October 2001

Volume IV- Issue No. 4

Use of material is subject to credit being given to source:

FAO Rice Market Monitor
Basic Foodstuffs Service
Commodities and Trade Division
Food and Agriculture Organization of the United Nations

Contact or enquiries

Facsimile: ++(39-06) 570-54495
Telephone: ++(39-06) 570-54136
E-mail: Concepcion.Calpe@fao.org

Also available on the Internet at the following address:
http://www.fao.org/es/ESC/esce/escb/rice/monitore/ricemone.htm

HIGHLIGHTS

- Global paddy production is forecast to drop by 9 million tonnes to 587 million tonnes in 2001, after falling by 16 million tonnes last season. Weather problems and low prices are behind those contractions, which mainly affected exporting countries.

- The drop in production was especially pronounced in China, where it reflects to a large extent a shift towards less expansionary production policies. The country is currently moving to a more liberalized system for domestic marketing of cereals, ahead of the country's accession to the WTO.

- The September attacks in New York and the fear of a widening of the conflict have not had, so far, a marked impact on the world rice market, which continues to be dominated by the weakness of global import demand. With many countries having completed or about to complete the harvesting of their main season crop and the resulting arrival of fresh supplies onto the market, the prospect for a turnaround in the short term appears unlikely, unless external factors interfere with the market fundamentals. Latest FAO's forecast puts world trade in rice in 2001 (calendar year basis) at 22.4 million tonnes (in milled equivalent), very close to the volume exchanged in 2000.

- Reduced output in 2000 and 2001 is expected to constrain China and Pakistan's ability to export this year. Most of the other exporters are anticipated to increase or maintain their level of shipments, often owing to increased support from their Governments. India's continues in its endeavour to boost sales abroad in an attempt to release some of its stocks.

- Imports into Asia are anticipated to fall in 2001, since most of the traditional importers in the region have gathered abundant crops in the past season. Africa has arisen as one of the principal destination for rice trade, providing much stimulus in an otherwise depressed environment.

- Despite the contraction in production in major exporting countries, international rice prices continue to be depressed, reflecting the weakness of import demand. High quality rices were the most affected, while prices of lower quality rices were sustained by the dynamism of Africa's imports.

- Rice stocks at the close of the 2001/02 marketing seasons are expected to fall again, since rice utilization should outpace production. Much of the drawdown will be concentrated in China.

- FAO outlook for 2002 points to a tightening of the market situation, especially in light of the sharp drawdown of stocks witnessed in the past two seasons. This could pave the way for a price recovery.

RICE SITUATION UPDATE AS OF SEPTEMBER 2001

I. PRODUCTION

World paddy production to fall again in 2001

By mid-September, most paddy crops in the Northern Hemisphere were at an advanced stage of development with a number of countries already engaged in harvesting. In the Southern Hemisphere, the 2001 season has come to an end and farmers are preparing to plant or have already started planting the 2002 crop. FAO forecasts global paddy production to fall in 2001 for the second consecutive year, to 587 million tonnes, or 9 million below last season outcome.

I. 1 ASIA

China accounts for most of the contraction in the regional paddy output

The forecast for paddy production in the region has been lowered to 533 million tonnes this season, down from 542 million tonnes in 2000, mainly on account of China. Monsoon rains in the past few months have caused flooding in a number of countries. Overall, however, the monsoon pattern has been favourable to paddy crops so far this year.

