



# RICE MARKET MONITOR

Production	1	Closing Stocks	21
International Trade	10	International Prices	22
Rice Utilization and Domestic Prices	17	Rice Policy Developments	245

## ROUND UP

The 2014 paddy season is at an advanced stage of progress, as the major producers in the Northern Hemisphere are now engaged in the harvesting of their main 2014 crops, with some also preparing the land for their 2014 secondary crops. Since the release of the RMM in July, prospects for **global paddy production** have worsened substantially, mostly because of erratic weather conditions, including late arrival of rains or lingering droughts, which were often followed by heavy downpours and floods. These, together with a possible manifestation of an El Niño weather anomaly in the coming months, even if a weak intensity, have led to a lower forecast for global rice production in 2014 of 744.4 million tonnes (496.4 million tonnes, milled basis), about 6.5 million tonnes less than predicted in July. Under current expectations, global paddy production would be marginally (0.4 percent) lower than the 2013 estimate, marking a third year of below trend growth.

The disappointing 2014 season results would mostly be linked to the poor performance of crops in **Asia**, where production is now forecast to fall by close to 5 million tonnes, or 0.7 percent. If confirmed, this would be the first contraction (albeit modest) registered by the region since 2009. Much of it would be associated with a 2.4 percent decline in India, following an irregular pattern of the monsoon. Unfavourable weather conditions are also expected to result in falling output in Indonesia, Cambodia, Nepal, Pakistan, the Philippines, Sri Lanka and Thailand. In the case of Thailand, the decline would also be associated with the February 2014 abolition of the rice pledging scheme, which had guaranteed high prices to farmers since 2011. Although adverse climatic conditions also affected crops in Bangladesh and China, prospects for output in those countries still indicate an increase from last year. On the other hand, favourable growing conditions are anticipated to underpin production in Viet Nam, despite a small, price and policy-driven, reduction in plantings. In **Africa**, expectations for the season also deteriorated over the past three months, mainly on less optimistic prospects over crops in Madagascar, but also in Egypt and in western African countries. Paddy production in the region is now foreseen to reach 27.6 million tonnes, barely 1 percent more than in 2013, mostly sustained by the recovery in Madagascar. The outlook remains positive for crops in Eastern African countries, but points to a stagnation of output in Western Africa, amid late and

poorly distributed rains, and to an area-led contraction in Egypt. Prospects for crops in **Latin America the Caribbean** have, likewise, been scaled back since the last issue of the report, mainly on account of Colombia, Ecuador and Venezuela. The region's aggregate paddy production is nonetheless set to increase by a modest 0.6 percent to 28.3 million tonnes. Gains in Brazil, Guyana and Paraguay would largely support the expansion, more than making up for declines in Colombia, Ecuador, Peru, Uruguay, and Venezuela and in the central part of the continent, where severe water deficits crippled crops. The 2014 season in **Europe** is expected to progress by 2.8 percent to 4.1 million tonnes, supported by a strong recovery in the Russian Federation and a small rise in the EU. In **North America**, the United States' downward revision of plantings curbed the production forecast for the country 9.9 million tonnes, which would nonetheless represent a 15 percent recovery from 2013. In **Oceania**, the 2014 crop harvested by Australia in the first quarter of the year, although slightly upgraded, is estimated to have fallen 28 percent short of the 2013 excellent outcome, as

### GLOBAL RICE MARKET SUMMARY

	2012-13	2013-14	2014-15	2014-15/ 2013-14
		est.	f'cast	Var
	million tonnes, milled eq.			%
<b>Production</b>	490.9	498.4	496.4	-0.4
<b>Supply</b>	691.2	712.9	717.9	0.7
<b>Utilization</b>	477.9	492.1	500.3	1.7
<b>Food use</b>	402.3	410.3	415.5	1.3
<b>Feed use</b>	13.3	14.1	14.3	1.9
<b>Other uses</b>	62.3	67.8	70.5	3.9
<b>Trade</b> <sup>1/</sup>	37.3	39.7	40.0	0.7
<b>Ending stocks</b> <sup>2/</sup>	175.7	181.3	177.7	-2.0
	%			
<b>Global stock-to-use ratio</b>	35.7	36.2	34.8	-
<b>Major exporters' stock-to-disappearance ratio</b> <sup>3/</sup>	28.2	27.7	25.1	-

<sup>1/</sup> Data refer to the calendar year trade (Jan.-Dec.) of the second year shown.

<sup>2/</sup> Stocks carried over in the second year shown.

<sup>3/</sup> Defined as the sum of the five major rice exporters' (India, Pakistan, Thailand, the United States and Viet Nam) stocks divided by the sum of their domestic utilization plus exports.

insufficient water for irrigation constrained plantings.

Strong import demand, combined with ample supplies held by major exporting countries, is expected to boost **world rice trade in 2014** by 7 percent to a 39.7 million tonne record. Imports are predicted to increase in all major geographical regions, especially Asia, where important buyers, such as Bangladesh, Indonesia, the Philippines and Sri Lanka, face the need to reconstitute reserves and to lower food inflation. Among exporters, Thailand is expected to meet much of the trade expansion, largely at the expense of India, which, nonetheless, may retain its position as the prime exporter. The return of competitively priced Thai supplies is also envisaged to negatively impact deliveries by Viet Nam. Australia, China (Mainland), Ecuador, the United States, the Russian Federation and Uruguay are also forecast to export less in 2014.

Despite the disappointing 2014 production outlooks, **world rice trade in 2015** is currently forecast to be only 0.7 percent higher year-on-year, at about 40 million tonnes. Indeed, while the relatively poor results of the season would require several countries to step up imports in calendar 2015, part of the production shortfalls is likely to be filled by drawing supplies from national reserves. African countries, especially Cote D'Ivoire, Nigeria and Senegal, would contribute most to the increase in world imports. Although purchases by Asian nations are anticipated to stay high, amid output setbacks and lingering pressure on domestic prices, they may retreat somewhat compared with 2014, on reduced demand by Indonesia, the Philippines and Sri Lanka. In Latin America and the Caribbean, weather induced losses are expected to keep demand firm, which would contrast with import cuts in North America, namely the United States, and largely stable requirements in Europe. Among exporters, Thailand is predicted to expand deliveries further in 2015, re-establishing its position as the world's leading supplier of rice. Shipments from Australia, Cambodia, China (Mainland), Myanmar, Pakistan, the United States and Viet Nam are also anticipated to end above their 2014 levels. On the other hand, the poor 2014 production performance and larger domestic requirements may curb exports by India further over the course of 2015.

FAO has lowered its forecast of **world rice utilization** in 2014/15 by 2.0 million tonnes to 500.3 million tonnes (milled basis). Nonetheless, the revised figure continues to suggest a 1.7 percent expansion in global rice utilization, largely on account of a 5.2 million tonne increase in world food use, which would support a small gain on a per caput basis to 57.5 kg in 2014/15. Quantities destined to seed, non-industrial uses and post-harvest losses are also set to rise.

FAO currently forecasts **global rice carryovers in 2015** at 177.7 million tonnes (milled basis), which is some 2.0 million tonnes less than reported in the July issue of the

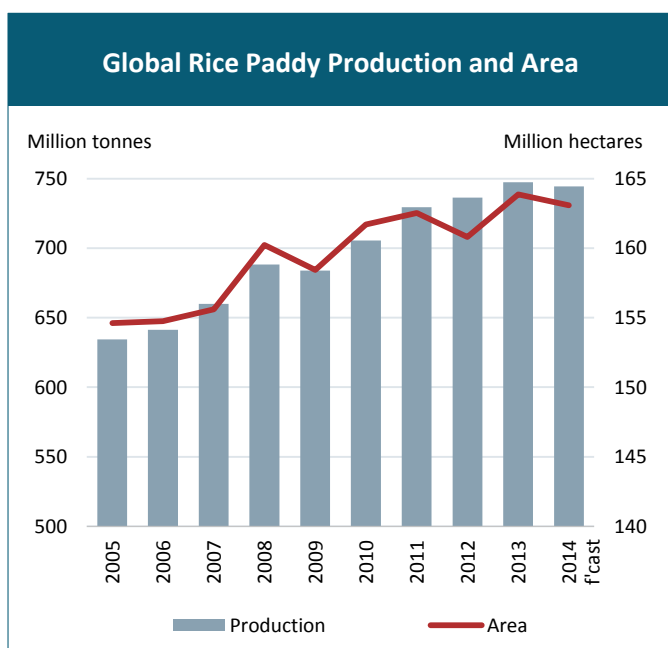
RMM. The revision mainly mirrors expectations of sharper draw-downs in India, due to the deteriorated production outlook for the country, and in Thailand, based on more buoyant export prospects. At 177.7 million tonnes, world rice inventories in 2015 would stand 2 percent below the historical highs recorded in 2014, marking the first world carry-over contraction to occur in a decade. Taking into account projected utilization levels, this would position the **global stocks-to-use ratio** at 34.8 percent in 2014/15, down from an estimated 36.3 percent a year earlier, but higher than a five-year average of 33.3 percent. Reflecting expectations of sizeable draw downs in India and Thailand, the five major rice exporters are expected to trim their inventories by 8 percent to 44.6 million tonnes in 2015, resulting in the **stock-to-disappearance ratio** dipping from 27.7 percent in 2013/14 to 25.1 percent in 2014/15.

