Rice Market Monitor

Volume No. 2, Issue No. 5 – November 1999[1]

We would like to apologize to all the recipients of the Rice Market Monitor (RMM), for our inability to publish the September (4th) issue of the RMM. It was largely due to the holding of the Intergovernmental Group on Rice which required intense preparatory work. The current article corresponds to the 5th and last issue of the RMM in 1999. The 1st issue of the year 2000 is scheduled to be released in March. Please note that during the months when the RMM is not published, updated information on the global rice economy is available in the Food Outlook publication, which can be accessed on the web at the following address: http://www.fao.org/WAICENT/faoinfo/economic/giews/english/fo/fotoc.htm

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[1] As of mid-November 1999

HIGHLIGHTS

- In the Northern Hemisphere, harvesting of the 1999 main-season paddy crops is proceeding in a number of countries. Growing conditions have been generally favourable although flood-related problems have been reported. However, the damage to rice crops has been minor and relatively large harvests are expected in some countries. In the Southern Hemisphere and around the equatorial belt, the 1999 paddy season is virtually complete and the 2000 season is well advanced. Due to a combination of larger plantings and a recovery in yields, production in several countries is estimated to exceed last year's depressed level and could reach a peak in several of them. Based on crop estimates in the Southern Hemisphere and expectations of bumper harvests in several countries in the Northern Hemisphere, FAO is provisionally forecasting global paddy output in 1999 to reach 589 million tonnes, baring any unforeseen weather-related problems, well above the previous high of 577 million tonnes reached in 1997.

- The Asian monsoon season has been a bit unusual this year. Some countries in the region were hit by cyclones and storms during the period October/November resulting in floods that inflicted crop damage to varying degrees in addition to loss of lives and destruction of the infrastructure. Overall, no major harm to rice crops has been reported and the regional paddy output is forecast to expand by about 8 million tonnes from the previous season to 534 million tonnes.

- The pattern of international rice trade in 1999 has been much different from that observed last year. Unlike in 1998, there have been few instances of a single country coming to the market for a large amount of rice at anyone time; on the contrary, imports this year have been made by countries in small quantities, in several shipments. However, the cumulative effect of those small transactions has been quite substantial. Although the 1999 trade volume is not likely to match the record established last year, the final trade figure is likely to be much higher than anticipated at the beginning of the year. Based on import purchases and/or purchase commitments to date by some of the major importing countries, FAO's forecast for global rice trade in 1999 has been adjusted upwards to about 24.4 million tonnes, only 3 million tonnes less than last year's record volume. Most of the difference is accounted for by the smaller imports by Asian and Latin American countries.

- The downward pressure on international rice prices from most origins continued through September and October. In October, the FAO Export Price Index for Rice (1982-84=100) registered its lowest level in five years with an average of 109 points, down from 112 points in September and 116 points in August. The weakening of rice prices is mostly caused by the arrival on the market of new crop supplies, bumper harvests in some cases, combined with limited new import demand. Thai and Vietnamese prices so far in November have experienced a slight increase which is believed to be linked to the heavy rains in both countries during late October/early November that made local transportation, drying and milling quite difficult. However, as the weather normalises, the prices will need support from the demand side to maintain their upward momentum.

- Rice stocks for the marketing seasons ending in **1999** are estimated at about 54 million tonnes or 1 million tonnes below their opening levels. Most of the decline is accounted for by Japan and China (Mainland). Global rice stocks at the end of the marketing seasons in the year **2000** are expected to recover from the levels observed in recent years to about 56 million tonnes, the highest since 1994 and over 2 million tonnes more than their 1999 opening levels. The rise is mostly a consequence of the anticipated recovery in world production, which is likely to exceed the increase in consumption.

GLOBAL VIEW

1. PRODUCTION - WORLD PADDY OUTPUT IS FORECAST TO RISE BY 2 PERCENT IN 1999

In the Northern Hemisphere, harvesting of the 1999 main-season paddy crops is proceeding in a number of countries. Growing conditions have been generally favourable although flood-related problems have been reported. However, the damage to rice crops has been minor and relatively large harvests are expected in some countries.

In the Southern Hemisphere and around the equatorial belt, the 1999 paddy season is virtually complete and the 2000 season is well advanced. Due to a combination of larger plantings and a recovery in yields, production in several countries is estimated to exceed last year's depressed level and could reach a peak in several of them.