Northern Hemisphere

In **China** (mainland), harvesting of the early rice crop was completed at the beginning of August, while it is in progress for the semi-late rice and is due to start in October for the late rice crop. Rainfall in July brought relief to the rice fields in the northeastern provinces, which had endured severe drought problems during spring. However, dry conditions persisted in the eastern province of Sichuan and in the Jiangsu and Anhui provinces, adversely affecting yields. As a result, the outlook for the country’s production in 2001 has been further reduced to 179 million tonnes, substantially less than the revised 188 million tonnes official estimate for 2000 and the lowest level since 1994. Most of the year-to-year contraction stems from a sizeable reduction in the plantings of the early rice and semi-late rice crops, brought about by falling market prices in the previous two seasons and reduced government support. Further changes in policies are likely to be introduced shortly, with large potential impacts for the rice sector. In particular, a liberalization of the grain and rice domestic markets is currently being considered for all but the poorest production areas, ahead of China’s accession to WTO. Under the current proposal, cereal prices would be subject to market forces except in the Northeast provinces and in the middle reaches of the Yangtze River where the Government would continue to support producer prices. The outlook for production in **Cambodia** also worsened in recent months in the wake of dry spells and flooding problems that have affected the country since the onset of the season in June. Following reports that about 48 000 hectares had been destroyed and 120 000 hectares adversely affected by the vagaries of the weather, the official forecast for this season's output was reduced to 4.3 million tonnes, still by 300 000 tonnes above the outcome in 2000. The increase from last year is consistent with the government efforts to expand production, especially through the promotion of irrigated paddy crops for cultivation in the dry season. In **Vietnam**, heavy floods were reported at the end of August in the Central Highlands and in the Mekong Delta. Their impact on the summer/autumn paddy crop, the last of the 2000 season, was negligible, since harvesting had been virtually completed. Nonetheless, the size of this crop was assessed to be substantially smaller than earlier anticipated, as low farm prices had discouraged planting and fertilizer application, leading to a lower revised estimate of paddy production in 2000. FAO's outlook for the 2001 season, which just started with the planting of the 10-month crop, has also been reduced by nearly one million tonnes, to 31.8 million tonnes, although this is still a very tentative forecast.

In **Pakistan,** severe drought during the first half of the year has led the Government to lower its estimate of this season crop to 5.85 million tonnes, the lowest level since 1994. Water shortages have affected rice plantings in the Sindh region, which accounts, together with the Punjab, for most of the country paddy production. However, abundant rains in June and July have reportedly improved the conditions of the new crop, the bulk of which should reach the market in November. A marked year-to-year contraction in production this season is foreseen to be experienced by **Uzbekistan**, consistent with a resolution adopted by the Government last December to devote less land to rice. In light of the drought which continued to prevail this year, actual plantings have not even reached the reduced Government target, bringing the prospect for production this season down to 64 000 tonnes, compared with 128 000 tonnes last year and an average of over 400 000 tonnes in the 1990s. The **Islamic Republic of Iran** remains under the grip of drought for the third consecutive year. Lack of precipitation at planting time between May and June and low water availability in dams and reservoirs have again jeopardized this season's crop, dashing hopes of a recovery. Thus, FAO production forecast for this season has been set at 2.3 million tonnes, similar to last year's drought-reduced level.

In **India**, the June-September monsoon rains, which arrived one week early this season, have been assessed as the best in five years both in terms of intensity and geographical distribution. As a result, production is expected to rise by at least 2 percent from the previous season to 131.0 million tonnes. The expectation of a bumper crop has compounded the pressure on the official procurement agencies to intensify their purchases. In this respect, the official procurement paddy prices for the current Kharif season, announced in September, have been raised slightly compared with last year and buying by government agencies started. The level of procurement this season is anticipated to surpass the already high level of last year, so the urgency to release storage space is building up. Although flooding was reported in August in **Bangladesh**, prospects for the country's production this year continue to be positive with the crop put at 36.6 million tonnes. At that level, output in 2001 would match the revised Government estimate for the 2000 rice season, which ended in May with the harvesting of the irrigated Boro crop. In the **Philippines**, torrential rains provoked by typhoon "Feria" hit major rice growing regions last June. However, the damage to paddy fields was limited given the early stage of vegetation of the crop, which had just been planted. Special assistance was also provided in the affected areas to encourage replanting. FAO forecast for the country's production in 2001 currently stands 12.8 million tonnes, the highest on record. The increase is consistent with the expansionary policy adopted by the Government in pursuance of rice self-sufficiency, a goal it aims to achieve by 2004. Abundant precipitation in July improved substantially the outlook for the **Republic of Korea** paddy crop this season, which had been dampened by the severely dry conditions that prevailed during spring. The official production forecast for this season was accordingly raised to 7.7 million tonnes, almost 0.5 million tonnes more than in 2000. Rains also brought relief to the **Democratic Republic of Korea,** which has experienced one of the worst droughts in history. Improved weather conditions together with a better distribution of basic inputs have helped raise this season paddy production outlook to 1.8 million tonnes. Although this would imply a moderate increase compared with the 2000 season, paddy output remains considerably below the levels achieved in the early 1990s. Flooding in northern **Thailand** in early August does not appear to have had a major impact on the country's main paddy crop, which is to be harvested between November and December. FAO production forecast for the 2001 season has been set close to the 2000 Government's revised estimate of 24.1 million tonnes.

