 000 tonnes (306 000 tonnes, milled basis). The increase is notwithstanding early season setbacks related to a delayed onset of rains over much of the country, as the sector recorded both yield and area gains, supported by continued public assistance. In this connection, further to aiming to cultivate an additional 60 000 hectares of rice and other cereals through the Block Farm Programme, which assists young farmers grow crops in shared areas, authorities are reported to have sustained their support to producers this season by subsidising fertilisers and distributing machinery.

In **Guinea**, where the harvest of 2011 crops is ongoing, September assessments by officials reported a favourable seasonal progress. Indeed, and within a context of high domestic prices, early indications pointed to marked expansions in area planted to rice, with authorities also engaged in distribution of subsidised fertilisers and herbicides. On this basis, FAO now anticipates paddy production in the country to amount to 1.75 million tonnes (1.2 million tonnes, milled basis), up 9 percent from the previous year.

Reflecting generally favourable climatic conditions, FAO forecasts output in **Mali** to rise for the seventh consecutive year to 2.35 million tonnes (1.6 million tonnes, milled basis), 2 percent above the good 2010 performance. By end August, area coverage in the country is officially reported to have somewhat surpassed the previous year level, with 656 000 hectares cultivated, representing 80 percent of an ambitious target of 817 000 hectares for the season. In addition to benefitting from domestic and external investment in the sector, officials are also encouraging adoption of improved and hybrid seed varieties, which may, in turn, boost yields further.

Prospects are positive in **Nigeria**, where FAO anticipates production to rise by 4 percent from the 2010 level, to some 4.3 million tonnes (2.6 million tonnes, milled basis). Meanwhile, the authorities recently announced they are targeting to add some 650 000 hectares under paddy cultivation by 2015. The objective is part of the Government's newly launched Agricultural Transformation Action Plan (ATAP), which aims to raise production of key foodstuffs by 20 million tonnes and reduce reliance on imports within four years. To these effects, efforts will be made to raise investment in rice parboiling operations, as well as accelerating the completion of 17 milling facilities, funded by Naira 10 billion (USD 63 million) released in 2008 from the "Rice Levy Account". Officials have also announced plans to reform the national fertiliser distribution programme, encouraging greater private sector participation in a bid to improve access to the input.

FAO has maintained its forecast of production in **Senegal** at 610 000 tonnes (427 000 tonnes, milled basis), which represents a 1 percent increase from the previous year. Indeed, cumulative precipitation over the main producing regions was favourable, although planting activities in some areas, particularly in the southern and south-eastern parts of the country were affected by dry spells. On the other hand, insufficient availability of agricultural machinery in the Senegal River Valley, the main producing area, caused progress to advance slowly, although the Government is reported to have availed seeds and provided subsidised fertiliser in support of the campaign.

In **Sierra Leone**, production this season is still officially forecast to outperform the already excellent 2010 outcome by 15 percent to 1.2 million tonnes (710 000 tonnes, milled basis). Abundant and well distributed rainfall, coupled with high prices and state support, in the form

of fertiliser, seed and machinery distribution, are expected to sustain area and yield gains this season.

In *Central Africa*, paddy production in **Cameroon**, where the season's main crop is due for harvest in December, is officially forecast to rebound to 120 000 tonnes (82 000 tonnes, milled basis), 11 percent above last year's reduced output of 108 000 tonnes (73 000 tonnes, milled basis). The rice sector in the country is also benefitting from external support. For instance, the Korean Government has allocated a budget of CFA Franc 1.0 billion (USD 2.1 million) to expand irrigation in central areas of the country. As part of a wider regional initiative, Canadian assistance has also been pledged to aid reduce post-harvest losses.

Based on the latest figures, the 2011 season in *Eastern Africa*, looks set to replicate the good 2010 outcome, with 1.8 million tonnes (1.2 million tonnes, milled basis) forecast to be gathered. Within the sub-region, however, FAO has downgraded forecast of production in the **United Republic of Tanzania**, based on assessments that point to erratic rainfall negatively impacting cereal production in central, northern and north-eastern areas, including the important rice production areas of Shinyaga, Mara and Mwanza. On these bases, the 2011 season, concluded with the November-December harvest of secondary crops, is now expected to amount to 1.3 million tonnes (871 000 tonnes, milled basis), down 4 percent from the 2010 estimate. Amongst the other producers in the sub-region, prospects are favourable in **Uganda**, where the 2011 harvest may rise by 20 percent to 220 000 tonnes (147 000 tonnes, milled basis) and in **Rwanda**, where some 95 000 tonnes (63 000 tonnes, milled basis) may be reaped this season, up 43 percent from the 2010 reduced level. Meanwhile, **Kenya** is now expected to harvest 45 000 tonnes (29 000 tonnes, milled basis) this season, unchanged from 2010. Output in the major Mwea irrigation scheme looks set to rise thanks to projects geared at expanding irrigation coverage. Greater investments are also reported to be enabling producers in the country's other rice growing irrigation schemes to plant more than one crop per year. Reports in some of these schemes, however, would also have producers switching away from paddy cultivation to maize, due to low prices and their inability to compete with foreign supplies.

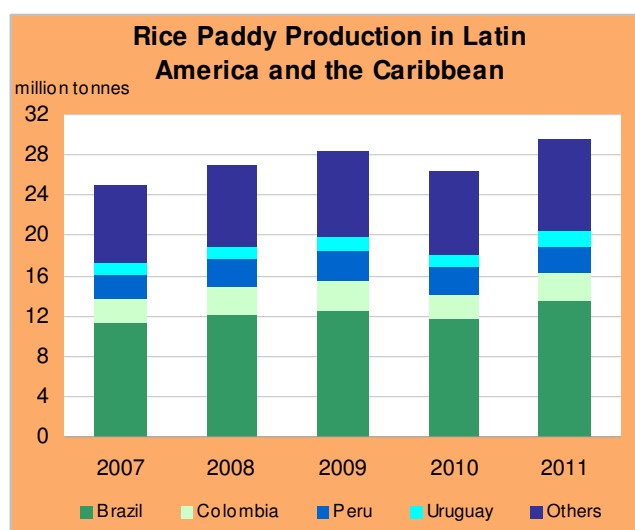
By contrast the outlook has deteriorated in *Southern Africa*, mainly reflecting a smaller than previously foreseen crop in **Madagascar**. The 2011 season in the country is now expected to conclude with a 10 percent output contraction to 4.3 million tonnes (2.9 million tonnes, milled basis). The decline primarily follows area and yields losses ensuing from a late and erratic pattern of seasonal rains over important producing regions, although damages to crops were also inflicted by the passage of tropical storms. On the other hand, new figures released by authorities in **Mozambique** point to an excellent seasonal turnout, with paddy production estimated to have struck a new record of 271 000 tonnes (181 000 tonnes, milled basis), 5.4 percent above the 2010 harvest and 81 000 tonnes more than previously expected. The achievement was notwithstanding setbacks incurred in certain regions due to excessive precipitations, and was also supported by public distribution of agricultural inputs. More recently, the government also declared plans to expand paddy cultivation under a project originally funded with assistance from Libya. Located in the Maputo province, the Bella Vista Rice Project initially aims to put 9 000 hectares under rice cultivation in the coming five years, which could boost annual production by 40 000 tonnes.

## C. CENTRAL AMERICA AND THE CARIBBEAN

Most countries in Central America and the Caribbean are engaged now in collecting their 2011 main paddy crops. FAO has maintained its production forecast for the sub-region largely unchanged since July at 3.0 million tonnes (1.95 million tonnes, milled basis), which compares to a 2.9 million tonnes (1.9 million tonnes, milled basis) estimate for 2010. The small increase anticipated would be sustained by output gains in **Cuba** and **the Dominican Republic**, which may offset declines in **Costa Rica**, **El Salvador**, **Haiti**, **Mexico** and **Panama**. The forecast level could, however, undergo revision pending assessments of crop damages resulting from the October torrential rains and floods that have hit countries across the sub-region. Early appraisal already points to losses in Costa Rica, El Salvador, Honduras, Nicaragua and Panama, during what was predicted to be an above-normally active Atlantic hurricane season.

## D. SOUTH AMERICA

**The 2011 season closes with record results in various countries, whereas early indications point to a reduction in 2012 plantings**



With the 2011 paddy season having already come to a close in the majority of **South American countries** by now, the production outlook for the sub-region has remained largely unchanged since July. Overall output in 2011 is still estimated to have reached 26.6 million tonnes (17.8 million tonnes, milled basis), 13 percent, or 3.0 million tonnes, above the low 2010 outcome. The recovery was led by the largest producer in the area, **Brazil**, but **Argentina** and **Uruguay** also benefitted from favourable climatic conditions, which enabled their production to reach unprecedented

levels. **Bolivia**, **Chile**, **Colombia**, **Guyana**, **Paraguay** and **Venezuela** are all equally forecast to conclude the season with larger crops, with negative outcomes being, instead, anticipated in **Ecuador** and **Peru**.

Producers in several LAC countries are now engaged in land preparation activities or already sowing their 2012 main paddy crops. Early indications point to a likely reduction in the area planted in various producing countries in the sub-region. Indeed and although October rains have eased early concerns about the availability of water in reservoirs, the abundant 2011 crop served to depress local prices, compounding on a sector already facing rising production costs.

The latest official assessments in **Argentina**, where the 2011 harvest was concluded in June, confirm a record result of 1.72 million tonnes (1.2 million tonnes, milled basis), representing a 39 percent rebound from 2010. The excellent performance was driven by both expanded



area and yield improvements, which were facilitated by ample water availability for irrigation and good weather conditions. However, as planting activities of 2012 crops begin to advance in the country, official reports indicate that paddy plantings could see an 8 percent contraction over the forthcoming season to 238 000 hectares. Indeed, low prices and fuel availability constraints are reported to be negatively impacting on producers planting decisions.

The 2011 season also concluded favourably in **Bolivia**, where FAO estimates output to have reached 580 000 tonnes (398 000 tonnes, milled basis), 12 percent above the previous year's crop. The expansion was notwithstanding weather related problems and was supported by larger plantings. In fact, given an abundant crop and the limited storage capacity of the state food enterprise EMAPA, authorities in the country were reported to be considering having the state's armed forces and police engage in direct purchases from producers, in order to help absorb the surplus produce.

In **Brazil**, the 2011 official production estimate remains has been lowered to 13.6 million tonnes (9.2 million tonnes, milled basis), implying a 17 percent yield driven recovery from the reduced 2010 crop and the highest on record. Meanwhile, the 2012 season has already been launched in central and southern producing regions, where crops are being sown. Based on October assessments by CONAB, early field indications point to a potential reduction of overall area coverage over the forthcoming season to 2.7-2.8 million hectares, between 2.7 and 0.6 percent below the 2011 extension. However, much will depend on planting decisions by producers in northern and north-eastern areas, scheduled to start the season in November, as well as on the rainfall performance in October, which could serve to fill reservoir levels. Based on these figures nonetheless, the area contraction, coupled with average yield estimates, could result in a 2012 harvest of 12.3-12.7 million tonnes (8.2-8.5 million tonnes, milled basis). If confirmed, this level would imply between a 9.5 and 6.6 percent year-on-year output decline, although it would still stand-out as the second highest on record.