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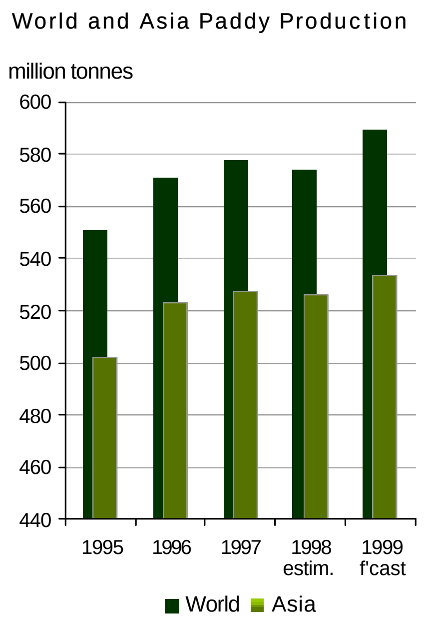


1.1 Asia – Monsoon Rains Cause Floods in Some Countries But the Impact on Paddy Output is Limited

The Asian monsoon season has been a bit unusual this year. Some countries in the region were hit by cyclones and storms during the period October/November resulting in floods that inflicted crop damage to varying degrees in addition to loss of lives and destruction of the infrastructure. Overall, no major harm to rice crops has been reported and the regional paddy output is forecast to expand by about 8 million tonnes from the previous season to 534 million tonnes.

Northern Hemisphere

In *China* (Mainland), harvesting of the late double-rice (winter) crop is nearing completion while gathering of the single rice crop is almost done. Overall, the country's paddy production for the 1999 season is forecast at 195 million tonnes, 2 percent more than the flood-reduced crop of last year, but still well below the record 1997 crop. In *Vietnam*, heavy rains during late October/early November resulted in severe floods in the central parts of the country. The impact on rice production is not expected to be very significant however, as the affected zones are not major rice producing areas. Harvesting of the 10th Month crop, the first of three crops, is ongoing while planting of the winter-spring crop is scheduled to start in November. Assuming good weather conditions, overall paddy production for 1999 could match the 1998 official estimate of 31 million tonnes. In the *Philippines*, typhoon *Sendang*, that hit the country during the second week of November inflicting damage to crops and agricultural facilities, is reported to have caused little damage to rice crops. Gathering of the main-season crop is in progress and planting of the secondary-season crop is ongoing and is expected to end sometime in December. Based on current reports, a good output is anticipated and, assuming favourable conditions for the rest of the season, the expectation is for an increase of 12 percent in the 1999 paddy output to about 11.5 million tonnes. This is attributed to a larger area and better growing conditions than in the previous year, but also to an increased use of high yielding varieties by farmers and an improved irrigation system. It is reported that the National Food Authority reduced its retail prices for rice in October, a move that could result in lower rice area next year.

In *Thailand,* heavy rains during July and August had a minimal negative impact on rice crops. Harvesting of the 1999 main-season crop is in progress, which the Government forecasts at 18.9 million tonnes, up 3 percent from the previous year. Overall, the country's 1999 total production could reach 23 million tonnes, assuming an average output of around 4 million tonnes from the second crop, the level achieved last season. In *Myanmar,* gathering of the main-season crop and planting of the secondary crop are underway. The 1999 paddy output is forecast at 17.5 million tonnes, close to last year's level. In *Japan,* the 1999 paddy season has virtually been concluded and the Government has revised the output estimate downwards by about 100 000 tonnes from previous expectations to 11.5 million tonnes, still above last year's 11.2 million tonnes. Crops benefited from what has been described as "above average growing conditions", while plantings, at about 1.8 million hectares, were unchanged from last year, notwithstanding the lowering of the support price from 263 yen per kilogram in 1998 to about 259 yen per kilogram this year. For the year 2000 season, the Government has announced a further cut in support prices by 2.7 percent from 1999 to about 252 yen per kilogram and a similar land diversion target of 963 000 hectares.