Southern Hemisphere and Equatorial Belt

In **Indonesia**, the harvest of the main paddy crop has been completed and planting of the second crop is underway. Concerns are rising over the possibility of a recurrence of el Niño weather-related problems by the end of 2001 or early 2002. Moreover, falling farm prices last season have discouraged plantings and led farmers to reduce fertilizer usage this season, with negative impact on yields. Consequently, official forecasts currently put paddy production this season at 50.2 million tonnes, 1.7 million tonnes below the exceptional outturn in 2000. Dry spells could also hinder paddy production in **Sri Lanka,** where the season is about to commence.

I.2 AFRICA

Good crops anticipated in most of Africa, but an anticipated fall in Egypt depresses the outlook for production in the region

Africa's paddy production is expected to fall somewhat on a yearly basis, mainly reflecting a contraction in Egypt. By contrast, favourable weather conditions in Western Africa have underpinned expectations of a 6 percent output growth for the sub-region this season.

Official estimates put the paddy area at 575 000 hectares in **Egypt** this year, some 10 percent lower than in 2000. The decline reflects the fall in prices that hit producers last season, encouraging them to diversify towards alternative crops. The prospects for output have accordingly been set at 5.4 million tonnes, substantially below the 6 million tonnes harvested in 2000. In **Western Africa,** favourable weather conditions have improved the outlook of paddy crops, some of which are already being harvested. The positive crop situation has resulted in upward adjustments in FAO production forecasts for a number of countries, including the **Côte d'Ivoire, Liberia and Sierra Leone**, all of which should record a moderate increase compared with last year. In the latter two countries, the rise should be associated with a return of farmers to their fields, together with improved availability of inputs. Production gains are expected to be particularly pronounced in **Mali**, following a large increase in plantings. Prospects for **Nigeria** are also bright, with an expected 6 percent increase from last year's revised output of 3.3 million tonnes. In **Eastern Africa**, the harvesting of the 2001 paddy crop has been concluded. Overall, production is estimated to have risen by 4 percent, mainly on account of good harvests in **Tanzania**. In **Southern Africa**, the 2001 season is over, with production estimated to have mostly recovered in **Madagascar** and **Mozambique** from last year's adverse climatic conditions, despite a negative start of the season.

I.3 CENTRAL AMERICA AND THE CARIBBEAN

Adverse growing conditions prevail in the sub-Region

Harvesting of the 2001 paddy crop in the region has begun. Despite a timely arrival of the rains in May, several Central America countries were subsequently hit by a long dry spell in June and July, the critical period for the crop vegetative development. **El Salvador** was particularly affected, with losses resulting in a 44 percent downward revision of output this year. Erratic or insufficient rainfall has also adversely affected paddy production in **Cuba**, **Honduras**, **Mexico**, **Nicaragua** and **Panama**, all of which are expected to record a decline in output, compared with 2000.