In **Colombia** the 2011 season will only come to a close with the January-February harvest of the secondary winter crop, currently at planting stage. FAO has upgraded its production forecast for the country to 2.65 million tonnes (1.8 million tonnes, milled basis), representing a 10 percent recovery from the 2010 weather-affected harvest. The expansion is anticipated notwithstanding the reported incidence of pest attacks in the Oriental Plains, and is expected to be driven by greater plantings, as producers react to higher prices. Meanwhile, in order to support farmers during this first crop harvest, officials have allocated a budget of Pesos 10 billion (USD 5.2 million) to fund the storage incentive programme for up to 170 000 tonnes of dry paddy. Minimum reference prices paid to producers under the scheme, which runs from 27 July to 30 December, will vary from Pesos 800 and Pesos 920 per tonne (USD 416-478 per tonne) depending on the producing regions.

In **Ecuador**, the 2011 season will also soon be completed, with the December harvest of the secondary crop. Prospects for output remain unfavourable, much as a result of prevalence of drought conditions earlier in the season. Moreover, producers have also been faced with pest attacks, as apple snails are reported to be inflicting losses particularly in the major producing province of Guayas this season. Area and yield losses to these unfavourable factors may consequently induce an 18 percent output contraction to 1.4 million tonnes (798 000 tonnes, milled basis).

The 2011 production outlook for **Guyana** is positive, with paddy output officially anticipated to expand by 7 percent to 584 000 tonnes (380 000 tonnes, milled basis). Indeed, authorities

report the main crop harvest, ended in June, to have yielded 319 000 tonnes (207 000 tonnes, milled basis), 23 percent above the 2010 level. The achievement comes on the back of higher yields, largely attributed to the adoption of improved farm practices.

Crop harvesting activities were completed in July in **Peru**. FAO's output forecast point to a second consecutive year of decline to 2.6 million tonnes (1.8 million tonnes milled basis), 8 percent below the 2010 level. The reduction chiefly reflects area losses incurred as a result of prolonged dry conditions and lack of water for irrigation, particularly affecting the Piura and Lambayeque regions. While in the latter, volumes stored in water reservoir were still reported at reduced levels in July, a survey of planting intentions for the 2012 season released by the Ministry of Agriculture, which reports on a August-July calendar basis, points to a likely 1 percent recovery in 2012 plantings to 371 300 hectares. The northern coastal producing areas of Lambayeque, San Martín and Piura are expected to lead this small increase, as higher prices encourage producers to expand plantings.

By contrast, in **Uruguay**, good weather and ample water supplies were behind an 18 percent increase in yields to a record of 8.5 tonnes per hectare and a 22 percent increase in plantings to 195 000 hectares. As a result, 2011 output is officially estimated to have risen by 44 percent to 1.65 million tonnes (1.2 million tonnes, milled basis), the highest ever. Yet, with the October launch of 2012 planting activities, the sector is reported to be faced with similar constraints as those of other major producers in the region. Indeed, based on assessments by producer organisations, while earlier uncertainty over adequate water availability for irrigation was relieved by October rains, high production costs could give way to an 8 percent decline in plantings to 180 000 hectares.

While 2011 summer crops are still being harvested in **Venezuela**, FAO has maintained its favourable outlook for the country. Indeed, further assisted by public provision of inputs, machinery and credit, a recovery in plantings this season is expected to drive a 22 percent upturn from the 2010 weather affected harvest to 1.1 million tonnes (770 000 tonnes, milled basis). Meanwhile, a September agreement has given way to the creation of a National Rice Council, to facilitate dialogue amongst officials and the various sector entities and at coordinating activities geared at improving domestic production. A government decision of the same month also raised maximum selling prices to consumers to Bolivars 5.62 per kg in the case of Type I rice (USD 1 307 per tonne), Bolivars 5.23 for Type II rice (USD 1 216 per tonne) and Bolivars 4.96 for Type III rice (USD 1 153 per tonne).

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

**The production outlook remains unfavourable in the United States, while recoveries are expected in Europe and in Australia**

In *North America*, the outlook has changed little for the **United States**, where harvest progress was reported 96 percent complete by 30 October. Based on the latest assessments by the USDA, production is set to incur a 23 percent contraction to 8.5 million tonnes (6.0 million tonnes, milled basis). This level stands as the lowest seen since 1998, and mirrors area losses to both drought and floods, which more than outweighed a 7 percent recovery in yields to 8.0 tonnes per hectare. With southern producing states most affected by the unfavourable

climate, the year's entire decline is expected to concern long-grain varieties, with output of medium/small grain rice, instead, forecast to rise, on the back of gains in California.

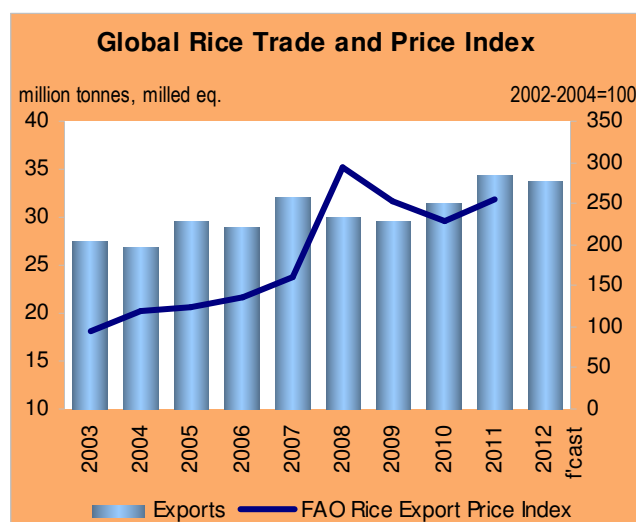
The 2011 paddy harvest is also about to conclude in **Europe**. Within the region, output in the **EU-27** zone is expected to partially recuperate some of the 2.5 percent retrenchment incurred last year, overall reaching 3.2 million tonnes (1.9 million tonnes, milled basis). A slightly lower figure is now being forecast for Spain, however, where officials expect production to decline by 2 percent 911 000 tonnes (547 000 tonnes, milled basis), due to lower coverage as well as slightly depressed yields. In Italy, good weather conditions this year permitted an early start to plantings activities. Although by August concerns existed that a humid climate may have favoured the development of blast disease, pest attacks were contained. As a result and largely thanks to yield recoveries, production in Italy is still projected to see a 2 percent upturn from the previous year's depressed level to 1.6 million tonnes (960 000 tonnes, milled basis). On the other hand, prospects are mixed for the other producers in the zone. Negative outcomes are anticipated in France and Bulgaria, while production remains steady in Greece and Portugal and it increases in Romania. Elsewhere in Europe, paddy output forecast have been upgraded for the **Russian Federation**, where a record 1.2 million tonnes (800 000 tonnes, milled basis) are now expected to be gathered, up 13 percent year-on-year, on both area and yield gains.

In **Oceania**, after years of drought, which constrained plantings, plentiful water for irrigation permitted 2011 output in **Australia** to significantly recover, with production quadrupling to 807 000 tonnes (538 000 tonnes, milled basis), up from 197 000 tonnes in 2010. On the other hand, ABARE's first forecast of output from 2012 crops, planted in October, foresees a sustained recovery in the sector during the coming season. With area planted to paddy expected to rise by an additional 13 percent to 101 000 hectares, paddy production in the country may see an additional 103 000 tonne expansion to 909 000 tonnes (606 000 tonnes, milled basis), which would be the highest level since 2006.

## II. INTERNATIONAL TRADE IN RICE

### A. TRADE IN 2011

**International trade in rice in 2011 to expand by 9 percent to an all time high**



Since the previous issue of the RMM, FAO has upgraded its forecast of 2011 trade in rice by 1.0 million tonnes, to 34.3 million tonnes. On the demand side, the revision stems from higher import forecasts than previously foreseen for Brazil, China (Mainland), Indonesia, Madagascar and Nigeria, while figures were lowered mainly for Malaysia. As for exports, the forecasts released in July were raised for Brazil, India, Myanmar and Thailand, which more than

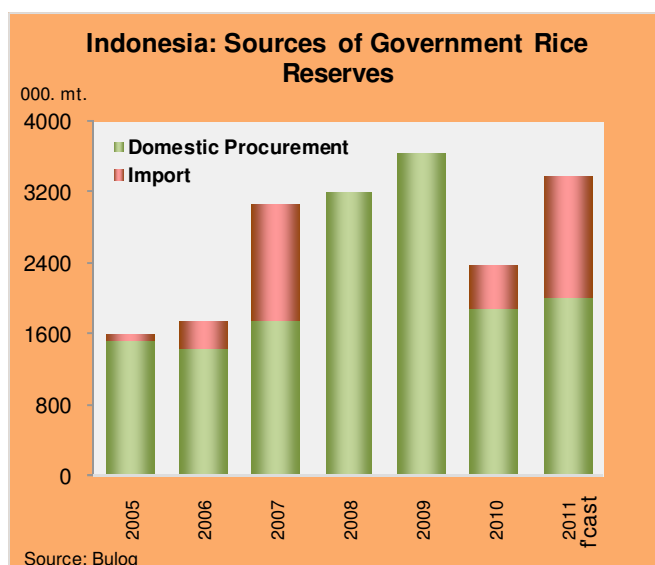
compensated for downward adjustments for Cambodia and China (Mainland).

At the revised forecast level of 34.3 million tonnes, world trade in rice would be 9 percent, or some 2.8 million tonnes, above the volume exchanged in 2010, striking a new record. The expansion was fuelled by strong import demand chiefly from Asian and African nations, but also from Europe, North America and Latin America and the Caribbean. Much of the increase in demand is foreseen to be met by larger exports by Thailand, but also India, which relaxed, in September, the restrictions imposed on non-basmati rice exports. Counting on sufficient supplies, Argentina, Australia, Brazil, Myanmar, Uruguay and Viet Nam are also foreseen to raise shipments in 2011, while China (Mainland), Egypt, Pakistan and the United States are likely to curb theirs.

## Imports in 2011

### Larger purchases by Asian and African countries to sustain annual growth in trade

Much of the trade growth in 2011 is anticipated to be sustained by increasing imports by *Asian countries*, which, combined, look set to take delivery of 17.0 million tonnes, 8 percent more than in 2010. In fact, the latest figures point to increased imports by **China (Mainland), the Islamic Republic of Iran, the Democratic People's Republic of Korea, the Republic of Korea, Malaysia and Saudi Arabia**, more than offsetting reduced purchases by the **Chinese Province of Taiwan, the Philippines, Singapore, Sri Lanka, Turkey and the United Arab Emirates**. However, much of the anticipated growth in trade within the region is expected to concentrate in two countries, **Bangladesh and Indonesia**, both which have been faced with severe inflationary pressure and the need to reconstitute stocks this year. Indeed, with forecast delivery of 1.5 million tonnes of rice over calendar 2011, roughly 850 000 tonnes more than in 2010, Bangladesh has been amongst the most active buyers this year, with the increase of imports reflecting the needs for the government to compensate for reduced local purchases, in an attempt to keep rising domestic prices in check.