In *Cambodia,* the torrential rains that hit the country in October and November reportedly resulted in the worst flooding in almost a decade. Preliminary damage assessment suggests that more than 20 000 hectares of paddy could have been affected. Farmers are currently harvesting the 1999 wet (main) season crop and preparing for the dry season crop. Before the floods, the Government had provisionally forecast overall paddy production to rise by 9 percent to 3.8 million tonnes. Following the preliminary damage assessment, the Government is still optimistic about its original forecast on the expectation that output gains from the dry season crop, as a result of increased availability of water supplies, will more than compensate for the flood-related losses. In the *Democratic People's Republic of Korea,* harvesting of the 1999 paddy season is nearing the end and crops were not as badly affected by a combination of drought and heavy rains as earlier expected. In addition, fertiliser use was on the increase during the season, helped by foreign aid. Consequently, the 1999 paddy output is expected to be better than last year's. Nonetheless, it is likely that the country would still need external aid to meet its food requirements. In the *Republic of Korea,* farmers have finished harvesting the 1999 paddy crop with output for the season estimated by the Ministry of Agriculture and Forestry at about 7.2 million tonnes, or 3 percent higher than last year. This is attributed to better yields and slightly larger area. Some parts of the country were hit by typhoons during late July/early August but the damage to rice crops was less than in the previous year.

In *Bangladesh,* there were some localised flood-related damages to the 1999 season rice crops in a few districts but, overall, the impact was minimal. The Aus crop harvest, the first and smallest of three crops, was completed and is estimated to yield 2.7 million tonnes, 13 percent more than last year. Gathering of the Aman (main season) crop has started and the Government is forecasting a paddy output of 14.3 million tonnes, up by about 23 percent over the previous season's Aman crop. The Government's overall paddy production forecast for 1999 is 30.7 million tonnes, or 1.2 million tonnes more than the 1998 output. In *India,* the country is in the process of recovering from what has been described as the worst cyclones in almost 30 years, which hit the eastern State of Orissa during the end of October/beginning of November. While damage to crops is still under assessment, preliminary estimates put the likely loss to paddy production at about 2 million tonnes. Harvesting of the main season Kharif rice crop is in progress and, before the cyclone-induced floods, the Government was expecting a record paddy output of about 113 million tonnes. If the final damage to the rice crops ends up within current expectations, the Kharif crop could still be an all-time high. Planting of the Rabi crop is set to begin soon. The overall forecast for the country's 1999 paddy production has, accordingly, been reduced from the previously anticipated level by 2 million tonnes to 127 million tonnes which, if realised, would be a new record high. In *Pakistan,* harvesting of the paddy crop is proceeding and nearing completion and preliminary indications point towards yet another bumper crop. Output is tentatively expected to expand by about 3 percent from last year to 7.3 million tonnes. In the *Islamic Republic of Iran,* gathering of the

1999 rice crop has been concluded. As the season was plagued by weather-related problems, including what has been described as the worst drought in 30 years, paddy output is estimated to have fallen by 18 percent from the previous season to 2.3 million tonnes.

Southern Hemisphere

In *Indonesia*, harvesting of the 1999 second-season crop is nearing completion and planting of the 2000 main-season crop is underway. Paddy output for the 1999 season is forecast at about 49.9 million tonnes, up by over 1 percent from 1998. The increase is attributed to a 2 percent anticipated rise in yields, which is expected to more than offset a slight decline in area. In *Malaysia*, planting of the 2000 main-season crop is proceeding. Although floods in late October destroyed paddy fields in the northern part of the country, the Government has indicated that output might not be affected, as there is still ample time for replanting.

1.2 Africa - Harvesting of the 1999 Crop is Well Underway in Some Countries While the 2000 Season is Quite Advanced in Others

Africa's paddy output is forecast to rebound by 10 percent to about 17.5 million tonnes in 1999. The expected increase in production is a combination of larger area and improved yields, especially in some of the major producing countries.

North Africa - In *Egypt*, harvesting of the 1999 rice crop will soon be completed and, according to official sources, area expanded by over 27 percent from the previous year to about 666 000 hectares. Given the favourable growing conditions and sufficient and timely availability of inputs during the growing season, yields are expected to set a new record of over 8.8 tonnes per hectare and the quality is reported to be good. As a result, the Government is forecasting a 31 percent expansion in paddy output to about 5.8 million tonnes.

West ern Africa - Harvesting of the 1999 paddy crop is progressing well in western Africa but, as was the case last year, civil strife in some countries continues to hinder farming activities. Growing conditions have been generally favourable despite a few isolated weather-related problems and, overall, the regional paddy output is expected to increase slightly. In *Nigeria*, the largest producer in western Africa, the Government re-introduced a 25-percent subsidy on fertilisers it had abolished earlier as part of the Structural Adjustment Programme. The Government's estimate for the 1999 paddy output is about 3.4 million tonnes, up from 3.3 million tonnes the previous season. In *Cote d'Ivoire*, paddy output is forecast to increase by 25 percent to about 800 000 tonnes as favourable weather encouraged many farmers to expand area under rice cultivation.

