

Revisions to the FAO All Rice Price Index and its sub-indices

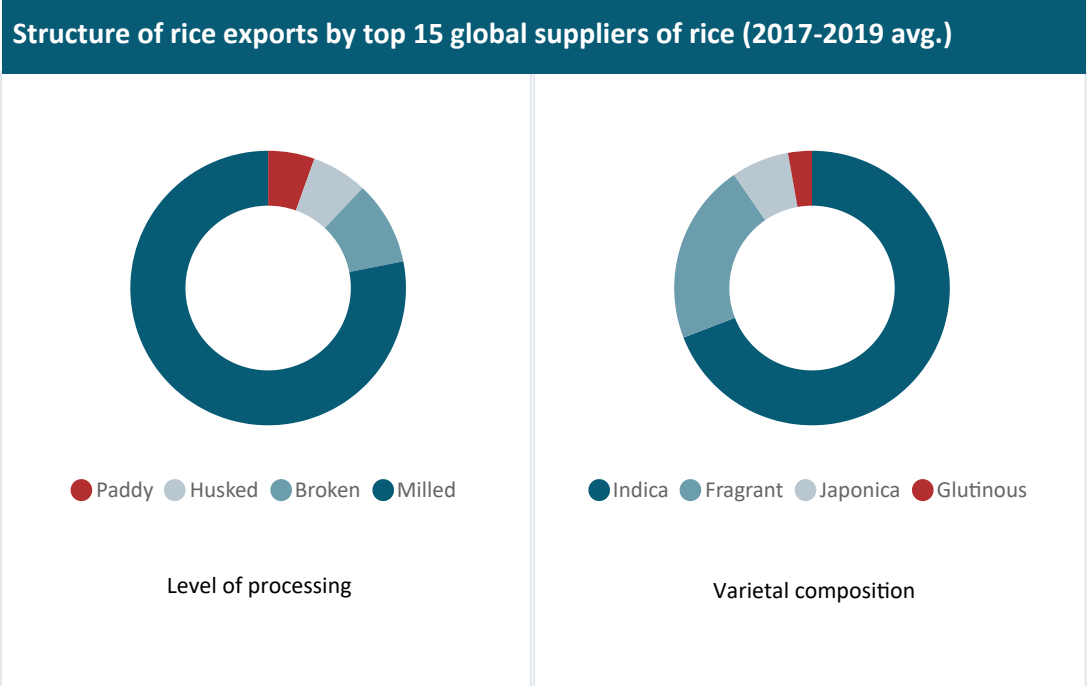
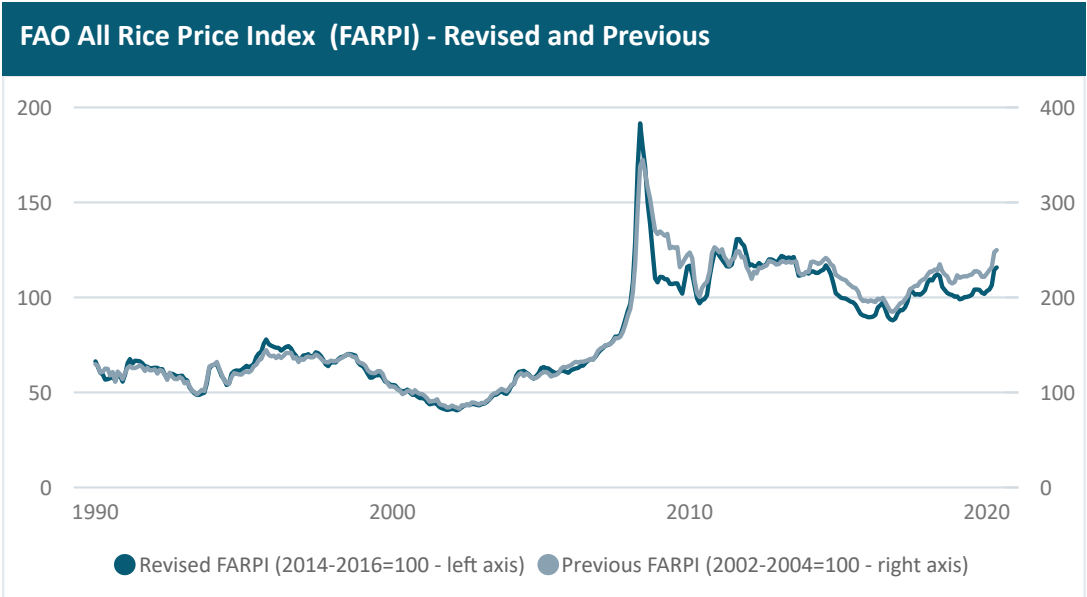
Effective from the July 2020 issue of the FAO Rice Price Update, the base period of the FAO All Rice Price Index (FARPI) has been revised to 2014-2016, consistent with the change in the base period of the FAO Food Price Index, of which it is a sub-component.[1] In addition to the revision of its base period, the FARPI has been adjusted to better reflect the structure of international rice trade.