In **Indonesia**, domestic rice procurement by Bulog has also been undermined by high local prices since 2010, a situation that is expected to cause local purchases to fall below the original 3.5 million tonne target to 2.0-2.5 million tonnes this year. Against this backdrop and still needing to reconstitute stocks to supply its distribution schemes and market interventions, imports by Indonesia are forecast to approach 2.0 million tonnes in 2011, which compares to a 1.0 million tonne estimate in 2010. The bulk of this volume was brought-in ahead of the season's main crop harvest in April, under a tariff free import quota allocated

to Bulog, although additional supplies have been sourced from both Thailand and Viet Nam in successive months.

Official statistics concerning rice flows to **China (Mainland)** indicate that 503 000 tonnes were delivered during the first nine months of the year, a volume sourced in its near entirety from Thailand and Viet Nam. Assuming the pace of purchases is sustained over the remainder of the year, 2011 imports by country are projected in the order of 700 000 tonnes, up 312 000 tonnes from 2010. Meanwhile, consistent with an improved production outlook, forecasts of 2011 consignments to **Malaysia** have been lowered by 200 000 tonnes to 1.0 million tonnes which, nonetheless, still implies a 7 percent increase from the official volumes purchased in 2010. Relying on large reserves to counteract potential shortfalls arising from the devastating 11 March earthquake, **Japan** is expected to maintain rice imports at 700 000 tonnes in 2011, in line with its obligations under the WTO. Similar commitments will require the **Republic of Korea** to raise purchases by 13 percent this year to 348 000 tonnes. On the other hand, forecasts of deliveries to the **Democratic People's Republic of Korea** remain set at 155 000 tonnes, up 65 000 tonnes from the 2010 estimate. Although the country is reported to be increasingly relying on China (Mainland) to source supplies, more recently the government appears to have turned to Cambodia as well as Myanmar as possible suppliers, having allegedly signed an agreement for shipment of 8 000 tonnes with the latter.

By contrast, a sharp reduction in deliveries is anticipated in the **Philippines**, where the Government is steadfast in pursuing its self-sufficiency targets. Indeed and notwithstanding successive storms marring the domestic production outlook in 2011, officials have been quick to reassure that they do not intend to purchase supplies beyond the 886 000 tonnes already brought in earlier in the year. Instead, to meet domestic requirements, the country is to rely on adequate reserves, estimated at 2.41 million tonnes on 1 September, sufficient to cover 71 days of projected consumption. Nonetheless, FAO has kept its import forecast for the Philippines unchanged at 1.2 million tonnes, or half the volume delivered in 2010. Similarly, despite production shortfalls, ample inventories are anticipated to permit **Sri Lanka** to cut imports to 20 000 tonnes in 2011, down from 116 000 tonnes the previous year.

The 2011 import forecast for *Near East Asia* remains at 6.2 million tonnes, overall, or 2 percent more than last year. The **Islamic Republic of Iran** and **Iraq** are expected to account for the bulk of this volume taking each 1.2 million tonnes. Nonetheless, consignments to **Saudi Arabia** are also forecast to remain large and in the order of 1.15 million tonnes, 150 000 tonnes more than in 2010. By contrast, the **United Arab Emirates** may cut imports by 2 percent to 600 000 tonnes, while **Turkey** may face a more marked decline, from 400 000 tonnes in 2010 to 260 000 tonnes in 2011, on the back of a good production outcome.

FAO has raised its July forecast of 2011 aggregate purchases by African countries by close to 600 000 tonnes to 10.6 million tonnes, a level that would overtake volumes delivered in 2010 by 13 percent. The forecast is despite overall good seasonal turnouts in the continent, and reflects a stepping-up of imports by several countries in order to cater to ever-growing domestic demand for rice and keep food prices stable. This is primarily anticipated to be the case of **Nigeria**, which may prove to be the largest destination of rice trade in 2011, raising purchases by 200 000 tonnes to 2.2 million tonnes. In response to strong local demand, deliveries to other major buyers in the region are also foreseen to increase. Imports may also rise by 14 percent in **Senegal**, to 740 000 tonnes; by 19 percent in **South Africa**, to 950 000 tonnes, and by 6 percent in **Cote D'Ivoire**, to 850 000 tonnes.

Increasing African imports also reflect efforts by various governments to raise supplies in order to stabilise domestic prices. For instance, **Madagascar** is now expected to take delivery of 240 000 tonnes over the year, nearly twice the amount purchased in 2010. This year,

officials in the country have been importing rice to distribute at below-market prices, to compensate for production shortfalls and quell inflationary pressure. This import drive is reported to have facilitated delivery of 114 000 tonnes of rice in the first six months of the year. Efforts to limit inflation also led the country to impose restrictions on rice exports. A similar move was also instated in both **Guinea** and **Sierra Leone** this year, with the latter having also waived import duties on rice. The Government in Guinea has similarly been engaged in distribution of imported rice at subsidised prices; an initiative also announced in **Guinea Bissau**, where authorities are to bring in 30 000 tonnes of rice for sale in local markets. Meanwhile, in July, **Mali** is reported to have exempted 60 000 tonnes of rice from levies in a bid to forestall price rises during Ramadan.

On the whole, countries in *Latin America and the Caribbean* are expected to raise their level of rice purchases by 6 percent to 3.6 million tonnes in 2011. *Central America and the Caribbean* would absorb the bulk of this volume, taking delivery of 2.2 million tonnes, up 7 percent from 2010. At a country level, much of the projected rise in the sub-region is expected to stem from larger imports by **Cuba**, where supply shortfalls incurred in 2010 are likely to require the country to raise its annual purchases by 100 000 tonnes to 600 000 tonnes. Deliveries to **Haiti** and **Mexico** are also expected to increase, while they might fall in **Nicaragua** and **Panama**. Contrary to earlier expectations, *South American countries* are now also forecast to step-up 2011 imports somewhat, by some 55 000 tonnes, to 1.4 million tonnes. The increase will be driven by larger consignments to **Colombia** and **Peru**. In the case of **Peru**, a poor crop is leading to a fast pace of inflows, with nearly 118 000 tonnes reported to have been delivered in the first eight months of 2011, mainly from its traditional supplier, Uruguay. For the full year, FAO now anticipates some 200 000 tonnes may be shipped, up more than a 100 000 tonnes from the previous year. On the other hand, the largest traditional buyer in the area, **Brazil**, is anticipated to cut shipments by 11 percent to 700 000 tonnes, on the back of a record 2011 seasonal turnout, turning the country into a net rice exporter for the second consecutive year.

*Elsewhere in the world*, the **EU-27** zone may take delivery of 1.2 million tonnes in 2011, 9 more than last year, largely due to growing domestic demand. By contrast, expectation of another good crop in the **Russian Federation** is behind a 6 percent anticipated reduction in 2011 purchases by the country to 200 000 tonnes. In fact, steady production gains over past seasons and the absence of Egypt from the market have provided grounds for the Russian Federation to export growing amounts, mostly to Turkey. Meanwhile, the latest assessment released by the USDA has slightly raised import forecasts for the **United States** to 635 000 tonnes in 2011, up 13 percent from 2010.

## Exports in 2011

### Larger shipments by Thailand and resumption of non-basmati rice exports by India to drive growth in 2011 trade in rice

Since July, the 2011 global rice trade forecast has been raised by 1.0 million tonnes, now pointing to a 9 percent annual increase in world traded volumes to an all time record of 34.3 million tonnes. The increase is anticipated to be facilitated by ample availabilities for export in major global suppliers of rice, but also by policy measures geared at facilitating trade. This is most notably the case of **India**, which together with **Thailand** is expected to sustain much of the forecast growth in exports this year. Nonetheless, the export outlook is also favourable

in **Argentina, Australia, Brazil, Myanmar, Uruguay and Viet Nam**, with larger shipments from these countries expected to more than compensate for anticipated reductions in **China (Mainland), Egypt, Pakistan** and the **United States**.

Rice sales by **China (Mainland)** are set to fall to 400 000 tonnes in 2011, 100 000 tonnes less than previously foreseen and a 36 percent decline from last year. Based on officials reports of consignments in the first nine months of the year, China's exports, which are solely under state control, totalled 310 000 tonnes, or 32 percent smaller than in the corresponding period in 2010. The bulk of these were destined to the Republic of Korea and Japan, which are traditional buyers of Japonica rice.

With prospects of 2011 output pointing to increasingly favourable results and overflowing state granaries, the Government of **India** lifted the export ban on non-basmati rice in early September, permitting supplies from privately held stocks to be shipped abroad through open general license. It was further announced that the Government would closely monitor the flow of shipments, allowed only through selected ports, and would reassess its decision by March 2012 or once a 2.0 million tonne export mark had been reached. This volume would be in addition to the 1.0 million tonne contingent allowed in July, whose effective export was, however, halted on court inquiries regarding quota allocation procedures. Since the approval of the decision, Indian supplies have found ready markets in Asian and African countries, proving extremely competitive compared to other regional suppliers. By mid-October up to 800 000 tonnes of non-fragrant rice were reported to have been contracted already, although infrastructural constraints, related to port congestion, were causing delays in loading. Even if a good share of these supplies is shipped in 2012, FAO anticipates the removal of export restrictions on non-basmati rice, could boost exports by 1.3 million tonnes to 3.5 million tonnes in 2011, including both basmati and non-basmati rice shipments.

Prospects also improved in **Myanmar**, which FAO now forecasts to sell 700 000 tonnes, 250 000 tonnes more than in 2010. The 300 000 tonne upward revision to export figures from the country follows evidence of a much brisker pace of shipments so far this year, as the country remains an affordable origin. This is despite an appreciating Kyat, which, however, has encouraged officials to take measures in support of the exporters of rice and five other commodities. More specifically, in July, the Government approved a reduction in taxes levied on exporters, from 10 to 7 percent (inclusive of a 2 percent income tax), a measure that was followed in August by a full exemption from the 5 percent export tax for a period of six months, leaving only the 2 percent income tax to be paid by traders.

During much of calendar 2011, **Pakistan** was faced with a considerable reduction in export availabilities due to losses to the 2010 devastating floods. The supply tightness was only partly relieved by carry-over stocks accumulated from previous bumper harvests and more recently by the arrival of supplies from the 2011 season harvest. As result, FAO forecasts shipments by the country during the full year to amount to 2.7 million tonnes, which compares to the 3.5 million tonnes exported in 2010.

On the back of ample availabilities both from a good 2010 harvest and the release of substantial amounts from Government stocks, rice exports by **Thailand** are foreseen to reach 10.6 million tonnes in 2011, 17 percent more than delivered in 2010. The increase mainly reflects a brisk pace of shipments during the first seven months of the year, which has been more recently contrasted by a slowing of inquiries due to rising domestic quotations and buyers turning to more competitive origins. Indeed, the October reinstatement of the paddy



mortgage scheme encouraged market players to withhold supplies from the market and hindered Thai exports. The large stockpiles amassed through the programme may imply that officials would have to engage in government-to-government deals to dispose of part of these supplies. On the other hand, the cancellation of a 300 000 tonne export agreement struck with Indonesia in August, on grounds that prices were inconsistent with sought levels, has cast doubt as to whether Thai authorities would be willing to release those supplies at low prices as was done in the past.