I.4 SOUTH AMERICA

Paddy production down in the sub-region

Harvesting of the main paddy crops has been completed in most of the region. Aggregate paddy output is estimated to have fallen by 5 percent to 19.9 million tonnes from last year. In particular, official figures for paddy area and yields in **Argentina** suggest an output of 750 000 tonnes, substantially lower than in 2000. Following a recent crop assessment mission by Conab, he official production figure for **Brazil** has been reduced to 10.4 million tonnes, 9 percent smaller than in 2000, with the decline imputable to the low prices received by producers in the past two seasons. By contrast, increases are anticipated in **Chile**, **Colombia**, **Peru** and **Venezuela**.

I.5 DEVELOPED COUNTRIES

Production outlook mixed for developed countries

Favourable growing conditions were reported in **Japan** as of August, with status of the crop rated above normal in most of the rice districts. Output, however, is still forecast to be down from last year, mainly on account of a decline in plantings, consistent with a 100 000 tonnes increase in the paddy land diversification programme announced last year as part of the emergency measures to cut rice surpluses. By mid-September, about half of the paddy crop had been harvested in the **United States**. Latest government estimates put the crop at close to 9.4 million tonnes. At that level, output would outstrip by 8 percent the previous year outcome and reach an all time high. The latest assessment of the crop in **Australia**, which has been already gathered, also confirms a record harvest, as abundant water supplies and ideal growing conditions respectively boosted plantings and yields this season. Based on the latest estimate, production would be 60 percent above 2000.

Harvesting of the paddy crops is underway in the **EC** producing countries. Output forecast for this season now hints to a 7 percent increase from last year's depressed level. The rise should mainly reflect an expansion in Spain and Italy. In the former country, plantings have likely overshoot the area ceiling set under the CAP, which would trigger a 50 percent reduction in compensatory payments. In Italy, output is expected to recover, as weather conditions have so far been far better than in the past season. The estimate of production in the **Russian Federation** this season has been reduced following the release of lower official estimates for plantings. As a result, the output forecast is now set at 460 000 tonnes, 20 percent below the bumper crop level achieved in 2000.

II. INTERNATIONAL TRADE

FAO forecasts little change in the volume of trade in 2001

The recent attacks in New York and the fear of a world-wide conflict have not had, so far, a marked impact on the world rice market, which continues to be dominated by the weakness of global import demand. With many countries having completed or about to complete the harvesting of their main season crop and the resulting arrival of fresh supplies onto the market, the prospect for a turnaround in the short term appears unlikely, unless external factors interfere with the market fundamentals. A very different situation, however, may emerge as of next year, with market conditions expected to tighten.

Latest FAO's forecast puts world trade in rice in 2001 (calendar year basis) at 22.4 million tonnes (in milled equivalent), very close to the volume exchanged in 2000.

II.1 IMPORTS

Africa provides a major stimulus to trade in an otherwise depressed environment

As the assessment of the size and quality of the crops gathered this season becomes firmer and information on actual rice shipments is made available, some revisions in the expected volume of rice trade this year have been effected for a number of countries.

In Asia, forecast imports by the **Philippines** have been raised to 850 000 tonnes, 22 percent more than in 2000. Domestic prices during the lean months in August and September were reported to be unusually low. Such a weakness has been associated to a surge in illegal inflows of rice to the country, which have induced the National Food Authority (NFA), the organization responsible for rice domestic distribution and imports, to propose a set of measures to tighten the control over inter-island rice movements. Fears of a recurrence of El Niño weather phenomenon induced **Indonesia's** import agency BULOG to negotiate a 500 000 tonnes import deal with Vietnam, last August. Deliveries, however, are not scheduled to take place before next year. Forecast shipments into the country have accordingly been kept at 1.2 million tonnes in 2001, 800 000 tonnes less than in 2000. However, the possibility of an upward revision still remains. By contrast, imports by **the Islamic Republic of Iran** have been lowered to 1 million tonnes this year, compared with 1.1 million tonnes in 2000, with much uncertainty still surrounding this estimate, especially because of a surge in shipping costs in the Persian Golf.