The revised FARPI remains sub-divided into broad groups representing the major varieties traded internationally, including Indica, Aromatic and Japonica rice. However, a glutinous sub-component has been introduced with this revision, in order to enhance the comprehensiveness of the FARPI's varietal coverage. Moreover, given the lack of systematic availability of data regarding the broken content of supplies globally traded, the previous breakdown of Indica rice into two quality-based sub-indices has been discontinued. Instead, the Indica sub-components have been merged into a single Indica grouping, encompassing both lower and higher grades, as well as white and parboiled Indica rice.

The revised FARPI employs a total of 21 export quotations, up from 16 previously. This follows the introduction of Thai and Vietnamese glutinous prices, a Vietnamese fragrant series, and the addition of Indian higher quality Indica series (white and parboiled). In the Japonica component, an Australian Calrose series (previously derived by FAO) has been substituted with Vietnamese round-grain quotations.

Remaining a Laspeyres index, the revised FARPI continues to weigh its sub-indices based on their corresponding variety's share in international trade during the base period. The weights employed by the FARPI have been revisited based on a review of the composition of volumes traded by the top 15 global rice exporters.[2] Combined, these suppliers accounted for close to 96% of global exports over the past decade. [3] This review indicates that Indica rice remains the dominant varietal group traded internationally, although its average share in overall exports has gradually subsided, passing from 79.8% in 2000-2002 to 69.1% in 2017-2019. This declining share has coincided with a vibrant expansion of fragrant rice exports, which have seen their share in overall trade rise from 7.9% to 21.3% over the same period. While still remaining the smallest of the international rice market segments, glutinous rice has also seen its share in trade nearly treble to 2.8% by 2017-2019, whilst that of Japonica rice fell to 6.8% in 2017-2019, from 11.3% in 2000-2002. Since 2000-2002, the structure of rice flows has seen less pronounced changes from a processing perspective. Volumes traded in 2017-2019 [4] consisted for the most part of semi/wholly milled rice (78.1%), followed by fully broken rice (9.9%), paddy (5.5%) and husked rice (6.6%). Out of total exports (irrespective of varietal make-up, grade and/or form), 15.9% are estimated to have consisted of parboiled rice in 2017-2019, compared to 13.6% in 2000-2002.

The effect of these revisions are illustrated in the adjacent chart, which depicts the revised FARPI next to its previous version.



[1] The FAO Food Price Index (FFPI) is disseminated through the [World Food Situation Portal](#). A [special feature](#) of the June 2020 issue of the Food Outlook documents revisions to the FFPI introduced in July 2020. [2] Namely: India, Thailand, Viet Nam, Pakistan, the United States of America, Myanmar, Cambodia, Uruguay, Brazil, Paraguay, Argentina, Guyana, Egypt, China (mainland) and Australia. [3] The composition of rice flows was assessed based on official trade data. However, given the diverse definitions and scope of national tariff lines (or where customs data does not fully capture overall rice flows), estimates were also drawn from knowledge of consumer preferences in various destinations and/or the make-up of production at points of origin. [4] After being expressed on a milled rice basis.