Following two months of steady gains, the FAO All Rice Price Index (2002-2004=100) rose by 1 percent in August to an average of 242 points, underpinned by seasonal tightness and strong import demand. This was particularly the case in the Indica and Aromatica segments, which accounted for all of the month's strengthening, while the Japonica Index stabilized around a high value of 263 points. The price firmness was sustained until September, when newly harvested crops tended to weigh on Indica quotations. Looking ahead, **international rice prices** could come under increasing downward pressure from the progress of main-crop harvests in northern hemisphere countries. Indeed, concerns that lower production in India, Pakistan and Thailand, will be supportive of international quotations are attenuated by prospects of still above-average harvests in these countries, as well as abundant inventories amassed through years of uninterrupted output gains. Against this backdrop, policies will continue playing a particularly influential role, especially those concerning the disposal of stocks in key global suppliers.

## PRODUCTION

### *Erratic weather to drive a 3.0 million tonne decline in world paddy production in 2014*

By now, the 2014 season has come to a close in the southern hemisphere, while main paddy crops in northern hemisphere countries have just entered the harvesting stage.<sup>1</sup> Prospects of world paddy production have deteriorated noticeably since the last issue of the RMM, much as a result of erratic weather conditions. This has been particularly the case of Asia, where, in spite of the prevailing El Niño neutral conditions, main paddy crops have been negatively impacted by inclement weather, in the form of delayed and weak precipitation, often followed by heavy downpours and floods. Moreover, prospects for secondary crops due for planting in this last quarter of the year remain uncertain, given forecasts by climatic agencies that still point to a 60-65 percent probability of the weather phenomenon emerging over the northern hemisphere autumn-winter. Combined, these factors have called for a 6.5 million tonne downward revision to FAO's July forecast of global paddy output, with much of this reduction reflecting less buoyant prospects for China (Mainland) and India, the world's leading rice



<sup>1</sup> The 2014 rice production season normally includes rice from the main paddy crops whose harvests fall in 2014, 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 2014 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 2015. In the case of southern hemisphere countries, production in 2014 normally comprises rice from the main paddy crops assembled in the first part of 2014, plus rice from the secondary crops, generally gathered in the latter part of 2014. This approach to assess rice production is applicable to any given season.

producers. Nevertheless, lower forecasts were also drawn for Cambodia, Colombia, Egypt, the Republic of Korea, Madagascar, Nepal, the Philippines and the United States.

As a result of these adjustments, world paddy production is now envisaged to amount to 744.4 million tonnes (496.4 million tonnes, milled basis), which compares to a revised 2013 estimate of 747.5 million tonnes (498.4 million tonnes, milled basis). If confirmed, this would represent the first contraction in global paddy output in five years, albeit by a small margin of 0.4 percent, or 3.0 million tonnes. The shortfall is predicted to stem from a 0.5 percent retrenchment in area under paddy to 163.1 million hectares, much of which concentrating in Asia, given the weather constraints observed this season. Expectations of poor outturns in Asia are, however, partly contrasted by positive production prospects in North America, namely the United States, and to a lesser extent also in Africa, Latin America and the Caribbean and Europe.

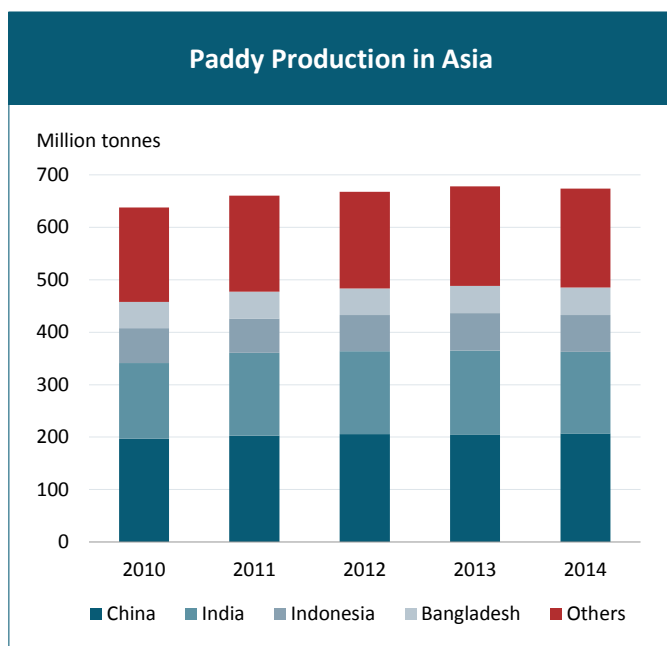
## Asia

### *Less buoyant prospects for China (Mainland) and India behind a deteriorated outlook for crops in Asia*

With various Asian countries already engaged in main-crop gathering activities, FAO has lowered its forecast of 2014 production in Asia to 673.6 million tonnes (449.3 million tonnes, milled basis), which would be down 0.7 percent from the 2013 historical high and 5.2 million tonnes short of July expectations. The revision takes into account the difficult climatic unfolding of the season in Asia, which has seen multiple countries impacted by a delayed and erratic progress of the seasonal rains. A combination of excess precipitation and unseasonable dryness has particularly curbed growth expectations for **China (Mainland)**, with output in the world's largest producer now predicted to exceed the 2013 reduced level only slightly. The impact of weak rains in **India** during the first half of the monsoon season is anticipated to be stronger, with 2014 output currently expected to contract. Sizeable weather-induced reductions are also anticipated in **Indonesia** and **Sri Lanka**. Likewise, **Cambodia**, **Japan**, the **Republic of Korea**, the **Lao People's Democratic Republic**, **Pakistan**, the **Philippines** and **Thailand** are set to close the year with smaller crops. By contrast, in addition to China (Mainland), production is predicted to expand in **Bangladesh**, **Bhutan**, the **Chinese Province of Taiwan**, **Malaysia**, **Myanmar**, and **Viet Nam**.

FAO has maintained its positive outlook for 2014 production in **Bangladesh** at 52.5 million tonnes (35.0 million tonnes, milled basis). The 2 percent year-on-year expansion is anticipated to be sustained by both area gains, promoted by attractive prices, as well as increased yields, reflective of the growing adoption of improved seed varieties in the country. The season has thus far seen

the Aus harvest completed, with overall positive results, thanks to generally favourable growing conditions. Concerns exist, however, over the impact of floods over the second, Aman, crop, due for harvest in November, which normally accounts for 38 percent of overall output. This follows torrential August rains and ensuing floods, which particularly affected northern areas of the country. Although a clear picture of losses is yet to emerge, up to 77 000 hectares of agricultural crops were indicated to have been damaged, with the bulk corresponding to paddy. At the same time, however, field reports suggest that a proportion of the affected area was replanted, with part of the losses also potentially compensated by a larger Boro crop, to be sown as of December.



Overturning early season gains, area planted to paddy in **Cambodia** was reported to be lagging behind year-earlier levels by 6 percent by end of August, at 2.2 million hectares. The slow progress was set against a backdrop of lower domestic quotations and weather adversities, with a combination of drought and floods affecting close to 166 000 hectares of agricultural crops, of which 36 000 would be damaged. However considering the scope for delays to be recovered during the secondary crop and

provided growing conditions remain average, FAO anticipates Cambodia to produce 9.3 million tonnes (5.9 million tonnes, milled basis), down 90 000 tonnes from 2013, but still the second largest on record.

In September, the China National Grains and Oils Information Center revised down its semi-official forecasts of 2014 production in **China (Mainland)** by 2.4 million tonnes. The reduction reflected less buoyant prospects for yields for the harvest as a whole, at 6.7 tonnes per hectare, while expectations about area under paddy continue to indicate a 250 000 hectare annual increase, sustained by higher support prices. Looking at the various crops, the deteriorated outlook has concerned early and late crops, now anticipated to contract year-on-year, following heavy rainfall across the lower Yangtze River valley and drought conditions in central parts of the country. Instead, with the dryer than normal weather prevailing over north-eastern growing regions leaving rice largely unscathed, prospects for the intermediate crop remain favourable. Area led expansions would sustain a 1.5 percent rise in intermediate output to 135.0 million tonnes (92.5 million tonnes, milled basis), with Heilongjiang, again looking set to account for much of this expected growth. As a result, the Center predicts overall output in China to amount to 205.0 million tonnes (140.4 million tonnes, milled basis), up 0.7 percent from the 2013 reduced level.