FAO's 2011 rice export forecast for **Viet Nam** remains at a record of 7.2 million tonnes, 200 000 tonnes above the official annual target and 5 percent above 2010 deliveries. The country counted on sufficient supplies to respond to a brisk export demand, which was boosted by a shift of importers away from the relatively high priced Thai rice. However, over recent months, the strong buying interest led to a surge in domestic quotations, a situation that has also reportedly caused an increasing number of defaults by private traders. Meanwhile, this year also marks the coming into effect of more stringent conditions on rice export licensing, under provisions geared at streamlining the domestic rice export sector and avoiding unsustainable price competition amongst local traders. Starting 1 October, traders in the country must demonstrate that they count on minimum storage and milling capacity in order to receive export permits. Although concerns existed earlier about the new requirements translating into a significant cut in the number of traders, by mid-October up to 130 entities were reported to have received export permits, with more continuing to apply for licences.

Amongst non-Asian suppliers, officials in **Egypt** have recently extended the rice export ban for an indefinite period of time on concerns over persistent food inflation and the need to ensure sufficient supplies for its public distribution scheme. As a result, shipments from the country remain forecast to be small, in the order of 90 000 tonnes, down from 400 000 tonnes in 2010, when sales were still permitted on condition that equivalent amounts be delivered to state agencies for public distribution. On the other hand, a significant output recovery after years drought-related supply constraints, is expected to permit **Australia** to return to the export market in 2011, shipping some 300 000 tonnes.

The export outlook is, instead, negative in the **United States**, reflecting high domestic prices which are curbing the country's competitive edge in traditional markets. According to the USDA, rice deliveries by the United States could drop by 16 percent to 3.25 million tonnes in 2011, following increased competition on all market segments. On the medium grain market, sale prospects have been dampened by the resumption of Australian exports, while on the long-grain segment the country has also contended with various South American providers that have raised purchases sharply on the back of record 2011 harvests and competitive prices.

This has been above all the case of **Brazil**, which FAO now anticipates may ship an all time high of 1.1 million tonnes. Proving an inexpensive source, particularly of parboiled rice, the record pace of shipments is being sustained by strong demand from African countries. By September, Brazil's bulk consignments had already reached 857 000 tonnes, with deliveries to Nigeria, Senegal and South Africa alone accounting for nearly half this volume. This year, exporters benefited from official assistance under the *Prêmio e Valor de Escoamento de Produto* (PEP) programme, which, while guarantying a minimum price to producers, provides traders with a premium (the difference between the market price and the minimum guaranteed producer price), to move supplies from surplus zones into domestic deficit areas or abroad.

Rice shipments are also foreseen to rise considerably in Argentina to 610 000 tonnes, with a 16 percent increase from 2010, and in Uruguay, to 900 000 tonnes, up 22 percent from last year.

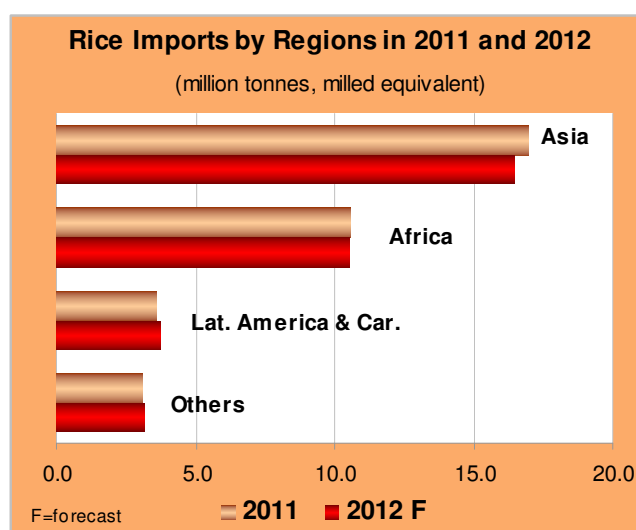
## B. TRADE IN 2012

### 2012 global trade in rice forecast to fall 1 percent below the 2011 record

Largely based on current expectations of 2011 crops in northern hemisphere countries and early prospects of 2012 output in countries situated south of the equator, FAO's first forecast of 2012 trade in rice points to a 1 percent decline in global deliveries to 33.8 million tonnes. The contraction is expected to reflect a weakening of demand, particularly, in rice importing Asian countries, which may find themselves with sufficiently comfortable domestic supplies to cut external purchases. On the export side, the decline would principally stem from lower deliveries by Thailand, which is likely to see its competitiveness eroded by the high domestic producer price policy conducted by the government under the rice pledging programme. Much of the shortfall in Thai deliveries is, however, expected to be met by larger shipments from India, following the lifting of its four year-long export restrictions. Nonetheless, the export outlook is also favourable for Australia, China (Mainland), Pakistan and Viet Nam, while Argentina, Brazil, Myanmar, the United States and Uruguay could witness a drop of sales.

### Imports in 2012

#### A decline in shipments to Asian countries behind the expected reduction in 2011 global rice deliveries



The forecast contraction in 2012 trade in rice reflects expectation of smaller deliveries to *Asian countries*, which, as a group, are projected to take in 16.5 million tonnes of rice, down 3 percent from the 2011 estimate. Amongst the individual countries, **Bangladesh** may be responsible for much of this decline, cutting deliveries by 900 000 tonnes to 600 000 tonnes. The reduction is anticipated to be fostered by a bumper 2011 crop and replenished stocks from large 2011 imports, which are also easing pressure on domestic prices in the country. In fact, to 20 October 2011, rice

stocks held by the Government were reported to have reached 1.3 million tonnes, a conformable enough level that had already led the authorities in September to reduce by half their import requirements for the 2011-2012 marketing year to 400 000 tonnes.

For the 2012 calendar year, officials in **China (Mainland)** have kept the tariff-rate import quota unchanged at 5.32 million tonnes. However, in line with current expectations of a bumper 2011 harvest, the country is only expected to continue utilising a mere fraction of this volume, or some 350 000 tonnes, down from the 700 000 tonnes estimated for 2011.

Although much will still depend on the unfolding of the just-opened 2012 season, under prospects of a recurring La Niña event, FAO anticipates purchases by **Indonesia** over the year to remain high and in the order of 1.5 million tonnes. This level compares to a 2.0 million tonne import estimate for 2011. Indeed, the Government is reported to have authorised Bulog to bring in 1.6 million tonnes of rice this year. While part of this quantity is to be shipped within 2011, supplies are also being contracted for 2012 first-quarter delivery, consistent with practices that would have consignments delivered to the country ahead of the main crop harvest. For the purpose it has mainly engaged its traditional suppliers, Thailand and Viet Nam. However, while deals with the latter would have already been struck, failure of Thailand to honour an agreement signed by the previous Thai administration has also encouraged authorities to seek alternative origins, including Cambodia and, more notably, India, with whom a deal is being discussed through official channels.

Consistent with its obligations to the WTO, purchases by the **Republic of Korea** are also forecast to increase by 6 percent to 368 000 tonnes, while these may remain steady the **Democratic People's Republic of Korea** at 155 000 tonnes and in **Japan** at 700 000 tonnes. On the other hand, volumes shipped to **Malaysia** over the course of calendar 2012 are foreseen to rise by 10 percent 1.1 million tonnes. Prospects of reduced availabilities and significantly higher prices in Thailand have also encouraged officials in Malaysia to seek alternative sources. For the purpose, BERNAS, the agency solely in charge of purchases, is reported to have turned to Viet Nam, which in recent years had already overtaken Thailand as the country's main supplier. In this connection, a recently clenched Memorandum of Understanding between the two would secure provision of 800 000 tonnes of rice for Malaysia over a period of 12 months.

Given the anticipated 2011 production shortfall arising from losses to typhoons Nesat and Nalgae, the **Philippines**, is tentatively forecast to import 1.8 million tonnes next year, which would imply a 50 percent upturn from the 2011 estimate, though still well short of the record 2.4 million tonnes contracted in 2010. Much will still depend on results from ongoing crop damage assessments, against which officials will review their 500 000 tonne import target for the year, original set to reflect its self-sufficiency goals. In this connection, the Philippines also appears to be ready to initiate negotiations to extend quantitative restrictions on rice imports allowed under WTO, which are set expire on 30 June 2012. Based on official statements, for the purpose, the Government would be offering to lower the tariff levied on rice brought into the country under the minimum market access quota from its current 40 percent to 35 percent.

Notwithstanding losses incurred to successive floods this year, **Sri Lanka** is still enjoying a comfortable level of supplies, largely facilitated by the reclamation of land in northern and eastern provinces, which has led to significant production gains in recent seasons. In fact, officials in the country are now looking at various options to deal with surplus produce. Further to initiatives geared at raising domestic consumption of rice-based products, these would also include the possibility of shipments abroad. Overall, FAO anticipates imports by the country in 2012 to remain small and in the order of 30 000 tonnes.

Rice shipments to *Africa* are currently foreseen to remain close to the 2011 level, amounting to 10.5 million tonnes. Amongst the largest buyers in the region, **Nigeria** is expected to hold purchases steady at 2.2 million tonnes. This is notwithstanding renewed vigour by the Government to reduce reliance on foreign supplies, by significantly raising domestic output within four year's time. To this aim, official statement would have Nigerian authorities prepared to raise tariffs on paddy/husked rice, which currently accrues a 5 percent ad-valorem duty, subject to a USD 560 per tonne benchmark price for customs valuation. This level compares to the 30 percent tariff levied on milled/semi-milled produce, a regime instituted to favour the domestic milling industry. **South Africa** is similarly anticipated to keep 2012 imported volumes stable at 950 000 tonnes, while in response to growing needs, both **Cote d'Ivoire** and **Senegal** could raise theirs to 900 000 tonnes and 780 000 tonnes, respectively. On the other hand, based on current expectations for 2011 crops, larger domestic supplies are foreseen to enable several African countries to cut rice imports. This is expected to be the case of **Benin**, **Guinea**, **Mali** and **Sierra Leone**, while deliveries to **Madagascar** may also decline relative to the 2011 high.