Overall, expectations for rice imports into **Africa** point to a record of 6.5 million tonnes, half a million tonnes more than in 2000. At that level, the region, which is providing a major stimulus to the international rice market in an otherwise depressed environment, would account for nearly 30 percent of global trade in rice. Among the largest importers in the region, expected shipments to the **Côte d'Ivoire** have been subject to an upward revision, as major exporters, especially China, reported high deliveries to the country so far this year. Likewise, the outlook for **Senegal** has been raised to 650 000 tonnes, close to the record achieved in 1999. In the first eight months of the year, the country's imports had already reached 428 000 tonnes, or 52 percent more than in the corresponding period in 2000. By contrast, purchases envisaged by **Nigeria** remain at 1 million tonnes, unchanged from 2000.

In **Latin America and the Caribbean**, the outlook for rice imports has changed little. In Central America, the crop shortfall is not expected to trigger a surge in imports until next year. Thus, the forecasts for **Cuba** and **Mexico** remain of the order of 440 000 tonnes. Official estimates in **Peru** point to an increase from last year. By contrast, shipments into **Brazil**, the major rice market in the region, are anticipated to fall, since high stocks and a good 2001 crop, the second best on record, have considerably trimmed the country's import requirements.

II.2 EXPORTS

Lower sales to be made by China

Although little changed on an aggregate basis, several adjustments from the previous outlook have been made on individual countries' expected volume of exports.

In **Asia**, shipments from **China** (mainland), have been cut to 1.9 million tonnes, 1 million less than last year, in view of the anticipated crop shortfall and the price strength witnessed since the beginning of the year. Indeed, although the country holds large rice inventories, bulk is kept by farmers for food security reasons, rather than for market sale. Export performance up until August also pointed to a sharp contraction of 44 percent compared with the same period in 2000. Rice shipments from **Vietnam** have also been subject to a downward revision to 3.8 million tonnes from the original 4 million tonnes targeted by the Government, in view of the disappointing outcome of the summer/autumn crop. At that level, sales to foreign markets would still exceed those recorded last year by some 400 000 tonnes. To some extent, this positive performance reflects government relaxation of controls over rice exports and the granting of favourable credit conditions to importers, an example of which was a recent 100 000 tonnes deal for sale to Indonesia, the payment of which would be deferred to 720 days. Export forecasts for Thailand, Myanmar and Argentina have all been raised from the previous outlook. In **Thailand**, strong import demand, in particular from western Africa has boosted the country's shipments by 5 percent during the first nine months compared with the same period in 2000. Based on this early performance, the country might strike a new trade record of 6.8 million tonnes, although this would imply that large shipments are made during the last quarter, as was the case last year. Very competitive prices have also bolstered shipments from **Myanmar**, which have been raised to 350 000 tonnes this year, up from an earlier 200 000 tonnes, and the highest level since 1996. By contrast, prices in **India** still appear too high to give a significant boost to exports, which are forecast at 1.5 million tonnes, slightly above last year. However, it is noteworthy that, following the relaxation of the minimum quantity purchase requirement and the lowering of prices on rice sales from Government stores, some transactions, especially for parboiled rice, have been made for shipment to Africa in recent months. Expectations of a bumper crop have added pressure on the Government to facilitate exports. Prospects for sales from **Pakistan** are shrouded with uncertainty. Exports during the first semester totalled nearly 1.6 million tonnes, compared with 1.1 million tonnes in same period in 2000. Nonetheless, FAO forecast for 2001 have been lowered to 1.9 million tonnes, somewhat less than in 2000, because of a belated harvest and the anticipated contraction in production this season. Moreover, the risk of a conflict in the Persian Gulf has reportedly raised the transportation insurance premiums in the area, which should erode the freight comparative advantage Pakistan holds on exports to the Near East and Africa.