In **India**, after arriving five days behind normal schedule and registering deficits of up to 43 percent in June, a revival of the monsoon rains starting on the second of half July significantly narrowed rainfall shortfalls incurred. By 30 of September, a date that marks the closure of the monsoon season, cumulative precipitation over the country as a whole stood 12 percent below the long period average. According to the India Meteorological Department, of the country's 36 meteorological subdivisions, one received excess precipitation, 23 normal rainfall, with twelve other subdivisions receiving deficient rains. The resurgence of the rains over the second half of the monsoon season, together with up to two week delays in their withdrawal, permitted plantings of the main Kharif crop to regain pace and by 26 September, acreage under

#### CHINA: PADDY PRODUCTION BY CROP

	Area (000 ha)			Yields (Mt/ha)			Production (000 Mt)		
	2013	2014	Var %	2013	2014	Var %	2013	2014	Var %
Total	30,311	30,565	0.8	6,717.4	6,707.3	-0.2	203,612	205,010	0.7
Early	5,804	5,795	-0.2	5,881.3	5,868.9	-0.2	34,135	34,010	-0.4
Intermediate	18,186	18,400	1.2	7,312.0	7,337.0	0.3	132,976	135,000	1.5
Late	6,321	6,370	0.8	5,774.6	5,651.5	-2.1	36,501	36,000	-1.4

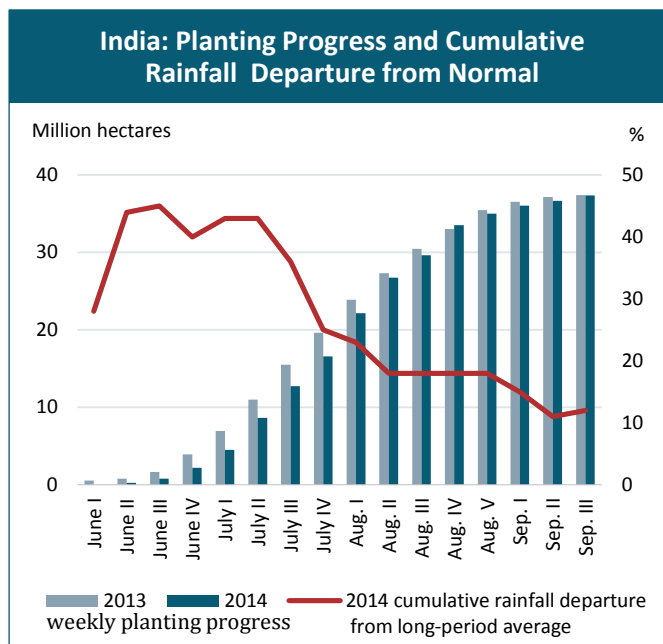
Source: China National Grain and Oils Information Center

paddy was reported to stand slightly above 2013 levels, at 37.5 million hectares. Excess precipitation also bore negative consequences, however, bringing flash floods to parts of Assam, Bihar, eastern Uttar Pradesh, Jammu and Kashmir and Odisha.

Against this backdrop, on 19 September, the Government of India released its First Advanced Estimates, pegging output from the main crop at 132.0 million tonnes (88.02 million tonnes, milled basis), down 4 percent year-on-year. While the Government's first crop forecast has been traditionally conservative, this year's release was further acknowledged by officials not to have taken into consideration the positive impact of the September rains on crops. FAO's production forecast for the season's main crop is more optimistic, at 135.0 million tonnes (90.0 million tonnes, milled basis), considering the attenuating effect of a late withdrawal of the monsoon on yield losses and the overall plantings progress reported in the country. This level would nevertheless suggest a 2 percent annual contraction, largely reflecting expectations of yield depressions stemming from planting delays. As to Rabi prospects, much will still depend on the availability of water for this largely irrigated crop in the coming months. The revival of the monsoon served to improve soil moisture conditions and generally replenished storage levels in major reservoirs to positions that stood above their ten-year average. This was not reported to be the case in the southern region, however, where important Rabi producing states, such as Andhra Pradesh are located and where storage levels still stood behind their ten-year average by 1 October. As such, and assuming that sufficient water availabilities permit Rabi output to reach the year's target of 21.0 million tonnes (14.0 million tonnes, milled basis), which would itself represent a 6 percent contraction in the off-season crop, FAO anticipates India to gather 156.0 million tonnes (104.0 million tonnes, milled basis), implying a 3.8 million tonne shortfall from the 2013 historical high, but still the third largest on record.

From a variety perspective, the entire shortfall is anticipated to concern non-basmati output. Indeed, and although estimates of overall production and acreage vary, officials have area under basmati crops rising by up to 1.0 million hectares this season to 3.5 million hectares. The extension would potentially translate into a 36 percent increase in basmati output compared with 2013, to 8.8 million tonnes. The expansion would come amid positive price prospects from strong export demand, but also reflect farmers' preference for fragrant varieties this season, given their lower water requirements. The move would also be consistent with Government efforts to promote crop diversification and curb the depletion of ground water tables in traditional basmati growing states, such as Punjab and Haryana. In the former, efforts to

promote crop diversification and investment in processing capacity have also taken the form of waivers and reductions of various fees for millers processing basmati, steps introduced in 2013 and renewed for the ongoing season.



There have been no changes to production forecasts for **Indonesia**, with officials last anticipating the 2014 season to yield 69.9 million tonnes (44.0 million tonnes, milled basis). This would stand 1.4 million tonnes below the 2013 record and short of a Government target of 73 million tonnes (46.0 million tonnes, milled basis) for the year. The shortfall primarily reflects main-crop losses, particularly in Java, where paddy production is expected to decline by 5 percent to 35.6 million tonnes (22.4 million tonnes). The reduction would come amid a combination of adverse factors, including inclement weather, in the form of late rains and subsequent floods, as well as sustained land encroachments. Additional losses were also reported to have been inflicted by pest attacks and fertilizer shortages, with irrigation infrastructure in disrepair also constraining growth this season.

Production prospects for **Japan**, where farmers are in the process of gathering 2014 crops, are also unchanged at 10.6 million tonnes (7.7 million tonnes, milled basis). The forecast would imply a 1 percent output contraction relative to 2013, as poor price prospects may have prompted farmers to cut area under paddy this season. Ahead of the 2014 harvest in July, producer prices of non-glutinous husked rice, as measured by an official producer price index, stood 14 percent below year-earlier levels, pressured by ample availabilities on store and declining domestic consumption.

FAO has lowered its production forecast for the **Republic of Korea** by 130 000 tonnes since July. The reduction reflects less buoyant yield prospects, stemming from the prevalence of dry conditions over the country through July, which were followed by abundant August rains and unseasonably cool temperatures. At a revised level of 5.5 million tonnes (4.1 million tonnes, milled basis), production in the country would stand 2 percent below the good 2013 outcome, a decline that is largely expected to be driven by area cuts. Indeed, Government assessments confirm that area diversions to non-agricultural uses and to other crops occurred for the twelfth uninterrupted year, with 815 500 hectares assessed to have been planted this season, down 17 000 hectares year-on-year.

On 18 July 2014, the Korean Government announced that it planned to liberalize the rice market through tariffication, starting on 1 January 2015, a step seen necessary to avoid oversupply problems, given the steady declines in domestic rice consumption. In response to sector discontent over the initiative, other than imposing an out-of-quota import tariff rate of 513 percent, officials indicated that interventions in favour of the domestic rice industry would focus on maintaining the production base, by preserving the existing land extension, infrastructural investments, and on promoting domestic consumption and exports. Income stabilization measures would also be strengthened, including by raising direct area payments under the Rice Income Compensation Act by 11 percent to Won 1 000 000 (USD 950)<sup>2</sup> per hectare in 2015 and raising payments for double cropping on paddies during winter. In order to enhance the industry's competitiveness, economies of scale, technology and cost cutting measures would be promoted, while on the distributional side, the Rice Processing Complexes would be strengthened and mixture of foreign and domestic rice prohibited. In addition to the 370 000 tonnes to be purchased locally this year under the Public Rice Stockholding Program, a separate 30 000 tonnes will also be officially procured locally as part of the country's contribution to the ASEAN Plus Three Emergency Rice Reserve (APTERR).

Production prospects have deteriorated for **Nepal**, where early-planted crops are presently being collected. Late and inadequate monsoon rains hindered transplanting activities this season in the country. Although an extension of the rains into September may have attenuated yield losses arising from transplanting delays, additional damages were inflicted by torrential precipitation in August, which caused floods and landslides across mid and far western districts of the country. Consequently, FAO now anticipates Nepal to gather 4.6 million tonnes (3.0 million tonnes, milled basis), down 9 percent from 2013,

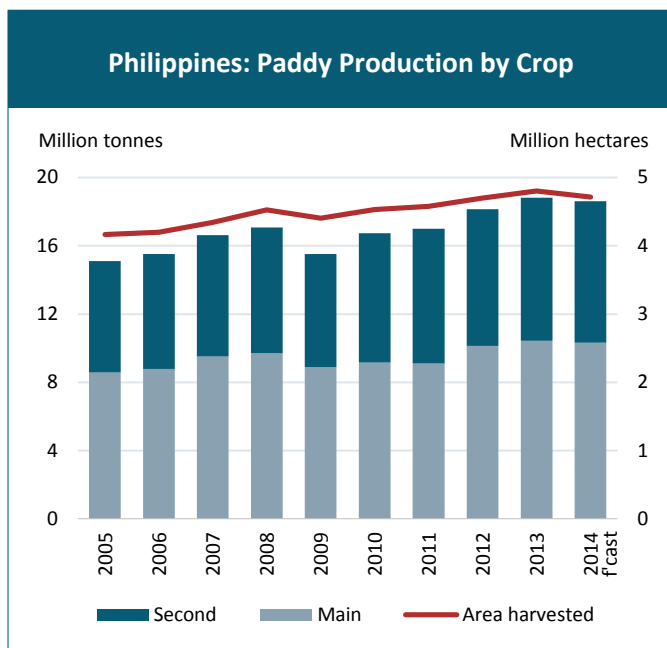
when above average rains sustained an outstanding harvest.