Eastern Africa- Paddy production in Eastern Africa is expected to drop from last year mostly due to insufficient rainfall. Rice harvesting is complete in *Tanzania*, the major rice producing country in the sub-region, and output for 1999 is provisionally estimated at about 800 000 tonnes, down by 20 percent from the previous year. In addition to erratic rains, reduced use of fertilisers contributed to lower yields.

Southern Africa - Planting of the 2000 paddy crop is well advanced in Southern Africa but uncertainties persist as to the area under rice in the main producing countries. The 1999 paddy season turned out a lot better than originally expected and output in *Madagascar*, which accounts for over 90 percent of the sub-region's rice production, is estimated at about 2.6 million tonnes, up 8 percent from the previous year's revised level. Although rains were late at planting time, rainfall during the season was abundant and, unlike last year, losses due to the Malagasy Migratory Locusts were limited by control measures implemented during the latter part of 1998 and the beginning of 1999. In *Mozambique*, paddy output for the 1999 season is estimated at 214 000 tonnes compared to last year's 192 000 tonnes, a consequence of favourable growing conditions and a slight expansion in area.

1.3 South America – The Year 2000 Season is Already Underway but Lower Prices in the Previous Season Could Depress Plantings

The 2000 paddy season is well advanced in the region but information about the area planted to rice is still lacking for most countries. In *Brazil*, the region's largest rice producer, the area could decline as a result of relatively low prices received by farmers during the 1999 season. Consequently, the Government is forecasting an output in the range of 10.9 million tonnes to 11.3 million tonnes, down from 11.6 million tonnes estimated for 1999. Likewise, the Government in *Argentina*, is expecting the rice area in the country to fall by 24 percent from the previous season to about 220 000 hectares. This is attributed to the low returns to producers from the 1999 record rice crop, which is fostering a switch of some land from rice to soybeans. Latest Government's estimates put the 1999 season production at an all-time high of 1.7 million tonnes, or 70 percent up from 1998. In *Uruguay*, the 1999 harvest also hit a record, at 1.3 million tonnes, or 44 percent more than in the previous season, a consequence of higher area and yields. By contrast, the Government in *Bolivia* has estimated the 1999 paddy output at 210 000 tonnes, or 30 percent lower than the previous season, following a contraction in the area.

1.4 Developed Countries – Harvesting in the US and the EC is Complete and in Australia, Planting of the 2000 Season Crop is Advancing

In the *United States*, harvesting of the 1999 paddy crop is virtually complete in all rice producing States. Total paddy output is estimated at a record 9.6 million tonnes, up by 13 percent from last year's production. In addition to the 8 percent expansion in area, favourable growing conditions boosted yields by 5 percent to about 6.7 tonnes per hectare.

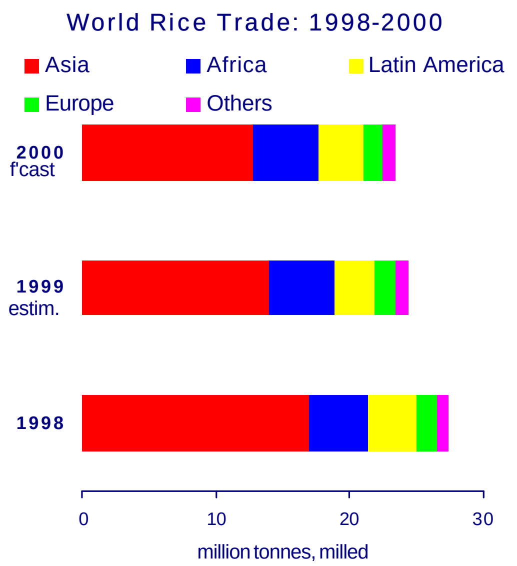
In the *EC*, harvesting of the 1999 paddy crop is virtually complete and the expectation is for output to be close to last year's official estimate of about 2.6 million tonnes.

In *Australia*, the 2000 paddy season is well advanced and, according to the Australian Bureau of Agricultural and Resource Economics, output is forecast at 1.3 million tonnes from an area of about 150 000 hectares. Growing conditions for the 1999 season were very favourable and the Government has estimated output at about 1.4 million tonnes, slightly more than the peak established in 1997.