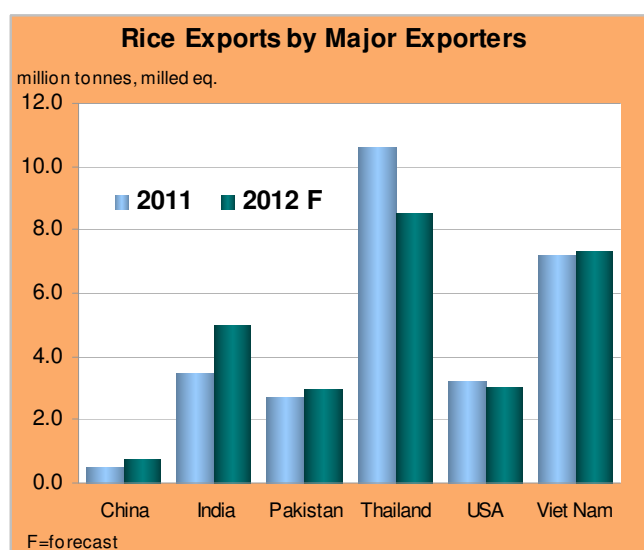
By contrast, rice shipments to *Latin America and the Caribbean*, are forecast to increase by an additional 3 percent to 3.7 million tonnes. The growth would be mainly imputable to **Brazil**, where, based on early expectations of a reduced 2012 crop, deliveries may rebound by 14 percent to 800 000 tonnes. Nonetheless, tighter availabilities from a second consecutive season of poor results are similarly anticipated to foster an increase in **Peru**, which might take delivery of some 210 000 tonnes. Negative seasonal outcomes are also behind expectations of increased imports by **Haiti** and **Panama**, while anticipated production gains may enable **Cuba** to cut consignments by 5 percent to 570 000 tonnes. Likewise, deliveries to **Colombia** are foreseen to drop to 20 000 tonnes. The low forecast depends on progress towards the implementation of the U.S.-Colombia Free Trade Agreement, which was ratified by the U.S. Government in October. The deal is set to establish 79 000 tonne tariff-rate quota for rice originating from the United States in the first year of implementation, which will be exempt from the 80 percent import duty currently applicable. Quantities covered under the quota are to increase by 4.5 percent annually over a transitional period of 19 years, upon which rice imports from the United States will be fully liberalised. A twenty-year transitional period is similarly to apply under the U.S.-**Panama** Free Trade Agreement, also ratified by U.S. authorities in October, which will in turn establish two tariff-rate quotas of 7 950 tons and 4 240 tonnes, for paddy and milled rice respectively, to be increased by 6 percent on an annual basis.

*Elsewhere in the world*, the **European Union** is currently foreseen to raise purchases by 8 percent to 1.3 million tonnes. However, for the first half 2011-2012 marketing year, spanning from 1 September 2011 to 29 February 2012, husked rice (excluding Basmati) will attract the higher-end import duty of Euro 42.5 per tonne, while semi/wholly milled rice will continue to accrue the Euro 175 per tonne tariff. This follows imports of 438 104 tonnes of non-basmati husked rice in the 2010-2011 marketing year, a level that is above the annual threshold of 382 226 tonnes, which triggers the higher import duty. Instead, rice imports by the **Russian Federation** are anticipated to drop by 10 percent to 180 000 tonnes in 2012, reflecting continued productive gains, while officials in the **United States** predict deliveries to the country to rise for a second consecutive year to 670 000 tonnes.

## Exports in 2012

### Much of the anticipated contraction in global trade in rice in 2012 to reflect lower shipments by Thailand

FAO's first forecast of 2012 world trade in rice points to a likely 1 percent contraction in globally traded volumes from the 2011 record to 33.8 million tonnes. Cuts to deliveries are expected to occur across various regions. However, lower volumes of shipments are mainly foreseen to concern Asian countries, of these, principally **Thailand**. Indeed and while production prospects for the country have also been marred by severe floods, the Thai Government's commitment to prop-up producers prices under the reinstated paddy mortgage scheme is likely to considerably hinder the country's ability to compete internationally. This is anticipated to be so, particularly if expectations of ample and more affordable availabilities, especially for white and parboiled rice in other regional origins are confirmed. Moreover, as the mortgage scheme is foreseen to lead to a reduction of export availabilities on the open market, much uncertainty still surrounds official plans to dispose of likely huge public stockpiles to be accumulated over the season and whether officials would indeed be willing to do so at highly discounted prices. As a result and even as the country is still foreseen to retain its position as the world's largest supplier of rice, FAO forecasts Thai exports over the course of the 2012 calendar year to incur a 20 percent contraction to 8.5 million tonnes.



Under current expectations of diminished domestic output due to adverse weather factors, shipments by **Myanmar** are foreseen to decline by 14 percent to 600 000 tonnes. On the other hand, deliveries by **Cambodia** may remain largely unchanged from the 2011 estimate at 1.1 million tonnes. The bulk of Cambodia's consignments are still expected to be destined to neighbouring countries, for processing and re-export, given still limited domestic processing and milling capacity. In this connection, the larger price differentials resulting from the higher pledging prices in Thailand could

also sustain greater outflows from Cambodia, but also from Myanmar, into Thailand. In an effort to meet its 1.0 million tonne export target by 2015, Cambodian officials have, however, recently announced their intentions to seek greater financing over the coming 2012 year, to cover repairs of infrastructure damaged by recent floods.

Much of the anticipated contraction in rice shipments in 2012 is forecast to be compensated by larger consignments from **India**, which is currently foreseen to ship 5.0 million tonnes, 1.5 million tonnes above the current 2011 forecast and the highest since 2007. The forecast increase in deliveries by the country hinges on expectations of continued exemptions on non-basmati rice shipments from the export ban, which may be the case should the current favourable outlook of 2011 crops in the country be confirmed. While government rice stocks are still expected to remain well above normative levels, a decision by Indian authorities to these effects is likely to be contingent on various domestic considerations, including

inflationary pressure, but also the need to meet higher requirements under public distribution schemes. This will be so principally if the National Food Security Act is to receive approval in the near future, legally entitling 72 percent of the India's population to a subsidised foodgrain ration of at least 3.0 kilos per month.

Based on current prospects for a strong output recovery from the 2010 flood-decimated crop, **Pakistan** is forecast to count on sufficient supplies to raise shipment by 11 percent over the year to 3.0 million tonnes. Rice deliveries by **China (Mainland)** are similarly foreseen to return to more normal levels, in the order of 700 000 tonnes, while, in **Viet Nam**, they may increase by 1 percent to 7.3 million tonnes.

In **Egypt**, notwithstanding prospects of a much larger 2011 paddy harvest, continued inflationary pressure has encourage authorities to retain restrictions on rice exports, with focus being instead placed on securing sufficient supplies for the country's public rationing system. As a result, FAO anticipates Egyptian rice exports in 2012, mainly composed of broken rice, to remain small and in the order of 100 000 tonnes. Deliveries by the **United States** are also anticipated to remain subdued for a second consecutive the year, contracting by a further 6 percent to 3.1 million tonnes. The unfavourable outlook reflects supply constraints of long-grain varieties, given poor 2011 crop results due to drought and floods, as well as greater competition in the medium-grain segment, particularly with **Australia**. In fact, following a production rebound after years of drought, FAO projects Australia may count on sufficient supplies to raise shipments to 500 000 tonnes, up from a 300 000 tonne estimate in 2011 and the highest level since 2006. Based on early prospects of area based reductions in 2012 paddy production, shipments by several *South American* suppliers are also preliminarily forecast to decline from the highs seen in 2011. In **Argentina**, these may amount to 500 000 tonnes, down 18 percent year-on-year. **Brazil's** shipments are also projected to incur a 300 000 tonne contraction from the 2011 record to 800 000 tonnes, while **Uruguay** may cut deliveries by 17 percent to 750 000 tonnes.

### III. RICE UTILIZATION AND DOMESTIC PRICES

#### Greater consumption of rice as food to drive a 2 percent growth in 2011-2012 global rice use

Based on the latest assessments, **world rice utilization** over the course of the 2011-2012 season is set to rise to 470 million tonnes (milled basis), 2 percent, or 9.7 million tonnes, more than in 2010-2011. Most of this anticipated expansion is forecast to be destined to food use, which is foreseen to absorb 397 million tonnes over the season, up 7.4 million tonnes from amounts consumed the previous year and accounting for 84 percent of total world utilization. Volumes committed to other uses, including seeds, industrial uses and post-harvest losses are also set to grow by 3 percent to 61 million tonnes, while small amounts used as animal feed may remain unchanged and in the order of 12 million tonnes. On these bases, the **global per capita food consumption** estimate is forecast to rise to 56.8 kilos per person, up 0.3 kilos from the 2010-2011 figure. The anticipated increase is notwithstanding domestic prices in several countries remaining well-above their levels a year ago, and is projected to reflect a 0.4 kg increase in average rice intake in developing countries to 67.8 kilos, while per capita consumption in developed nations declines by 1 percent to 12.2 kilos per person.

Indeed, a survey of **domestic rice prices** in 47 countries reveals that local quotations have continued to manifest strength in several countries during the third quarter of 2011. In **Asia**, although prices in **Myanmar** and **Sri Lanka** eased relative to their levels three months earlier, the latest available figures indicate that local prices in **Cambodia, China (Mainland), India, Indonesia, Pakistan, Thailand** and **Viet Nam** have seen particular gains during this time, with domestic quotations in these countries often standing well above their corresponding levels one or two years earlier. Price increases have also concerned various **African countries**, particularly **Chad, Mali, Madagascar** and **Uganda**, encouraging several to announce new measures to quell the effects of rising prices on the general population. For instance, as per an August agreement between authorities and the sector, retail prices of 25% broken rice in **Cote D'Ivoire** will be kept below a FCFA 340 per kg ceiling (USD 704 per tonne) for a period of three months. On the other hand, in **Guinea Bissau** officials would be intent on importing 30 000 tonnes of rice to be sold at FCFA 14 500-14 800 per 50 kg bag (USD 600-613 per tonne), while under a similar initiative, implemented for the second time this year, authorities in **Guinea** are reported to have availed up to 75 000 tonnes of rice at subsidised prices of 185 000 per 50 kg bag of rice (USD 448) between June and August. In **Mali**, a July decision approved tax-free imports of 60 000 tonnes of rice, in order to enable supplies to be marketed at FCFA 355 per kg (USD 735) during the holy month of Ramadan. Further to prohibiting rice exports and suspending duties on imported rice, in August, officials in **Sierra Leone** reached an agreement with industry representatives to keep imported rice prices at LE 136 000 per 50 kg bag of 25% broken rice (USD 598 per tonne) and at LE 128 000 per 50 kg bag of 100% broken rice (USD 563 per tonne). By contrast, within the region, domestic quotations have tended to decline considerably in **Mauritania** and the **United Republic of Tanzania**. Prices similarly weakened in **Costa Rica, Colombia** and the **Dominican Republic**, within *Latin America and the Caribbean*, while they strengthened in **Bolivia, Brazil, Haiti** and **Mexico**. *Elsewhere*, local quotations also registered declines in **Italy** and in the **United States**.