Sufficient water availabilities for irrigation permitted crops in **Pakistan** to develop in a satisfactory manner through much of their crop growth cycle. Production prospects for the country, however, deteriorated in September, a period that typically coincides with the start of the harvest and when heavy downpours this year led the Chenab, Ravi, Sutlej, and Jhelum rivers to overflow, causing heavy flooding in Gilgit Baltistan, Azad Jammu and Kashmir and, especially, in the important producing region of Punjab. Further to inflicting losses of lives and damages to housing and infrastructure, as of 28 September, the inundations were reported to have impacted close to 810 000 hectares of agricultural crops, with early indications pointing to between 120 000-200 000 hectares of this extension corresponding to rice, mostly basmati. As a result, and pending an official assessment of damages, FAO has downgraded its production outlook for the country by 400 000 tonnes to 10.0 million tonnes (6.7 million tonnes, milled basis). The revised level would imply a 2 percent year-on-year output contraction, but still stand out as an above average performance. Indeed, the inundations clouded an otherwise positive outlook, which saw attractive prices and continued producer preference of rice over crops such as sugar and maize, foster a 6 percent growth in area planted in the flood-affected Punjab province to 1.92 million hectares. Shifts away from cotton cultivation were also reported to have occurred in Sindh, despite some water constrains and ensuing transplanting delays.

Beset by late rains and insufficient water supplies for irrigation, farmers in the **Philippines** are officially reported to have reduced plantings between July-September by 11 percent to 775 000 hectares. Cuts were widespread, but particularly concentrated in Western Visayas, Central Luzon, Bicol and MIMAROPA. Nonetheless, part of the reduction reflected deliberate planting delays, which are expected to boost production over the last quarter of the year. This would help arrest the decline in main crop output to 1 percent, or 10.3 million tonnes (7.0 million tonnes, milled basis). This is even if some damages to crops were additionally inflicted by the passage of storms, including typhoon Rammasun in July and the back-to-back landfalls of typhoon Kalmaegi and tropical storm Fung-wong in September. The latter affected close to 170 000 hectares of paddies, although current assessments indicate that most of this extension could be recovered. FAO currently anticipates production in the Philippines to fall by 1 percent in 2014 to 18.6 million tonnes (12.6 million tonnes, milled basis). The forecast assumes output from secondary crops remains close to 2013 good levels, although the final outcome of the season will depend on the rainfall performance in the coming months, which will

<sup>2</sup> All currency conversions are as of 15 September 2014.

in turn determine the availability of water for irrigation of the off-season crops.



Based on the latest official assessments, the severe drought conditions that gripped **Sri Lanka**, following a poor 2013-2014 northeast monsoon performance, resulted in main Maha crop production sliding by 17 percent to 2.35 million tonnes (1.6 million tonnes, milled basis). With precipitation deficits extending into the Yala season, the secondary crop harvest (which was concluded in September) incurred an even steeper decline of 30 percent to 1.2 million tonnes (840 000 tonnes, milled basis), under severely constrained water availabilities for irrigation and further damages from floods and pest attacks. As a result, officials estimate overall output in the country to have slumped to 3.6 million tonnes (2.4 million tonnes milled basis), almost 1.0 million tonnes less than last season and its lowest level since 2007.

Set against a backdrop of lower producer prices, following the cancellation of paddy pledging program in February this year, the monsoon season in **Thailand** got off to a slow start, with weak precipitation levels, particularly over northern and central growing areas lasting into July. A subsequent revival of the rains did not fully redress the situation, although it helped containing yield losses, arising from planting delays. The unseasonable dryness exacerbated an already constrained water supply situation in the country, further dampening prospects for off-season crops, due for planting as of September. Indeed officials are now actively encouraging growers to shift to less water demanding crops, as water levels in major reservoirs in northern and central regions were predicted to stand up to 35-39 percent short of year-earlier levels by November. FAO presently envisages a combination of unfavourable growing conditions and reduced plantings, arising from

producers' shift to more profitable crops, to result in a 2 percent production shortfall in Thailand to 37.5 million tonnes (24.8 million tonnes, milled basis).

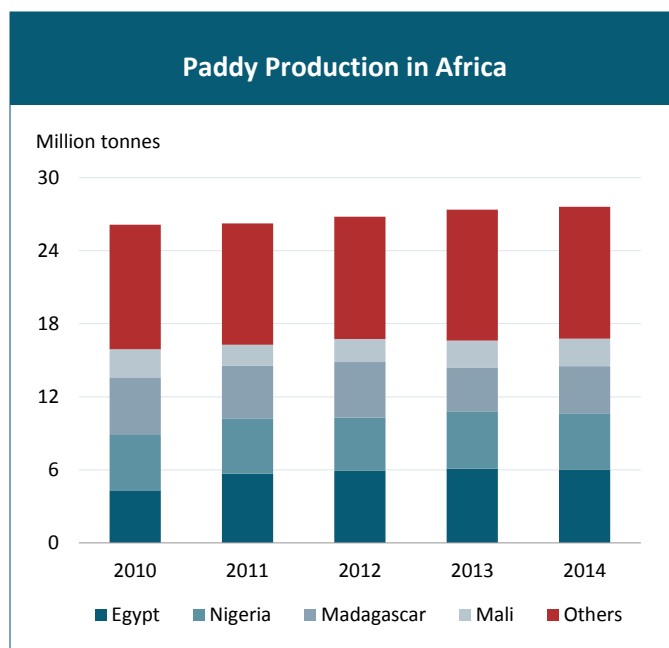
On the policy front, Thai authorities have reiterated their intentions to focus assistance to farmers on production cost cutting measures, targeting to stabilize paddy prices at Baht 8 500 (USD 263) per tonne. This compares to the Baht 10 000 (USD 310) sought by producers, who fear that the imminent arrival of the main season harvest would further pressure prices. In a bid to aid low-income farmers face the comparatively depressed price situation, officials approved a special aid package that will see a one-off payment of Baht 1000 per rai (USD 193 per hectare) provided to 3.4 million households, for up to 15 rai (2.4 hectares) cultivated. Official efforts would also concentrate on promoting quality improvements and offering credit assistance to producers and millers to store paddy for longer periods during harvest months. While regulations requiring exporters to maintain a 500 tonne stock of rice at all times would be enforced, officials were also reported to have accelerated agricultural zoning plans. Up to 4.3 million hectares of paddies in Thailand are assessed to be unsuitable for rice cultivation, with the program aiming to prevent oversupply of key commodities, such as rice and rubber, while addressing soil fertility issues.

Harvesting activities of summer-autumn crops, which account for close to 30 percent of overall output in **Viet Nam**, have by now concluded. Notwithstanding concerns over early season dryness and potential flood-related losses, generally favourable conditions are assessed to have underpinned yield gains in this crop, compensating for area losses ensuing from a combination of low price prospects at planting time and official efforts to promote alternative crops. Earlier expectations of further cuts in area under the winter crop, currently being planted, have also been attenuated by an increased demand for export, which has sustained a recovery in local quotations. As a result, and considering the already favourable outcome of the largest winter-spring harvest, Viet Nam remains forecast to gather 44.5 million tonnes (29.7 million tonnes, milled basis), up nearly 650 000 tonnes from the 2013 and a new record.

## Africa

**An output recovery in Madagascar, together with larger crops in Eastern Africa, to drive a 1 percent production expansion in 2014**

Main paddy crops in North and West Africa have already reached the harvesting stage, while the season has virtually come to a close in eastern and southern parts of the continent. Since July, FAO's 2014 production forecast for Africa has been downgraded by close to 750 000 tonnes to 27.6 million tonnes (18.0 million tonnes, milled basis), a level that would still exceed the 2013 record by 1 percent. The reduction primarily reflects less upbeat expectations for a recovery in Madagascar, which, nonetheless, is expected to account for much of the region's production growth this year. The outlook remains favourable for crops in East African countries, but points to a stagnation of output in Western Africa, amid late and poorly distributed rains, and to an area-led contraction in Egypt.



In **Northern Africa**, FAO has lowered its 2014 production forecast for **Egypt** by 200 000 tonnes to 6.0 million tonnes (4.1 million tonnes, milled basis), which would be 2 percent below 2013, but still a good outcome. The reduction mirrors lower estimates of area under paddy, given less attractive producer prices, which may have dissuaded farmers from keeping area coverage far above their pre-established water conservation quotas, a common practice in previous years. Officials in the country have, indeed, reiterated their intentions of enforcing area limits, including through higher fines. In a bid to deter plantings from growing in forthcoming seasons, the government also ruled out a repeal of rice export restrictions in September.