TRADE

2. **Rice Trade in 1999 is Turning Out to be Stronger Than Originally Thought**

The pattern of international rice trade in 1999 has been much different from that observed last year. Unlike in 1998, there have been few instances of a single country coming to the market for a large amount of rice at anyone time; on the contrary, imports this year have been made by countries in small quantities, in several shipments. However, the cumulative effect of those small transactions has been quite substantial. Although the 1999 trade volume is not likely to match the record established last year, the final trade figure is likely to be much higher than anticipated at the beginning of the year. Based on import purchases and/or purchase commitments to date by some of the major importing countries, FAO's forecast for global rice trade in 1999 has been adjusted upwards to about 24.4 million tonnes, only 3 million tonnes less than last year's record volume. Most of the difference is accounted for by the smaller imports by Asian and Latin American countries.



In *Indonesia*, the world's largest rice importer, the Government changed its rice trade policy and banned private sector imports of lower quality rice grades. In addition, the Government is reportedly seeking to apply a tax of between 30 percent and 35 percent on rice imports to protect local producers. Both measures are expected to greatly restrain private trading. Nevertheless, the country is forecast to import a substantial volume of about 3.8 million tonnes, 37 percent less than the level taken in 1998 but still the largest single country import volume in 1999. The Minister of Agriculture recently talked of Government efforts aimed at reducing or possibly eliminating rice import needs by the year 2001 through increases in rice production and in consumption of alternative foodstuffs. Imports by *Bangladesh*, one of the major importers in 1998, are forecast to fall by 28 percent to 1.8 million tonnes following a recovery in domestic paddy production. Purchases by *Brazil* are put at around 1 million tonnes, down from 1.5 million tonnes last year. The country's imports during the first nine months of 1999 are estimated at about 720 000 tonnes.

The *Philippines*, the third largest rice buyer last year, is also anticipated to reduce substantially its imports, to 1.2 million tonnes, or 55 percent of the level purchased in 1998. The drop reflects a return to a normal production level of about 11 million tonnes after two consecutive years of poor crops. As a result, the country's farmers are pressing the Government to impose a total ban on rice imports and to increase funds to boost domestic production. However, it should be noted that under the World Trade Organisation provision for Special Treatment on Market Access, the country has committed to expand the volume of imports subject to a preferential 50 percent tariff from about 60 000 tonnes in 1995 to some 239 000 tonnes by the end of the implementation period in 2004. By contrast, the anticipated production shortfall in the *Islamic Republic of Iran* is expected to boost the country's imports by 80 percent to 900 000 tonnes, much of which is to be supplied by Thailand under Government-to-Government arrangements. Purchases by *Nigeria* are forecast to increase by 29 percent to 900 000 tonnes, based on continued strong imports of parboiled rice, particularly from Thailand. During the first nine months of the year, the country imported a total of about 450 000 tonnes of rice from Thailand alone. Expected shipments to *China (Mainland)*, mostly of high quality rice from Thailand, could total about 150 000 tonnes, or 39 percent below the 1998 volume. In *Sri Lanka*, the Government has reportedly reduced the tariff on rice imports temporarily from 35 percent to 10 percent to encourage increased imports in light of a potential domestic shortage in the coming months. Imports are forecast to be about 150 000 tonnes, slightly less than last year's level.

On the export side, *China (Mainland)* has re-established itself as a major rice exporter. In 1998, its export volume of about 3.7 million tonnes ranked fourth highest, behind Thailand, India and Vietnam. For 1999, it is forecast to ship out about 2.5 million tonnes of rice and, according to statistics from the country's customs office, approximately 2.3 million tonnes of rice were exported during the first ten months of 1999. *Thailand*, the world's leading rice exporter, is forecast to ship out 6.2 million tonnes in 1999, only slightly below last year's record volume of 6.4 million tonnes. During the first ten months of the year the country exported 5.3 million tonnes of rice, or a monthly average of about 530 000 tonnes. For the remaining two months of the year, shipments would need to average about 450 000 tonnes in order to reach the forecast export volume and a larger average could lead to a new record. Exports from *Vietnam* will, definitely, set an all-time high this year since the volume of trade so far has already surpassed last year's record shipments. Total exports for the first ten months of the year are estimated at about 4.1 million tonnes, compared to 3.8 million tonnes exported during the whole of 1998. Export sales for the year are expected to reach 4.3 million tonnes, in line with the Government's revised target for 1999. The forecast of rice sales by *India* is set at 2.8 million tonnes or 38 percent below the volume exported in 1998. When exportable supplies on the international market are abundant, as is the case this year, Indian rice has difficulty to compete with rice from other origins, particularly Thailand and Vietnam. Shipments during the first half of 1999 were reported at 2.1 million tonnes. The country exports both the premium priced basmati and lower quality rice. Export shipments by *Pakistan,* which also include basmati and lower quality rice types, are expected to be close to last year's volume of about 2 million tonnes. The country has consistently increased its rice shipments during most of the 1990s from 1.3 million tonnes in 1991 to 2 million tonnes forecast for 1999. Such an achievement has been made possible by bumper harvests over the last several years. The forecast for the *United States'* rice exports is about 2.8 million tonnes, down by 13 percent from 1998, as many of the South and Central American countries, the traditional customers of the United States' rice, are expected to import less.