Shipments from **Egypt** are anticipated to rise to 450 000 tonnes, up from 350 000 tonnes in 2000. The year-to-year increase reflects the depreciation of the local currency and the granting, from July to September, of export subsidies by the Government of some US $ 20 per tonne for medium rice and US $ 45 per tonne for long rice. The forecast for the **United States'** exports remains at 2 650 000 tonnes, 100 000 tonnes below the level achieved last year, reflecting relatively high domestic prices and fierce competition in Latin America and the Caribbean. Shipments from **Argentina** and **Uruguay** are also anticipated to decline compared with 2000, in the light of the poor demand from Brazil, despite efforts by the two countries to find alternative outlets in Africa and the Near East. By contrast, Government sales from public stocks, should lift exports from **Brazil**, usually a major importer, to some 150 000 tonnes.

II.3 2002 TRADE PROSPECTS

Rice trade likely to rise in 2002

On balance, the outlook for the 2002 season is for a tighter market situation and some increase in the volume of world trade. However, this outlook is still subject to a high degree of uncertainty. First, much will depend on the final production results for the 2001 season not yet concluded in the Northern Hemisphere, which will greatly affect trade by these countries next year. For the Southern Hemisphere countries, the outcome of the 2002 paddy season, just commenced, will be most critical. In this regard, there are some fears of a recurrence of El Niño and of its potentially negative impact on production in a number of countries. Second, the forthcoming accession of China and of the Chinese Province of Taiwan to WTO is likely to influence the rice economy next year. Finally, a worsening in the general political and economic environment would also have important implications for commodity markets.

FAO preliminary forecast put world trade in rice in 2002 at 23 million tonnes, about 3 percent above the level expected this year. Import requirements in 2002 are expected to rise for a number of countries, which harvested poor harvests during the current season, including **Indonesia** and a number of states in **Central America**. Two successive years of production shortfalls may also induce **China** (**mainland**) to step up its rice purchases. In addition, under its WTO commitments, the country has agreed to open a 2.6 million tonnes preferential import quota for rice, half of which should be handled by the private sector. Although shipments to the country are unlikely to reach such a high volume, the coincidence of reduced domestic supplies and of the country’s new WTO membership may result in increased imports next year. Similarly, rice purchases by the **Chinese Province of Taiwan**, which have so far been subject to an import ban, are expected to rise substantially in view of the commitments taken to allow the entry of some 145 000 tonnes under the minimum access quota. By contrast, under the current prospects of a satisfactory 2001 season, a number of countries might cut their imports, including **Bangladesh** and the Philippines. Similarly, the good crops harvested this season in **Africa** might slow down the growth of imports into the region, especially if a strengthening in world prices is witnessed.

Under the current production prospects, major exporters are anticipated to benefit from the expected surge in import demand, with the exception of **China** and **Pakistan** which might run short of supplies. A firming of prices could also boost **India’s** exports.

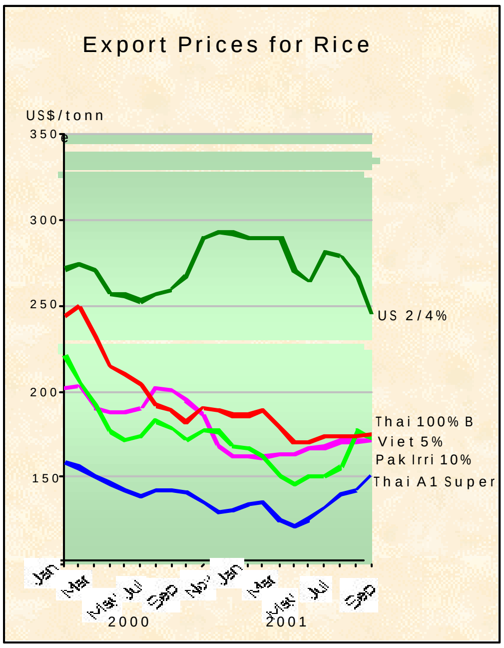
III. INTERNATIONAL RICE PRICES

While prices remain generally depressed, a tighter supply situation may give rise to a price recovery next year