Aggregate production in **West Africa**, where 2014 main crop harvests are ongoing, is now forecast to amount to 13.7 million tonnes (8.7 million tonnes, milled basis), 200 000 tonnes less than foreseen last July. The downward revision reflects a mixed performance of the seasonal rains over the sub-region, which saw parts of the Gulf of Guinea receive abundant rainfall, while various countries were affected by weak and poorly distributed precipitation through much of July. Although improved August rainfall narrowed the deficits recorded in these countries, planting delays and associated reduced yield expectations are now envisaged to keep overall production in the sub-region close to the 2013 level.

At a country level, prospects have deteriorated for **Benin**, **Burkina Faso** and **Gambia**, all of which are foreseen to see production hindered by erratic precipitation. Following a late establishment of the seasonal rains and subsequent dry spells, **Chad**, too, is set to stand amongst those most affected. Officials now anticipate output in the country to dip from the exceptional 2013 level of 378 000 (259 000 tonnes, milled basis) to 285 000 tonnes (195 000 tonnes, milled basis). Both **Guinea Bissau** and **Mauritania** may close the season with smaller crops of 126 000 tonnes (84 000 tonnes, milled basis) and 175 000 tonnes (105 000 tonnes, milled basis), respectively. This is after favourable growing conditions boosted 2013 production in both nations to historical heights.

A less ideal climate this season is anticipated to result in a 2 percent production contraction in **Nigeria** to 4.6 million tonnes (2.8 million tonnes, milled basis), a level that would still stand out as an above-average performance. Indeed, the country remains steadfast in its self-sufficiency ambitions, having recently secured various private sector investment agreements, including a USD 1 billion accord with Dangote Industries, a private sector conglomerate, that will see processing facilities constructed and 150 000 hectares planted with rice across five states. The initiatives, which follow the establishment of a preferential import tariff regime for traders possessing backward integration programmes, comes in addition to ongoing efforts to boost overall rice processing capacity, agricultural mechanization, as well as continuing input and credit assistance programmes, all enshrined in the Government's Agricultural Transformation Agenda (ATA).

With cumulative precipitation falling short of historical bounds across much of the country, agricultural activities in **Senegal** were reported to have incurred delays of up to 20 days this season, particularly in the most affected northern and central regions. As a result of the unseasonable climate and despite ongoing support programmes, including distribution of short-cycle seed varieties to mitigate the effects of precipitation deficits, FAO now anticipates production in Senegal to decline for



the second consecutive season to 420 000 tonnes (294 000 tonnes, milled basis).

Compared to July figures, production forecasts have been lowered for **Cote d'Ivoire** to 770 000 tonnes (462 000 tonnes, milled basis), to take into account losses incurred as a result of excessive June rains and ensuing floods. At the forecast level, however, production in the country would stand 1.4 percent higher than the 2013 level, reflecting the generally abundant rains received to date, with additional assistance provided to producers, as part of the country's self-sufficiency programme.

Sowing delays were also incurred in **Mali** this year, where an early onset of the seasonal rains was followed by weak precipitation until late July. However, more intense rainfall activity in August permitted planting operations to regain pace and eventually exceed year-earlier extensions. As a result, production in the country remains forecast to expand by 2 percent to 2.5 million tonnes (1.5 million tonnes, milled basis).

Production prospects are also tentatively positive for **Guinea, Liberia and Sierra Leone**, the three nations most affected by the Ebola outbreak, reflective of an overall positive rainfall performance this season. Grave concern exists, however, that the imposition of quarantine zones and movement controls, put in place to contain the spread of the virus, will affect the outcome of main season harvests by constraining labour supply. In the case of Guinea, such restrictions, if prolonged, could potentially further impede off-season crop operations due to start in December.

Most counties in **Eastern Africa** have by now concluded the 2014 season. On the whole, the campaign is estimated to have yielded positive results, with an aggregate harvest of 2.7 million tonnes (1.7 million tonnes, milled basis). The 3 percent year-to-year expansion was supported by generally favourable growing conditions in the **United Republic of Tanzania**, which are estimated to have boosted output in the country this season by 4 percent to 2.1 million tonnes (1.4 million tonnes, milled basis). Paddy output is also assessed 3 percent higher in **Uganda** at 220 000 tonnes (147 000 tonnes, milled basis), on the basis of sustained increases in area coverage, while **Kenya** is gauged to have largely replicated the good 2013 performance, harvesting 146 000 tonnes (95 000 tonnes, milled basis). By contrast, Burundi, **Ethiopia** and **Rwanda** are expected to face a contraction, in all cases associated with poor rainfall performance.

In **Southern Africa**, 2014 production estimates for **Madagascar** have been lowered by 400 000 tonnes, on Government assessments indicating a more contained pace of recovery than previously envisaged. Output is

officially assessed at 3.9 million tonnes (2.6 million tonnes, milled basis), which, while 8 percent above the 2013 pest and weather affected level, would still be 10 percent short of the previous five-year average. The year-to-year increase was sustained by an improved rainfall performance in northern regions and the rehabilitation of irrigation infrastructure, which permitted area under paddy to expand. On the other hand, late and erratic rains hindered crops in central and southern parts of the country, with the sector's full recovery further limited by persistent constraints related to lack of access to credit, low use of inputs, poor infrastructure and declining soil fertility. Notwithstanding sustained losses in south-western locust affected areas of Madagascar, the first phase of a three-year anti-locust campaign, started in September 2013, concluded with treatment of 1.2 million hectares, effectively reducing the number of swarms and preventing the spread of locusts into the main north-western producing regions of the country. Production in **Malawi** and **Zambia** also rose, facilitated by favourable weather, which boosted plantings. As for **Mozambique**, it is estimated to have concluded the season harvesting 340 000 tonnes (227 000 tonnes, milled basis), down slightly from the record 2013 performance, but still an overall favourable outcome.

## ***Central America and the Caribbean***

### ***Drought compromises production growth prospects in 2014***

Since July, FAO has downscaled its overall production forecast for Central America and the Caribbean to 2.9 million tonnes (1.9 million tonnes, milled basis), which represents a 1 percent year-on-year decline. The reduction reflects the negative impact of drought conditions over various Central American countries between July and August, a time when crops were at early stages of development or had just been planted. Looking at the individual countries, the largest downward revision has concerned **Nicaragua**, where officials indicate up to 22 percent of the main season crop may have been compromised by rainfall delays and precipitation shortages, in what has been the worst drought to occur in the country in thirty-two years. As a result, and pending developments in the coming months that will determine the ability of secondary crop output to make-up for main crop shortfalls, FAO anticipates Nicaragua to incur a 10 percent production contraction to 385 000 tonnes (250 000 tonnes, milled basis).

Similarly constrained by severe rainfall deficits, production in **Guatemala, El Salvador** and in **Panama** is also predicted to fall compared with 2013. In the case of Panama, output is expected to close at 260 000 (170 000 tonnes, milled basis), down from a revised estimate of 287 000 tonnes (188 000 tonnes, milled basis) for 2013. The decline would

be driven by with this season’s erratic climate, compounding prospects of low remuneration and high production costs. Rice producers in Panama have, however, been encouraged by an August agreement that will see a Balboas 165 (USD 165) per tonne subsidy extended by authorities. This would come on top of the Balboas 375 (USD 375) per tonne price millers will pay to producers for the 2014/15 first crop. Barring further setbacks, these measures are expected to foster greater secondary crop plantings.

Compared to July figures, production forecasts for **Costa Rica** have also been lowered. Nevertheless, assuming water availabilities for irrigation are not further constrained in northern pacific zones most affected by the precipitation deficits, output in the country is expected at a positive level of 211 000 tonnes (138 000 tonnes, milled basis), reflecting some respite provided to crops by August rains. Similarly and considering the favourable crop progress reported to date in the **Dominican Republic**, where rice is fully cultivated under irrigated conditions, overall output in the country is forecast to remain largely stable at the good 2013 level of 824 000 tonnes (544 000 tonnes, milled basis). Production prospects are also positive for **Cuba** at 700 000 tonnes (467 000 tonnes, milled basis) and **Mexico**, at 190 000 tonnes (127 000 tonnes, milled basis), partly compensating for expected shortfalls elsewhere in the sub-region.