In *Argentina*, rice exporters continue the search for markets to absorb some of the country's excess supplies after a record harvest, since Brazil, its major customer and Mercosur partner, is likely to import less. It is reported that, in an effort to help farmers deal with the resulting lower prices, Argentina's Provincial Governments have introduced plans to reduce interest costs on loans.

For the year **2000,** exportable supplies are expected to be abundant but demand will likely continue to be sluggish, given the good production prospects in many of the major importing countries. Assuming no major supply and/or demand shocks, global rice trade is tentatively forecast to be in the range of 23 - 24 million tonnes which, if realised, would be the third highest on record. The major players are expected to be the same with Thailand, Vietnam and the United States leading the way on the export side while Indonesia, Bangladesh, the Philippines and Brazil will likely be the leading importers. In Thailand, the Government is planning on increasing the government-to-government rice trade volume to 750 000 tonnes next year, up from about 500 000 tonnes expected in 1999.

INTERNATIONAL RICE PRICES

3. The Downward Pressure Continues Through October

The downward pressure on international rice prices from most origins continued through September and October. In October, the FAO Export Price Index for Rice (1982-84=100) registered its lowest level in five years with an average of 109 points, down from 112 points in September and 116 points in August. The weakening of rice prices is mostly caused by the arrival on the market of new crop supplies, bumper harvests in some cases, combined with limited new import demand. Many of the major exporting and importing countries are currently harvesting their main-season crops and good harvests are reported in many of them. In addition, Indonesia's ban on low quality rice imports by the private sector and its intention to implement a tax of between 30 percent and 35 percent on rice imports are weighing on international rice prices.

The price for the high quality Thai 100B averaged US$220 per tonne in October, down from US$235 per tonne in September and US$249 per tonne in August, but prices for fragrant and parboiled rice have been on the increase since April, sustained by steady demand from regular customers for that niche market.

WORLD PRICE INDICES FOR RICE

		FAO Indices		
		Total	Quality	
			High	Low
January-December Averages		1982-84 = 100		
1992		110	111	103
1993		100	102	92
1994		114	118	104
1995		129	124	146
1996		136	136	136
1997		127	129	120
1998		127	128	126
1998	November	124	122	128
	December	124	123	125
1999	January	125	126	123
	February	120	121	116
	March	116	117	110
	April	112	114	106
	May	113	115	109
	June	115	115	114
	July	116	116	115
	August	116	116	114
	September	112	114	107
	October	109	112	100
	November	110	112	103

Source: *FAO*

N.B.-The FAO indices are calculated using the Laspeyre formula. In this table, two groups representing "High" and "Low" quality rice are shown.

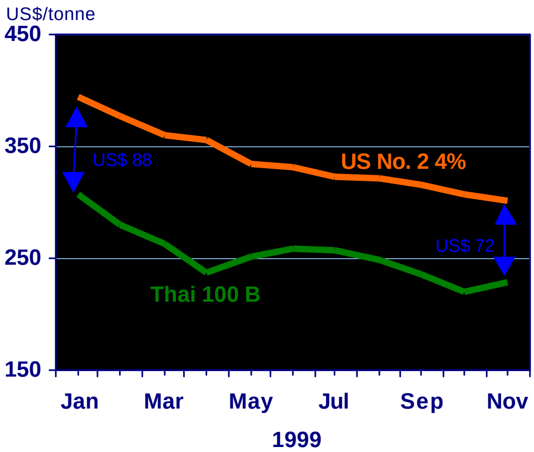
- The Rice Export Price Index is calculated for 15 export prices.