## MONTHLY RETAIL PRICES OF RICE IN SELECTED MARKETS

ASIA	Historical monthly price trend 2007 2009 2011	Latest available: Month USD/Kg	Latest quotation available compared to: <sup>1/</sup>					
			3 months earlier	1 year earlier	2 years earlier			
Bhutan: Samdrup Jongkhar (white)		Sep-11 0.38	0%	-10%	20%			
Cambodia: Phnom Penh (mix)*		Jul-11 0.44	13%	19%	10%			
China: Hubei (indica first quality)*		Jul-11 0.54	4%	23%	28%			
India: Delhi		Sep-11 0.50	4%	8%	9%			
Indonesia: Ntl. Avg.		Aug-11 1.11	9%	14%	44%			
Japan: Tokyo Ku-area (white)		Sep-11 5.38	2%	-5%	-7%			
Lao PDR: Vientiane (ordinary first quality)		Jul-11 1.00	0%	-14%	0%			
Mongolia: Ulaanbaatar		Aug-11 1.31	-1%	-9%	14%			
Myanmar: Ntl. Avg.		Jul-11 0.52	-7%	4%	17%			
Nepal: Kathmandu (coarse)		Aug-11 0.48	1%	3%	-1%			
Pakistan: Karachi (irri)		Sep-11 0.52	8%	30%	38%			
Philippines: Ntl. Avg. (well-milled)		Aug-11 0.82	0%	1%	2%			
Sri Lanka: Colombo (white)		Sep-11 0.47	-9%	8%	-14%			
Thailand: Bangkok (5% broken)*		Aug-11 0.52	18%	19%	-5%			
Viet Nam: Dong Thap (25% broken)		Aug-11 0.47	13%	53%	72%			
<b>WESTERN AFRICA</b>								
Benin: Cotonou (imported)		Aug-11 1.16	0%	0%	7%			
Burkina Faso: Ouagadougou (imported)*		Sep-11 0.81	0%	20%	7%			
Cape Verde: Santiago (imported)		Aug-11 1.27	2%	7%	12%			
Chad: N'Djamena (imported)		Aug-11 1.14	9%	13%	12%			
Mali: Bamako*		Sep-11 0.79	7%	15%	7%			
Mauritania: Nouakchott (imported)		Jul-11 0.77	-24%	-24%	6%			
Niger: Niamey (imported)		Jul-11 0.98	-3%	10%	0%			
<b>CENTRAL AFRICA</b>								
Dem. Rep. Congo: Kinshasa (imported)		Aug-11 1.14	1%	4%	13%			
<b>EASTERN AFRICA</b>								
Burundi: Bujumbura		Jul-11 1.08	0%	2%	8%			
Djibouti: Djibouti (Belem)*		Sep-11 0.73	-2%	20%	5%			
Rwanda: Kigali*		Sep-11 0.85	-1%	3%	-26%			
Somalia: Mogadishu (imported)		Sep-11 0.76	-1%	9%	-18%			
Uganda: Kampala*		Oct-11 0.96	9%	69%	9%			
United Rep. of Tanzania: Dar es Salaam*		Oct-11 0.66	-19%	-3%	-26%			
<b>SOUTHERN AFRICA</b>								
Madagascar: Ntl. Avg. (local)		Aug-11 0.56	13%	10%	18%			
Mozambique: Maputo		Aug-11 0.97	2%	-1%	28%			
<b>CENTRAL AMERICA AND THE CARIBBEAN</b>								
Costa Rica: Ntl. Avg. (first quality)		Aug-11 1.56	-4%	4%	21%			
Dominican Rep: Santo Domingo (first quality)		Sep-11 1.22	-6%	0%	-14%			
El Salvador: San Salvador		Aug-11 1.09	0%	0%	-19%			
Guatemala: Ntl. Avg. (second quality)		Aug-11 1.11	0%	2%	0%			
Haiti: Port-au-Prince (imported)		Jul-11 1.06	10%	22%	6%			
Honduras: Tegucigalpa (second quality)*		Sep-11 0.82	1%	15%	-3%			
Mexico: Mexico City (sinaloa)*		Sep-11 0.81	10%	33%	17%			
Nicaragua: Ntl. Avg. (second quality)		Jul-11 0.91	2%	7%	2%			
Panama: Panama City (first quality)		Sep-11 1.13	4%	4%	4%			
<b>SOUTH AMERICA</b>								
Bolivia: La Paz (grano de oro)*		Sep-11 0.91	5%	-1%	-5%			
Brazil: Ntl. Avg.		Sep-11 1.06	8%	-8%	-15%			
Colombia: Bogotá (first quality)*		Sep-11 1.16	-5%	18%	32%			
Peru: Lima (corriente)		Sep-11 0.91	0%	21%	-5%			
<b>NORTH AMERICA</b>								
United States: City Avg. (long grain, uncooked)		Sep-11 1.59	-5%	-1%	-5%			
<b>EUROPE</b>								
Italy: Milan (arborio volano)*		Sep-11 1.62	-18%	9%	30%			
Russian Federation: Ntl. Avg.		Sep-11 1.44	-2%	-2%	-3%			

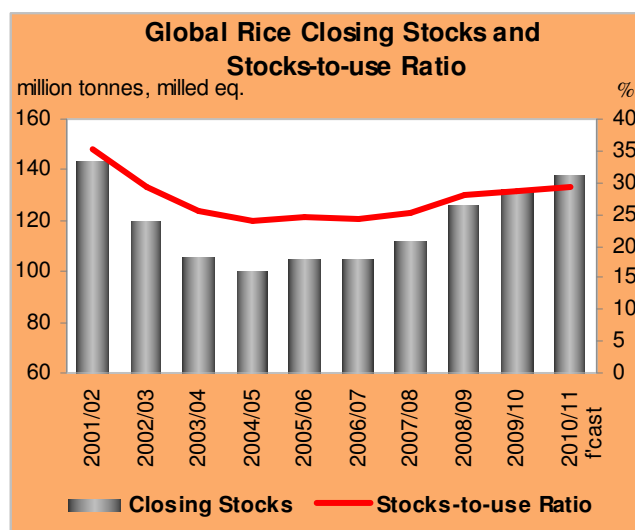
<sup>1/</sup> Quotations in the month specified in the second column were compared to their levels in the preceding three, twelve and twenty-four months. Price comparisons were made in nominal local currency units.

\* Wholesale prices.

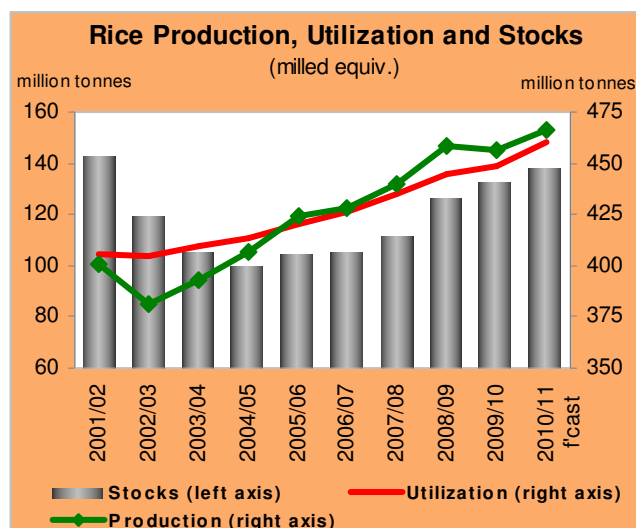
Sources: FAO/GIEWS GIEWS Food Price Data and Analysis Tool; Monthly Report on the Retail Price Survey, Japan Ministry of Internal Affairs and Communications; Korea Agricultural Marketing Information Service (KAMIS); U.S. Bureau of Labor Statistics (BLS); Associazione Industrie Risiere Italiane (AIRI).

## IV. CLOSING STOCKS

### Global rice inventories in 2012 forecast to rise to their highest level since 2001



FAO has raised its July forecast of global rice inventories at the close of individual countries' 2011-2012 marketing years by 4.0 million tonnes to 149.0 million tonnes (milled basis). The revision is consistent with improved production prospects for 2011 crops, particularly in the two largest global rice producers, **China (Mainland)** and **India**, which are now expected to end the season with even larger inventories. Combined with higher than previously foreseen carry-overs in **Egypt** and the **United States**, these upward revisions served to more than compensate for reductions mainly in **Brazil**, **Myanmar** and **Thailand**.



At the revised forecast level of 149.0 million tonnes, global rice inventories would stand 8 percent, or 10.5 million tonnes, above their opening level. This would mark the seventh consecutive season of global stock-rebuilding, a trend that is expected to result this year in the highest world carry-over seen since 2000/2001. Based on current expectations of global rice consumption, this increase will serve to sustain a further 3 percentage point rise in the global stocks-to-use ratio to 32 percent. **Developing countries** are anticipated to

be solely responsible for the forecast growth, amassing an estimated 144.3 million tonnes, 8 percent more than the previous year. Inventories in the **developed countries** are forecast to incur a 5 percent decline to 4.6 million tonnes.

Looking at stocks from a trade point of view, traditional **rice importers** are expected to maintain rice inventories in the order of 27.0 million tonnes, 1 percent above a revised opening level of 26.6 million tonnes. Of these, an anticipated bumper harvest and local purchases should enable **Bangladesh** to maintain stockpiles large and in the order of 6.5 million tonnes. Reserves held by **Indonesia** are also expected to be replenished by an additional 600 000 tonnes to 6.0 million tonnes, notwithstanding expected cuts in 2012 foreign purchases. On the contrary, on unfavourable prospects for the 2011 harvest due to storm damages and official commitments to keep imports at limited levels, to meet domestic requirements, the **Philippines** is anticipated to require a 7 percent stock draw-down to 2.8 million tonnes. Rice reserves in the **Republic of Korea** and **Malaysia** are similarly foreseen

to end at lower levels, while these may remain steady in **Japan**. Meanwhile, in October, several of these countries, namely members of the Association of South East Asian Nations (ASEAN), in addition to China (Mainland), Japan and the Republic of Korea, officially endorsed the establishment of the ASEAN Plus Three Emergency Rice Reserve (APTERR) as permanent facility. Under the initiative, the thirteen countries will avail a total of 787 000 tonnes of rice from their national reserves to be used to cushion the effects of supply shortages in times of emergency.

On the other hand, forecasts of 2012 carry-overs by the five **major exporting countries**<sup>2</sup> have been raised by 1.5 million tonnes to 33.8 million tonnes. This would imply a 4.0 million tonne stock reconstitution, a level that would also be sufficient to permit the major exporters' **stock-to-disappearance ratio**<sup>3</sup> to pass from an estimated 19 percent in 2010/2011 to 21 percent this year. Given even better 2011 crop prospects, **India** is still expected to account for much of this replenishment. This is notwithstanding anticipated reductions in private sector inventories resulting from a reopening of sector to the export market, as active government purchases are expected to sustain a 2.5 million tonne rise in overall 2012 stocks held by the country to 24.0 million tonnes. Indian officials have already announced intentions to procure a record of 35.3 million tonnes over the season, a volume necessary to meet the needs of the public distribution scheme, especially if, as expected, the National Food Security Act is approved in the near future.<sup>4</sup> Improved production prospects, from last year's flood devastated result, are also anticipated to allow **Pakistan** to boost carry-overs to 500 000 tonnes, while in **Viet Nam** these are expected to rise 3.0 million tonnes. On the other hand, forecast of inventories held by **Thailand** have been lowered by 800 000 tonnes to 6.2 million tonnes, which would still represent a 2 percent increase from their opening level. The forecast rebuilding is in spite of reduced output prospects on 2011 main crop damages to extensive floods, and is foreseen to be sustained by a large reconstitution of public sector reserves. Indeed, the October reinstatement of the Paddy Mortgage Scheme for unlimited amounts and with support prices set well-above market levels is expected to result in the Thai Government amassing a significant proportion of the year's harvest. Moreover, with the implementation of the scheme already eroding the country's competitiveness and reducing demand for exports, it remains to be seen whether officials, as asserted, would be able to offload supplies in the near-term through government-to-government deals. Meanwhile, reflecting a sharp decline in 2011 production in the **United States**, officials forecast 2012 inventories in the country to decline by 20 percent to 1.2 million tonnes.