## South America

### Early prospects for 2015 crops in South America mixed, amid weather related uncertainties

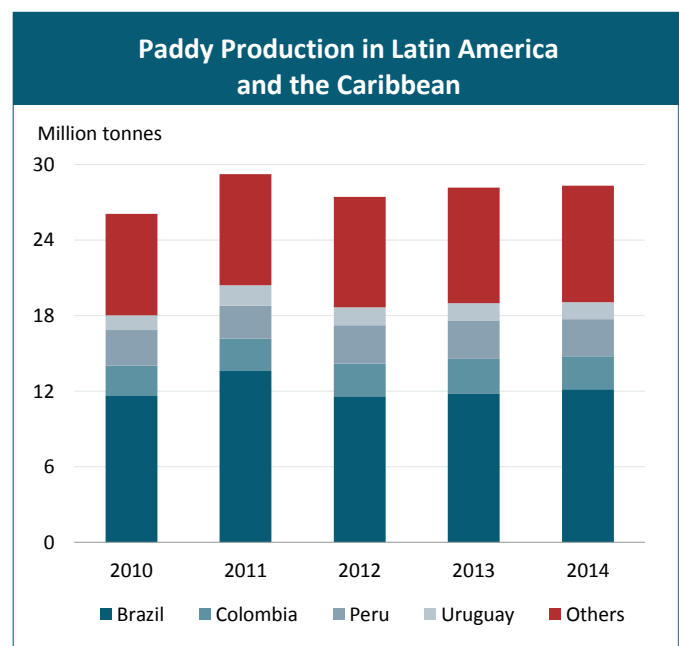
Estimates of 2014 production in South America have been lowered by 220 000 tonnes since the July issue of the RMM to 25.4 million tonnes (17.0 million tonnes, milled basis), a modest increase of about 1 percent above an overall average 2013 performance. The downward revision is mostly on account of **Colombia** and **Venezuela**, where the season is less advanced than in the rest of the sub-region and where crops have been impacted by unseasonably dry weather. The two countries, but also **Bolivia**, **Ecuador**, **Peru** and **Uruguay**, are now expected to face a contraction in output compared with 2013, in most cases, due to erratic climatic conditions. In contrast, **Argentina**, **Brazil**, **Chile**, **Guyana** and **Paraguay** are poised to end the 2014 season with production gains.

Meanwhile, various countries are already engaged in land preparations for their first 2015 crops. Early indications for **Argentina**, **Bolivia** and **Brazil** signal an expansion of plantings, prompted by attractive prices. On the other hand, rice production in **Peru** and **Uruguay** could undergo a further retrenchment, under prospects of insufficient or costly inputs. Still, much uncertainty surrounds the

outlook for South America, particularly with regards to climatic conditions. Indeed, concerns of an El Niño emergence, even at moderate levels, linger, given its association with precipitation deficits over the northern parts of the sub-region and excess rains in places such as Argentina, southern Brazil and Uruguay.

The latest official figures confirm the overall good 2014 seasonal turnout in **Argentina**. Even with average yields being depressed by poor weather conditions, increases in area fostered by prospects of improved margins sustained a 1.3 percent output expansion to 1.6 million tonnes (1.1 million tonnes, milled basis). On the other hand, industry assessments indicate overall plantings in Argentina could expand further over the 2015 season, notwithstanding a 1.6 percent anticipated contraction in the largest producing province of Corrientes, owing to persistently high production costs. In particular, area planted to paddy is anticipated to expand in Entre Rios, the second largest producing province, amid ample water supplies for irrigation, less favourable margins for competing crops, such as maize and soy, and improved August weather, which advanced field preparations. Stable to higher plantings would be expected in the rest of the country, including in Formosa, where much anticipation also surrounds progress of a private endeavour set to put up to 12 000 hectares under paddy cultivation.

The 2014 season closed negatively in **Bolivia**, with output hitting a seven year low of 357 000 tonnes (245 000 tonnes, milled basis). The 1 percent reduction from the already poor 2013 harvest stemmed from excessive rains at planting time and subsequent flood-inflicted losses.



There have been only slight revisions to 2014 production estimates for **Brazil** since the last issue of the RMM, with

output officially assessed at 12.2 million tonnes (8.15 million tonnes, milled basis). The 3 percent year-on-year expansion was mainly supported by area driven gains in southern producing states, as well positive yield outcomes in north-eastern regions of the country. Meanwhile, as 2015 planting activities get under way, a first official outlook for the forthcoming season points to a further expansion in Brazilian production to 12.3-12.5 million tonnes (8.2-10.2 million tons, milled basis), under positive price prospects and ample water supplies for irrigation. Nevertheless, climatic concerns exist; especially those related to a possible El Niño event and associated excessive rains. Field reports suggest that untimely September rains would have caused initial delays in field activities in the largest producing region of Rio Grande do Sul.

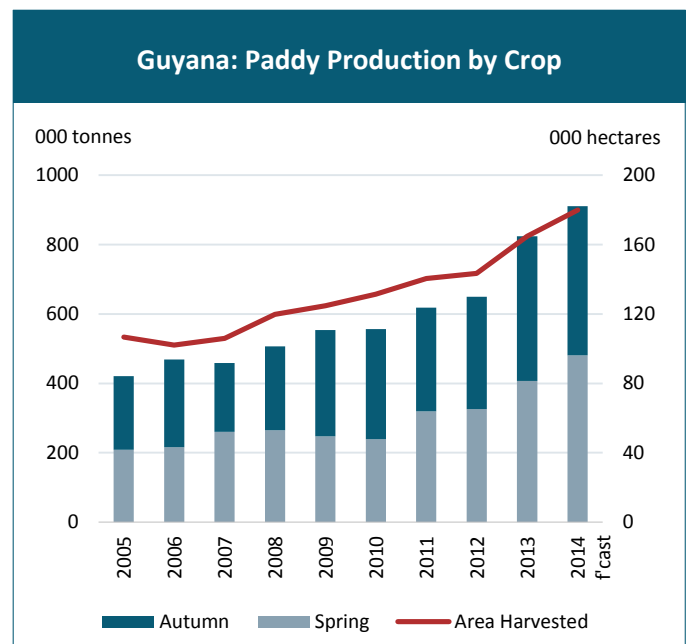
The 2014 season also closed with positive results in **Chile**, where officials estimate 135 000 tonnes (91 000 tonnes, milled basis) to have been gathered. The 4 percent year-on-year upturn was made possible by an area recovery to 22 000 hectares, which compensated for a 3 percent yield depression following insufficient water supplies for irrigation, high temperatures and windy conditions.

Planting activities of the 2014 winter crops are ongoing in **Colombia**, which is now anticipated to gather 2.6 million tonnes (1.8 million tonnes, milled basis), down 100 000 tonnes from earlier expectations and 5 percent below the 2013 good outcome. The reduction reflects low price prospects, which depressed plantings, and a prolonged drought particularly over the northern rice areas of the country. In view of the adversity, officials have advanced plans to put in place debt relief measures in support of the sector, which had already been strained by growing competition with imports. The initiative would also include steps to boost access to credit, technical assistance and the continuance of storage incentives.

In **Ecuador**, the 2014 summer crop harvest is underway. FAO's production prospects for the country remain downcast, on expectations of lower plantings and reduced yields. Output is forecast to decline by 4 percent from a revised estimate for 2013 to 1.45 million tonnes (827 000 tonnes, milled basis), reflecting the negative impact of erratic weather on winter crops, with growth further disrupted by persistent pest attacks.

By contrast, the outlook has improved for **Guyana**, where officials anticipate 2014 production to strike another record of 911 000 tonnes (592 000 tonnes, milled basis). The 11 percent expansion is envisaged to have come largely on the back of a bumper spring crop of 480 000 tonnes (312 000 tonnes, milled basis), although expectations are also positive for the second crop due for harvest in December. The 2014 paddy campaign marks the seventh uninterrupted season of production gains in

Guyana, a country that has seen output almost double from its 2007 level of 459 000 tonnes (298 000 tonnes, milled basis). This is even if an increasingly outward looking industry is now faced with hurdles related to delayed payments to farmers and pressure on domestic quotations.



FAO's 2014 production forecast for **Peru** remains pegged at 3.0 million tonnes (2.0 million tonnes, milled basis), implying a 3 percent year-on-year shortfall. The reduction is imputable to drought conditions over important northern coastal regions, which constrained water availabilities for irrigation, causing plantings to contract. Based on a Government survey, which reports data on a July-June basis (as opposed to the calendar approach followed by FAO for Peru), growers intend to sow 386 000 hectares in 2014-2015, down about 2 500 hectares year-on-year. The reduction would come despite more attractive producer prices this season. Indeed, concerns over water availabilities for irrigation remain, although now more so for southern producing areas of the country.

The 2014 paddy campaign in **Uruguay** marked the third consecutive season of negative production outturns. Area retrenchments, imputable to high production costs and unfavourable weather at planting time, resulted in 2014 output declining by 0.8 percent to 1.35 million tonnes (944 000 tonnes, milled basis). As to prospects for the 2015 season just launched, a very first survey of planting intentions conducted soon after the 2014 harvest indicated area was likely to fall further, to 164 000 hectares. The reduction would be consistent with the indebtedness and high production costs that continue to constrain the sector. This is notwithstanding prospects of ample water supplies for irrigation this year and diminished competition with other crops.