WEEKLY EXPORT PRICES FOR RICE (f.o.b. US$/ton)						
Type	Effective Date	Latest	1 week ago	1 month ago	1 year ago	Average (82-84)
Thai 100B	19/11/99	236	226	226	277	236
Thai 35%	19/11/99	197	193	190	246	213
Thai A1 Super	19/11/99	171	171	173	234	174
Viet 5%	19/11/99	218	218	205	260	n.a.
India 25%	12/11/99	245	245	245	243	n.a.
Pak 15-20%	05/11/99	190	…	205	245	220
US 2/4% Long	19/11/99	286	308	308	407	393

Source: International rice brokers, rice merchants and national sources.
... not available
n.a. not applicable

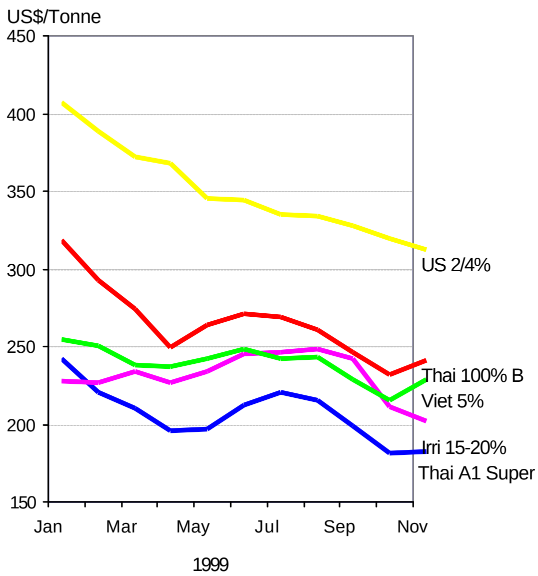
As for the lower quality grades, the change in Indonesia's import policy is having a big negative impact on prices of rice from various origins, including Thailand, Vietnam and China. For instance, the price of Thai 35% brokens averaged about US$185 per tonne during October compared to US$199 per tonne in September. In Thailand, a rice buying scheme has been set up whereby some government agencies will purchase paddy and milled rice from farmers and millers with the aim of stabilising prices during the remainder of the 1999/00 season. In Pakistan, prices have been under additional downward pressure emanating from the Government's decision to close its borders with the Islamic Republic of Iran and Afghanistan, effectively bringing to a halt the cross-border rice trade that is estimated to have totalled over 300 000 tonnes last year.

Differential Between Thai and US Rice Prices



The price of the United States No. 2/4 percent broken rice averaged US$308 per tonne in October, down by US$8 per tonne from September. The price differential between the high quality Thai 100B and the comparable United States No. 2/4 percent broken rice has narrowed from US$88 per tonne at the beginning of the year to US$72 per tonne currently. With such a gap, the US rice has difficulty to compete in the high quality markets outside Latin America and the Caribbean.

Export Prices for Rice



Thai and Vietnamese prices so far in November have experienced a slight increase which is believed to be linked to the heavy rains in both countries during late October/early November that made local transportation, drying and milling quite difficult. However, as the weather normalises, the prices will need support from the demand side to maintain their upward momentum.

ENDING STOCKS

4. A Recovery is Anticipated in the Year 2000

Rice stocks for the marketing seasons ending in **1999** are estimated at about 54 million tonnes or 1 million tonnes below their opening levels. Most of the decline is accounted for by Japan and China (Mainland). In the case of Japan, the production restricting measures in place are mostly intended to reduce the rice inventory. The anticipated decline in China's stocks is attributed to domestic supply problems associated with the floods that affected the country in 1998. Smaller carry-over inventories in China have not had a positive impact on international prices as the reduction is being outweighed by a 17 percent anticipated contraction in global import demand in 1999, together with ample exportable supplies from many of the other major exporters.

Global rice stocks at the end of the marketing seasons in the year **2000** are expected to recover from the levels observed in recent years to about 56 million tonnes, the highest since 1994 and over 2 million tonnes more than their 1999 opening levels. The rise is mostly a consequence of the anticipated recovery in world production, which is likely to exceed the increase in consumption. Larger inventories are particularly expected in the major exporting countries including Thailand, United States and India. Among the major importing countries, the Philippines and Brazil's ending stocks are also projected to expand.