Amongst other exporters, a tightening of supplies due to floods and active pace of shipments are anticipated to translate into an 850 000 tonne decline in stocks held by **Myanmar** to 4.0 million tonnes. By contrast, in line with larger 2011 crop forecast and the maintenance of restrictions on exports, carry-overs in **Egypt** may pass from an estimated 1.1 million tonnes in 2010/2011 to 1.2 million tonnes in 2012. The increase could also concern publicly held reserves, as authorities in the country have recently announced intentions to begin building a strategic rice stockpile through local purchases to cover half of the country's requirement under its public distribution needs, estimated at around 1.1 million tonnes per year. On the other hand, on expectations of a good 2011 paddy harvest, FAO forecasts reserves held by **China (Mainland)**, the largest global rice stock holder, to rise by 9 percent to 82.3 million tonnes.

<sup>2</sup> Thailand, Viet Nam, the United States, India and Pakistan

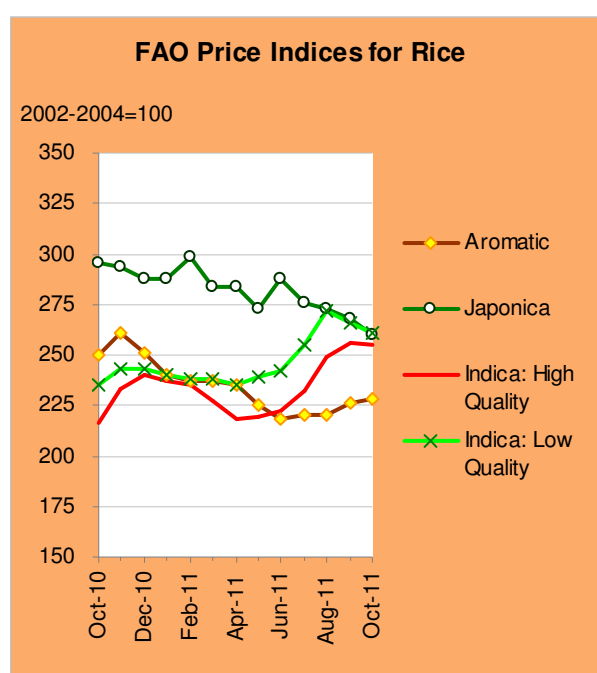
<sup>3</sup> Defined as the five countries' stocks divided by the five countries' domestic utilization plus exports

<sup>4</sup> In the first stage of implementation, provisions set out under the draft Bill, would legally entitle 72 percent of the country's population to a subsidised foodgrain ration of at least 3.0 kilos per month

## V. INTERNATIONAL PRICES

### International rice export prices continue to rise

Since staging a turnaround in June, international rice export prices have continued to manifest strength in recent months. The upward tendency has concerned most market segments and has coincided with important policy developments in major rice exporting countries. The introduction of substantially higher producer support prices through a reinstated Paddy Mortgage Scheme in Thailand, the world's largest supplier of rice, has been the most significant of these, although the relaxation of the non-basmati rice export ban in India also exerted weight on international quotations. India's return to the international rice arena has also called upon a readjustment of the FAO All Rice Price Index to include again India's IRRI 25% broken quotes in the calculation of the Low Quality Indica price sub-Index.

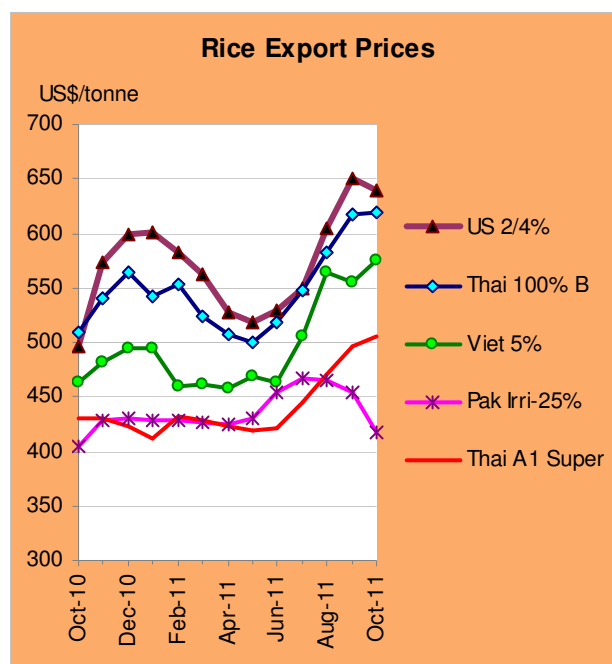


Based on the revised figures, the FAO Rice Price Index passed from an average of 251 points in July to 260 in August and September before dropping to 255 in October. Until September, gains were underpinned by increasing prices of Aromatic rice, as well as low and high quality Indica varieties. Export quotations for medium-grain rice were the only exception to this trend, with the corresponding Japonica Index losing 20 points since June to arrive at 268 points in September, on increased supplies from countries such as the Russian Federation and Australia. Largely reflecting a continued weakening of Japonica quotations, and a decline in the Low Quality Indica Index, following the return of Indian supplies to the market, this

upward tendency eased somewhat in October, as reflected in the FAO All Rice Price Index shedding 5 points to 255 points. On an annual basis, however, the tendency for international quotations to strengthen witnessed in recent months has resulted in the Index average over January-October standing 13 percent above its corresponding value in 2010.

From an origin perspective, since June, price developments in **Thailand** have been dominated by the announced and eventual reinstatement of the paddy mortgage scheme, which has raised support prices for producers to Baht 15 000 - 20 000 per tonne (USD 484-646 per tonne) depending on the various varieties. This compares to the Baht 10 000-15 300 (USD 323-494) offered under the previous price support programme. In tandem with this, benchmark 100% B white rice was quoted at USD 620 per tonne in October, 72 dollars or, 13 percent, higher than its July value. The increase followed expectations of much higher prices from the reinstated programme, which provided strong incentive for market players to withhold supplies from the market. More recently, logistical difficulties and expectations of considerable losses to the widespread floods affecting the country have been further supportive of Thai quotations.

In line with general market tendencies and a significant weather induced reduction of 2011 supplies, price increases were also evident in the **United States**. Particular gains were witnessed in August, when US N.2 4% rose by 10 percent to USD 605 per tonne. Quotes continued to strengthen during the following months, resulting in October prices standing 16 percent above their July value at USD 639 per tonne. This tendency was contrasted by a bearish medium grain market, as, after holding steady in August at USD 875, quotes of US N.1/4 medium grain dropped to USD 805 in September and again in October to USD 764, under pressure from a good crop in California and larger availabilities from the return of Australia and from the increased presence of Russian rice in the export market.



On the other hand, prices in **Viet Nam** have gained considerable ground, underpinned by strong demand, as importers turned to the country for more affordable supplies. As a result, 25% broken rice was quoted at USD 530 in August, its highest level in three years. Although the September announcement of resumption of Indian non-Basmati exports drove a 3 percent weakening of Vietnamese quotes, tighter availabilities pushed prices of 25% broken up again in October to USD 524. Indeed, the progressive strengthening of Vietnamese quotes, together with the resumption of rice exports by **India** and harvest progress in **Pakistan**, have resulted in large price differentials amongst the various origins of lower quality Indica rice. For instance, in

October a tonne of India IRRI 25% broken was quoted practically at par with its Pakistani equivalent at USD 419, but lower than the equivalent qualities in Viet Nam and Thailand by USD 105 and 137, respectively. Prices of fragrant rice varieties in both India and Pakistan have, however, witnessed diverging trends, falling by 4 percent to USD 1050 per tonne since July in the former, while rising by USD 40 to 950 per tonne in the latter.

Prospects for international rice export prices in the forthcoming months remain uncertain. On one hand, under current expectations of overall favourable seasonal results, the progress of main crop harvests in northern hemisphere producing countries could serve to put downward pressure on quotations. However, adverse weather events have already marred the production outlook for several major market players both on the export and the import side. In this context and while currency factors and developments in other cereal markets will need to be watched, policy measures by Governments will continue to play a key role. With several countries affected by persistent inflationary pressure and the need to reconstitute stocks, the timing and means of purchases by major importing countries will need particular attention. On the export side, under prospects of an important share of domestic output been captured by the Government in Thailand, decisions by Thai officials on how to dispose of accumulated stocks will be important, although these are unlikely to regard any near-term release of public reserves. Against this backdrop and with the reduction in Thai export availabilities expected to be attenuated by the resumption of non-Basmati rice exports in India, domestic considerations, including meeting needs under subsidised food distribution programmes, will

likely heavily influence decisions by Indian officials to permit non-basmati deliveries to continue beyond the 2.0 million tonne mark.

FAO Rice Price Indices (2002-2004=100)					
	All	Indica		Japonica	Aromatic
		High quality	Low quality		
<b>2006</b>	<b>137</b>	<b>135</b>	<b>129</b>	<b>153</b>	<b>117</b>
<b>2007</b>	<b>161</b>	<b>156</b>	<b>159</b>	<b>168</b>	<b>157</b>
<b>2008</b>	<b>295</b>	<b>296</b>	<b>289</b>	<b>315</b>	<b>251</b>
<b>2009</b>	<b>253</b>	<b>229</b>	<b>197</b>	<b>341</b>	<b>232</b>
<b>2010</b>	<b>229</b>	<b>211</b>	<b>213</b>	<b>264</b>	<b>231</b>
<b>2010</b> October	249	217	235	296	250
November	257	233	243	294	261
December	256	240	243	288	251
<b>2011</b> January	253	237	240	288	240
February	255	235	238	299	237
March	248	227	238	284	237
April	245	218	235	284	235
May	242	219	239	273	225
June	247	222	242	288	218
July	251	232	255	276	220
August	260	249	272	273	220
September	260	256	266	268	226
October	255	255	261	260	228
<b>2010</b> Jan.-Oct.	224	206	206	258	226
<b>2011</b> Jan.-Oct.	252	235	248	279	229
<b>% Change</b>	12.5	14.3	20.7	8.0	1.0