FAO has lowered its production outlook for **Venezuela** to 980 000 tonnes (686 000 tonnes, milled basis) since July, to reflect the impact of prolonged drought conditions over 2014 winter crops, presently at harvest stage. The unseasonable climate is particularly assessed to have hindered planting operations in the producing region of Guárico, where insufficient water supply availabilities were further compounded by protracted shortages of basic inputs. At the revised level, overall production in Venezuela would stand 2 percent short of the 2013 good outcome, but still arise as the second highest since 2009, reflecting reprieve provided to crops by August rains, with field reports also suggesting positive outcomes in the high-yielding state of Barinas. On the policy front, in September, Venezuelan authorities raised paddy producer prices to Bolívares 8.5-8.6 per kilo (USD 1 347-1 363 per tonne), which, while short of the sector’s sought after level of 10.15 per kilo level (USD 1 609 per tonne), could serve to stimulate further area expansions over the summer crop-cycle, just started. The price increase was, however, followed by processor calls to adjust consumer prices in tandem. These were last set in April at a close range of Bolívares 8.82-9.5 (USD 1.4-1.5) per kilo.

### North America, Europe and Oceania

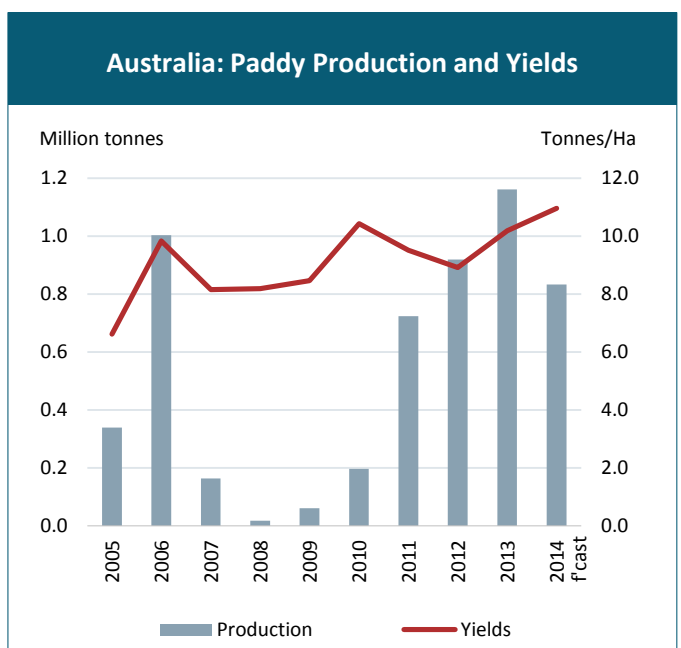
*Favourable margins to drive a strong output recovery in the United States, but less positive outturns expected in the European Union and Australia*

In **North America**, the USDA has lowered its forecast of 2014 production in the **United States** by 350 000 tonnes since July, on lower estimated plantings of 1.18 million hectares. Despite the revision, area under paddy is still assessed to have exceeded the 2013 contracted level by 18 percent, stimulated by prospects of higher margins. Together with expectations of average yields contracting by 3 percent, mostly on account of planting delays in Southern states caused by cold and wet spring conditions, overall production in the country is now forecast at 9.9 million tonnes (7.0 million tonnes, milled basis), up 15 percent year-on-year and the highest since 2010. From a variety perspective, a 20 percent rebound in long-grain output to 7.2 million tonnes (5.1 million tonnes, milled basis) would sustain much of this growth. Nevertheless, with larger plantings in the Southern producing states compensating for retrenchments in drought-stricken California, US production of medium/short grain paddy is also assessed 3.5 percent higher year-on-year, at 2.7 million tonnes (1.9 million tonnes, milled basis).

In **Europe**, production forecasts are only marginally changed for the **European Union**, where 2014 season harvests are ongoing. At an aggregate level of 2.9 million tonnes (1.7 million tonnes, milled basis), output in the

region would stand only 25 000 tonnes above the 2013 contracted level, as somewhat higher yields, boosted by an overall conducive climate, compensate for further area cuts. Compared to July figures, area under paddy is now assessed 2 percent higher in Italy at 220 000 hectares, based on a larger extension of japonica varieties, which more than compensated for retrenchments in the indica segment due to prospects of reduced margins and increased competition with imports. As a result, and despite some lingering concerns over the effect of a cool and wet summer on yields, output in the largest EU producer is forecast to reach 1.45 million tonnes (870 000 tonnes, milled basis). Within the sub-region, production prospects remain favourable for Bulgaria and France, but these gains are expected to be partly outweighed by contractions in Greece and Portugal, but also in Spain, where officials indicate output will likely amount to 848 000 tonnes (509 000 tonnes, milled basis), down 0.4 percent year-on-year.

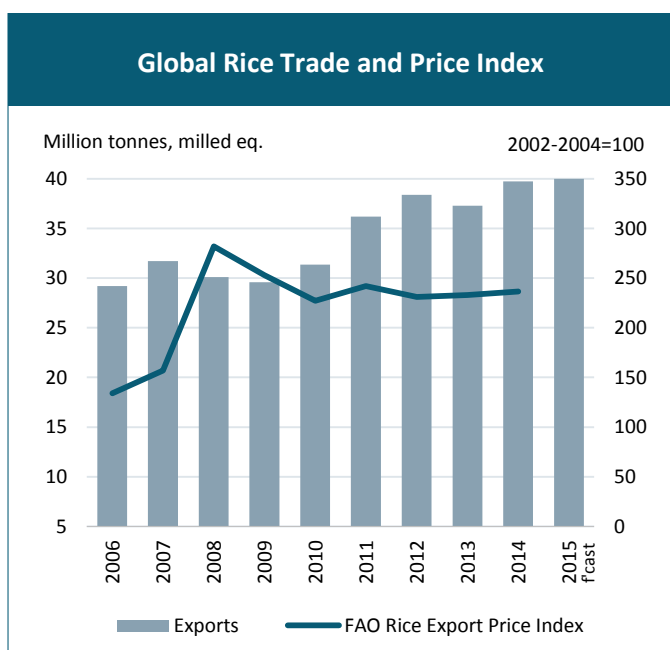
In **Oceania**, there have been only minor revisions to **Australia’s** output figures since July, as the 2014 harvest was concluded by May. Insufficient water supplies for irrigation are estimated to have caused a 28 percent annual production shortfall to 833 000 tonnes (556 000 tonnes, milled basis). Attention in the country has now turned to the 2015 season, with planting activities set to begin in October. Official expectations for the campaign indicate a possible 7 percent production recovery to 894 000 tonnes (596 000 tonnes, milled basis) in 2015. The positive outlook hinges on sufficient water availabilities for irrigation, which would allow producers to react to attractive prices and expand plantings by 20 percent to 91 000 hectares. This is even as yields come down to a more average level 9.8 tonnes per hectare, after touching a high of close to 11.0 tonnes in 2014.



## INTERNATIONAL TRADE

**Strong import demand underpins a 7 percent expansion in 2014 trade in rice, with further growth anticipated in 2015**

FAO’s forecast of **2014** world trade in rice has been lifted by 300 000 tonnes since July to 39.7 million tonnes (milled basis). The adjustment primarily mirrors improved export prospects for Cambodia, Myanmar and especially Thailand, while those for Viet Nam deteriorated. On the import side, Madagascar and Sierra Leone are envisaged to let larger volumes in than last reported, while forecasts were scaled back mostly for South Africa. At the revised forecast level, world trade in rice would stand 7 percent above the 2013 subdued level and hit a new record. Set against a backdrop of ample availabilities for export and attractive prices, imports are predicted to increase in all major geographical regions, especially Asia, where various important buyers face the need to reconstitute reserves and quell inflationary pressure. Among the suppliers, Thailand is expected to meet much of the global trade expansion, largely at the expense of India. Nevertheless, the return of competitively priced Thai supplies is also envisaged to negatively impact deliveries by Viet Nam, with Australia, China (Mainland), Ecuador, the United States, the Russian Federation and Uruguay also forecast to export less over the year.



On the other hand, FAO anticipates a further, although modest, expansion of global rice trade in **2015** to 40.0 million tonnes. The forecast is still very tentative and largely based on current prospects for 2014 crops in northern hemisphere countries and early expectations for 2015 production south of the Equator. On the import side, African countries would contribute most to this increase, given prospects of little output growth particularly in

Western parts of the continent, where domestic demand remains steadily on the rise. Asian purchases are also anticipated to remain at comparatively high levels, amid output setbacks and lingering pressure on domestic prices. Weather induced losses are similarly expected to keep demand in Latin America and the Caribbean firm, which would contrast with import cuts in North America, namely the United States, and largely stable requirements in Europe. Among exporters, Thailand is predicted to expand deliveries further, re-establishing its position as the world’s leading supplier of rice. Under current prospects of greater availabilities, shipments from Australia, Cambodia, China (Mainland), Myanmar, Pakistan, the United States and Viet Nam are also anticipated to end above their 2014 levels. On the other hand, the poor 2014 production performance and larger domestic requirements may curb exports by India further over the course of 2015.