WORLD PRICE INDICES FOR RICE

January-December Averages		FAO INDICES		
		All	Quality	
			High	Low
		1982-84 = 100		
1994		114	118	104
1995		129	124	146
1996		136	136	136
1997		127	129	120
1998		127	128	126
1999		114	115	110
2000		98	101	89
2000	September	94	96	86
	October	97	100	86
	November	95	98	84
	December	94	97	84
2001	January	94	97	84
	February	94	97	84
	March	91	94	79
	April	87	90	77
	May	88	90	79
	June	88	91	81
	July	91	93	83
	August	91	93	87
	September	90	91	88

***Source**: FAO*
N.B.-The FAO indices are calculated using the Laspeyre formula.
The Rice Export Price Index is calculated for 15 export prices.



International rice prices rose somewhat in July and August, with the FAO Export Price Index rising to 91 points in July and August, up from 88 points in May and June. The firming reflected delays in the arrival of fresh rice supplies in Vietnam and the announcement of new purchases from Indonesia and African countries. The price strength in August was dampened somewhat by a slide in prices for rice from the United States. In September, the index fell back by one point to 90, mainly on account of low prices for rice from Myanmar, where the Government is conducting an aggressive price policy to boost exports, and of a further drop in the quotations of all rice qualities from the United States, which were negatively influenced by poor demand. The release, in mid-September, of a higher than expected production estimate for the country this season also exerted a negative influence on those quotations. By contrast, prices of most qualities of rice exported from Thailand rose in September, with the Thai 100 B quoted at US$ 176 per tonne, US$ 2 per tonne more than in August. The increase was particularly pronounced for both the low quality and parboiled rice, which were sustained by a strong demand by African countries, with the price of the Thai A1 Super moving up from US$ 143 per tonne in August to US$ 151 per tonne in September, a level unreached since March 2000, while the price of the Thai parboiled rice strengthened from US$ 209 per tonne in August to US$ 222 per tonne in September. On a yearly basis, there was a clear tendency for the prices of low quality rice to strengthen, reflecting strong demand by African countries, while quotations of the high quality rices moved in the opposite direction.

.

EXPORT PRICES FOR RICE (f.o.b. US$/tonne)						
Type	Effective Date	Latest	1 week ago	1 month ago	1 year ago	Average (82-84)
Thai 100B	28/09/2001	174	175	177	178	236
Thai 35%	28/09/2001	155	155	157	149	213
Thai A1 Super	28/09/2001	150	155	147	138	174
Viet 5%	28/09/2001	174	170	176	169	n.a.
India PR 106 25%	28/09/2001	138	138	138	220	n.a.
Pak 10%	28/09/2001	162	n.a.	n.a.	190	n.a.
US 2/4% Long Grain	28/09/2001	236	241	264	275	393

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

The divergence of price movements in Thailand and the United States has made quotations for similar qualities in the two countries converge. The price differential on parboiled rice, for instance, narrowed from US$ 125 per tonne in August to only US$ 76 per tonne in September. Price prospects for the short term remain dull, especially since large supplies will reach the market this fall in Northern Hemisphere countries. However, an expected tightening of the market next year might pave the way for a price recovery
.

IV. STOCKS

Further drawdown in stocks at the close of the 2001/02 seasons

Since rice consumption is again expected to outpace production, world rice stocks at the close of the marketing seasons in 2002 are forecast to decline to 136.9 million tonnes, almost 18 million tonnes below their opening level and 3 million tonnes less than earlier anticipated. The downward revision is mainly on account of **China** where closing stocks have been reduced by 4 million tonnes from the previous forecast. In this country alone 12.5 million tonnes would have to be drawn down from inventories to meet the production shortfall and maintain a relatively small level of imports.

Based on the latest forecasts, most rice exporters are anticipated to end the current season with smaller rice inventories, **including China, India, Pakistan, Thailand and Vietnam** but with the exception of **Argentina, Australia** and **the United States**. Several major importers are also likely to resort to a draw-down from stocks to cover their requirements, including **Brazil, Indonesia, the Islamic Republic of Iran** and **Japan**.