Source : FAO

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



RICE EXPORT PRICES														
	Thai White 100% B Second grade	Thai Parboiled 100%	U.S. Long Grain 2,4%	Thai 5%	Viet 5%	Argentina max 10% 1/	India 25%	Pak 25%	Thai 25%	Viet 25%	Thai A1 Super 1/	U.S. California Medium Grain 2/	Pak Basmati Ordinary	Thai Fragrant 100%
	<i>(US \$/tonne, f.o.b.)</i>													
<b>2006</b>	311	300	394	304	266	279	247	230	269	249	217	512	516	470
<b>2007</b>	335	332	436	325	313	338	292	290	305	294	275	557	677	550
<b>2008</b>	695	722	782	682	614	584	...	498	603	553	506	913	1077	914
<b>2009</b>	587	619	545	555	432	459	...	351	460	384	329	1019	937	954
<b>2010</b>	518	532	510	492	416	499	...	372	444	387	386	764	881	1045
<b>2010</b>														
October	508	558	496	494	463	510	...	404	464	432	430	794	1020	1140
November	541	557	573	524	481	510	...	429	478	452	430	852	1200	1152
December	564	552	600	547	495	510	...	431	486	458	423	871	1150	1141
<b>2011</b>														
January	542	542	601	525	495	510	...	428	472	455	412	871	1150	1016
February	554	551	582	538	460	510	...	428	490	420	433	871	1150	978
March	524	524	562	507	462	510	...	426	476	426	429	871	1150	984
April	507	516	528	490	457	510	...	424	465	421	423	871	1150	990
May	500	508	518	483	469	496	...	430	460	438	419	871	1025	993
June	518	521	529	502	464	450	...	454	468	430	421	871	938	1007
July	548	548	549	532	505	450	...	467	490	466	445	871	910	1062
August	582	588	605	566	564	450	...	466	520	530	471	866	875	1096
September	618	625	650	601	555	450	437	455	550	515	497	860	950	1110
October	620	610	639	604	576	450	419	418	556	524	505	860	950	1140
<b>2010 Jan.-Oct.</b>	511	527	495	484	402	497	...	361	436	373	378	745	822	1025
<b>2011 Jan.-Oct.</b>	551	553	576	535	501	479	428	440	495	463	445	868	1025	1038
<b>% Change</b>	7.8	4.9	16.3	10.6	24.5	-3.6	...	21.8	13.4	23.9	17.9	16.5	24.6	1.2

**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 broken, sacked, California mill.

... = unquoted

**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

	2009	2010	2011
		(estimated)	(forecast)
	<i>million tonnes</i>		
<b>WORLD</b>	<b>683.4</b>	<b>700.0</b>	<b>720.7</b>
Developing countries	657.7	673.0	695.7
Developed countries	25.6	27.0	25.0
<b>ASIA</b>	<b>616.1</b>	<b>632.5</b>	<b>651.3</b>
Bangladesh	48.4	50.3	51.9
Cambodia	7.6	8.2	8.2
China	196.7	197.2	203.0
of which Taiwan Prov.	1.6	1.4	1.5
India	133.6	143.0	154.5
Indonesia	64.4	66.5	65.4
Iran, Islamic Rep. of	2.3	2.3	2.4
Japan	10.6	10.6	10.3
Korea Rep. of	6.6	5.8	5.7
Myanmar	31.0	30.8	30.0
Pakistan	10.3	7.2	9.7
Philippines	15.5	16.7	16.4
Sri Lanka	3.7	4.3	4.3
Thailand	32.0	34.5	32.0
Viet Nam	39.0	40.0	42.0
<b>AFRICA</b>	<b>24.5</b>	<b>25.3</b>	<b>26.0</b>
<b>North Africa</b>	<b>5.6</b>	<b>5.2</b>	<b>5.8</b>
Egypt	5.5	5.2	5.8
<b>Sub-Saharan Africa</b>	<b>18.8</b>	<b>20.0</b>	<b>20.0</b>
Western Africa	11.5	12.5	12.9
Côte d'Ivoire	0.7	0.8	0.7
Guinea	1.5	1.6	1.8
Mali	2.0	2.3	2.4
Nigeria	4.3	4.2	4.3
Central Africa	0.5	0.5	0.5
Eastern Africa	1.8	1.8	1.8
Tanzania	1.3	1.4	1.3
Southern Africa	5.0	5.2	4.8
Madagascar	4.5	4.8	4.3
Mozambique	0.3	0.3	0.3
<b>CENTRAL AMERICA</b>	<b>2.8</b>	<b>2.9</b>	<b>3.0</b>
Cuba	0.6	0.5	0.5
Dominican Rep.	0.8	0.9	0.9
Mexico	0.3	0.3	0.2
<b>SOUTH AMERICA</b>	<b>25.6</b>	<b>23.6</b>	<b>26.6</b>
Argentina	1.3	1.2	1.7
Brazil	12.6	11.7	13.6
Colombia	3.0	2.4	2.7
Peru	3.0	2.8	2.6
Uruguay	1.3	1.1	1.7
<b>NORTH AMERICA</b>	<b>10.0</b>	<b>11.0</b>	<b>8.5</b>
United States	10.0	11.0	8.5
<b>EUROPE</b>	<b>4.3</b>	<b>4.4</b>	<b>4.6</b>
EU	3.2	3.1	3.2
<b>OCEANIA</b>	<b>0.1</b>	<b>0.2</b>	<b>0.8</b>
Australia	0.1	0.2	0.8

## FOOTNOTES:

Totals computed from unrounded data.

1/ Highly tentative.

2/ Excluding intra-trade.

## WORLD IMPORTS OF RICE

	2010	2011	2012 <sup>1/</sup>
		(estimated)	(forecast)
	<i>million tonnes, milled eq.</i>		
<b>WORLD</b>	<b>31.5</b>	<b>34.3</b>	<b>33.8</b>
Developing countries	27.0	29.5	29.0
Developed countries	4.5	4.8	4.9
<b>ASIA</b>	<b>15.8</b>	<b>17.0</b>	<b>16.5</b>
Bangladesh	0.7	1.5	0.6
China	1.2	1.5	1.1
of which Taiwan Prov.	0.5	0.4	0.4
Indonesia	1.0	2.0	1.5
Iran, Islamic Rep. of	1.1	1.2	1.3
Iraq	1.2	1.2	1.3
Japan	0.7	0.7	0.7
Malaysia	0.9	1.0	1.1
Philippines	2.4	1.2	1.8
Saudi Arabia	1.0	1.2	1.2
Sri Lanka	0.1	0.0	0.0
<b>AFRICA</b>	<b>9.4</b>	<b>10.6</b>	<b>10.5</b>
Côte d'Ivoire	0.8	0.9	0.9
Nigeria	2.0	2.2	2.2
Senegal	0.7	0.7	0.8
South Africa	0.8	1.0	1.0
<b>CENTRAL AMERICA</b>	<b>2.1</b>	<b>2.2</b>	<b>2.2</b>
Cuba	0.5	0.6	0.6
Mexico	0.6	0.7	0.7
<b>SOUTH AMERICA</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>
Brazil	0.8	0.7	0.8
Peru	0.1	0.2	0.2
<b>NORTH AMERICA</b>	<b>0.9</b>	<b>1.0</b>	<b>1.0</b>
Canada	0.3	0.3	0.3
United States	0.6	0.6	0.7
<b>EUROPE</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>
EU 2/	1.1	1.2	1.3
Russian Fed.	0.2	0.2	0.2
<b>OCEANIA</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>

## WORLD EXPORTS OF RICE

	2010	2011	2012 <sup>1/</sup>
		(estimated)	(forecast)
	<i>million tonnes, milled eq.</i>		
<b>WORLD</b>	<b>31.5</b>	<b>34.3</b>	<b>33.8</b>
Developing countries	26.9	29.9	29.4
Developed countries	4.6	4.4	4.4
<b>ASIA</b>	<b>24.3</b>	<b>26.7</b>	<b>26.7</b>
China	0.7	0.5	0.8
of which Taiwan Prov.	0.1	0.1	0.1
India	2.2	3.5	5.0
Myanmar	0.5	0.7	0.6
Pakistan	3.5	2.7	3.0
Thailand	9.0	10.6	8.5
Viet Nam	6.9	7.2	7.3
<b>AFRICA</b>	<b>0.5</b>	<b>0.3</b>	<b>0.3</b>
Egypt	0.4	0.1	0.1
<b>SOUTH AMERICA</b>	<b>2.3</b>	<b>3.1</b>	<b>2.6</b>
Argentina	0.5	0.6	0.5
Guyana	0.3	0.3	0.3
Uruguay	0.7	0.9	0.8
<b>NORTH AMERICA</b>	<b>3.9</b>	<b>3.3</b>	<b>3.1</b>
United States	3.9	3.3	3.1
<b>EUROPE</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>
EU 2/	0.3	0.3	0.3
<b>OCEANIA</b>	<b>0.1</b>	<b>0.3</b>	<b>0.5</b>
Australia	0.1	0.3	0.5

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

	<b>CHINA 2/ 3/</b> (Oct./Sep.)			<b>INDIA 2/</b> (Oct./Sep.)		
	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012 <sup>5/</sup></b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012 <sup>5/</sup></b>
		prelim.	f'cast		prelim.	f'cast
	(..... thousand tonnes .....)			(..... thousand tonnes .....)		
Opening Stocks	63777 F	70666 F	75646 F	23800 F	21000 F	21500 F
Production 1/	134798 G	135113 G	139152 *	89100 G	95320 G	103000 F
Imports	1214 F	1466 F	1126 F	100 F	100 F	50 G
Total Supply	199789	207244	215924	113000	116420	124550
Domestic Use	128401	131098	132578	89758	91420	95550
Exports	722 F	500 F	780 F	2242 G	3500 F	5000 F
Closing Stocks	70666 F	75646 F	82566 F	21000 F	21500 F	24000 F

	<b>PAKISTAN 2/</b> (Nov./Oct.)			<b>THAILAND 2/</b> (Nov./Oct.)		
	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012 <sup>5/</sup></b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012 <sup>5/</sup></b>
		prelim.	f'cast		prelim.	f'cast
	(..... thousand tonnes .....)			(..... thousand tonnes .....)		
Opening Stocks	1040 F	940 F	350 F	5200 F	5700 F	6050 F
Production 1/	6883 G	4822 F	6500 F	21202 G	22829 G	21184 F
Imports	16 F	60 F	15 F	300 F	400 F	400 F
Total Supply	7939	5822	6865	26702	28929	27634
Domestic Use	3475	2772	3365	11972	12279	12934
Exports	3524 G	2700 F	3000 F	9030 G	10600 F	8500 F
Closing Stocks	940 F	350 F	500 F	5700 F	6050 F	6200 F

	<b>UNITED STATES 4/</b> (Aug./Jul.)			<b>VIET NAM 2/</b> (Nov./Oct.)		
	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012 <sup>5/</sup></b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012 <sup>5/</sup></b>
		prelim.	f'cast		prelim.	f'cast
	(..... thousand tonnes .....)			(..... thousand tonnes .....)		
Opening Stocks	977 G	1184 G	1514 G	4300 F	3350 F	2720 F
Production 1/	7133 G	7593 G	6035 G	25980 G	26673 G	28014 G
Imports	604 G	582 G	603 G	500 F	600 F	600 F
Total Supply	8714	9359	8152	30780	30623	31334
Domestic Use	4016	4358	4027	20550	20703	21084
Exports	3514 G	3487 G	2920 G	6880 G	7200 F	7300 F
Closing Stocks	1184 G	1514 G	1205 G	3350 F	2720 F	2950 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.