### Imports

**Strong local prices and the need to refurbish stockpiles lift 2014 deliveries to Asia by 10 percent**

Based on the latest figures, **Asia** is set to drive much of the anticipated growth in global trade in rice in **2014**, taking consignment of 18.7 million tonnes, 10 percent more than the 2013 depressed level. Among the individual countries, the forecast expansion would be, to a large extent, imputable to the **Philippines**, which may lift its volume of purchases from 0.7 million tonnes in 2013 to 1.8 million tonnes this year. The increase comes amid official efforts to quell inflationary pressure on the backdrop of dwindling rice inventories and damages caused by the November 2013 landfall of typhoon Haiyan. These have involved the acquisition of a further 500 000 tonnes of rice through Government-to-Government deals with Thailand and Viet Nam in September. The volume adds to official purchases undertaken through open tenders in November 2013 and April 2014, as well as private sector imports under the year’s minimum access volume.

Current expectations also point to **Indonesia** raising purchases by 500 000 tonnes over the year, to 1.2 million tonnes, as production losses incurred, together with a slow pace of public domestic procurement, encourage officials to look to outside foreign markets to meet end-of-year minimum stock requirements. Indeed, Bulog, has been active in the market since July, securing a combined 425 000 tonnes of rice from Thailand and Viet Nam. Attractive offerings international prices abroad are similarly envisaged to raise volumes delivered to **Bangladesh** to 600 000 tonnes, while in the case of **Malaysia**, a 12 percent recovery in imports to 1.0 million tonnes is expected to be associated with the need to refurbish stockpiles and meet consumption needs. Rice imports by **Sri Lanka** are now forecast to surge from 23 000 tonnes in 2013 to 200 000 tonnes this year, facilitated

by lower import duties and by official purchases from abroad conducted to avert shortages in the aftermath of a severe drought-induced reduction in the local harvest. Current forecast for **Turkey** also indicate a strong rise in imports, from 226 000 tonnes in 2013 to 320 000 tonnes this year, amid strong local prices and tariff exemptions approved to allay pressure on prices. The **Chinese Province of Taiwan, Iraq, Japan, Kuwait, Nepal, Saudi Arabia** and **Yemen** are also expected to close the year with larger deliveries.

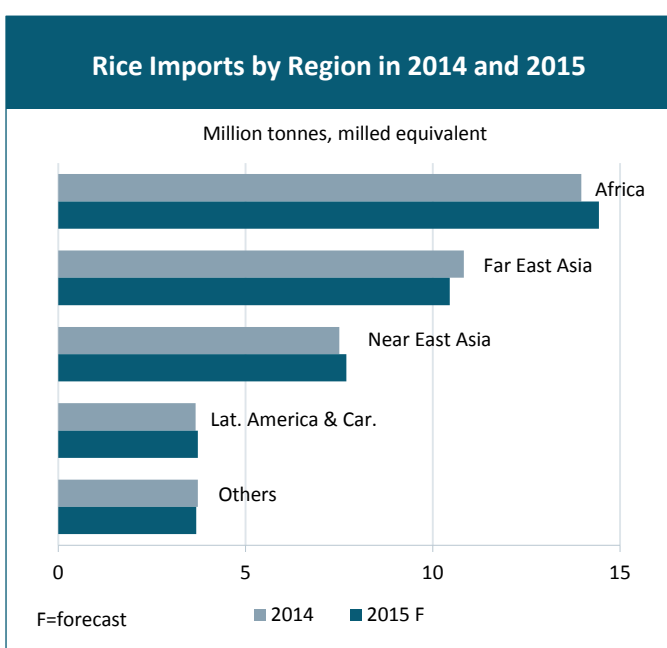
By contrast, a number of countries are anticipated to curtail imports in 2014, in particular the **Islamic Republic of Iran**. At a forecast level of 1.5 million tonnes, 2014 inflows to the country would stand 21 percent short of the record purchased in 2013. The decline would be consistent with the large rice inventories held in the country, and the institution of protective measures, including the July lifting of import duties on basmati rice to 40 percent. After taking consignment of two years' worth of minimum access volumes in 2013, deliveries to the **Republic of Korea** are also seen falling to 450 000 tonnes. In the case of **Thailand**, inflows are forecast to decline by 35 percent to 360 000 tonnes, amid an easing of domestic prices, following the cancellation of the paddy pledging programme. On the other hand and based on pace of deliveries to date, official rice imports by **China (Mainland)** are seen largely stable at highs of 2.25 million tonnes in 2014.

Meanwhile, based on current prospects for production in the region, FAO anticipates aggregate rice deliveries to Asia to remain in the order of 18.5 million tonnes in calendar **2015**. While 1 percent below import expectations in 2014, the forecast level would still stand out as the second largest on record, reflecting the mixed outlook for

crops in traditional importing countries in the region, as well as lingering high domestic prices, which may encourage a continued reliance on supplies from abroad. At a country level, **Bangladesh** is forecast to cut purchases by 200 000 tonnes to 400 000 tonnes, based on the positive outlook for production, as well as prospects of less competitive prices in its key supplier, India. Ample domestic availabilities have already encouraged officials in the country to approve an exception to the existing ban on non-aromatic rice exports. The decision will see 50 000 tonnes delivered to Sri Lanka, a level authorities indicate could rise further, if positive harvest expectations are confirmed.

Although much will depend on the outcome of the 2015 season just started in the two countries, both **Indonesia** and **Sri Lanka** could also find themselves in the position to cut imports next year. In the case of Indonesia, these are preliminarily set at 1.0 million tonnes, a volume comprising both private and public sector purchases, whereas in Sri Lanka, these could amount to 100 000 tonnes. In both cases, however, import forecasts would stand well above those recorded in 2013, reflecting enduring uncertainties over the impact of a possible El Niño event on 2015 production in these countries. Likewise, consignments to the **Philippines** are predicted to amount to 1.7 million tonnes. Indeed and although the fast pace of purchases conducted in 2014 may help to rebuild inventories after successive years of withdrawals, a poor seasonal outcome, coupled with still strong domestic demand, are expected to keep import requirements at above-average levels in the country.

Elsewhere in the region, much higher domestic prices compared to international quotations are expected to boost official imports by **China (Mainland)** by 7 percent to 2.4 million tonnes. The forecast increase also reflects recent steps by Chinese authorities to clamp down on unofficial border trade with Viet Nam and Myanmar, a toughening which could result in some of these deliveries being re-routed to official channels. This could be particularly the case if talks already initiated with Myanmar, regarding the phyto-sanitary requirements needed to officialise trade between the two countries, come to a successful end. Current expectation also point to **Malaysia** needing to raise imports further in order to cover domestic needs, while **Nepal** is forecast to lift purchases to 500 000 tonnes, to compensate for the expected weather induced production shortfall this season. Nepal's import increase would be in spite of unconfirmed reports suggesting the application of a higher agricultural development fee of 8 percent this year, rather than 5 percent, on produce originating in its traditional supplier, India. Among *Near East Asian* countries, the need to refurbish stockpiles may also encourage the **Islamic Republic of Iran** to revive purchases to 1.6 million tonnes,



with import demand by **Iraq, Jordan, Kuwait, Oman** and **Saudi Arabia** also envisaged to remain strong in 2015.

Meanwhile, the Government of the **Republic of Korea** has announced its official decision not to pursue the renewal of quantitative restrictions on rice upon the expiration of the WTO special treatment, on 31 December 2014. The decision is grounded on concerns regarding the oversupply implications of having to expand mandatory imports further, in the context of steady declines domestic rice consumption. The 2004 extension of the special treatment already required the country to raise the minimum import quota by 20 347 tonnes every year. Under the alternative tariff-rate quota system it seeks to put place as of 1 January 2015, the existing 408 700 tonne minimum access volume will remain in place and continue to accrue a 5 percent import tariff, but will be open to all exporters on an MFN basis. Purchases exceeding this volume would be levied a 513 percent import tariff, a rate deemed protective enough to discourage out-of-quota purchases. Authorities have furthermore outlined plans to exclude rice from future free trade agreements, with additional safeguards including barring mixture of local and imported rice, as well as checks on the reported price of imports. The proposed system has been submitted to the WTO for review and approval.

Aggregate **2014** deliveries to **Africa** are forecast to reach 14.0 million tonnes, up 3 percent year-on-year, with West African countries accounting for up to 60 percent of volume. At a country level, growing domestic requirements are expected to lift purchases by **Benin, Burkina Faso, Cape Verde, Liberia, Mali, Niger** and **Togo**. However, **Nigeria** is expected to account for the single largest increase, of 350 000 tonnes, raising imports to 2.9 million tonnes. The growth is consistent with Nigeria's expected need to refurbish stockpiles, but also a less prohibitive stance towards rice imports. Officials have, in fact, confirmed the reduction of levies charged on husked and semi/wholly milled rice. According to the decision, imports by traders possessing rice processing facilities and operating verifiable backward integration programmes will be charged a lower levy of 20 percent, on top of a 10 percent import tariff. Although the levy is set much higher, at 60 percent, for traders not counting on such programmes, the rate is still lower than the 110 percent charge (100 percent levy + 10 percent import duty) that had been applied on all rice imports since January 2013.

Rice deliveries to Eastern Africa in 2014 are forecast only slightly larger than in 2013, with the small increase largely attributable to **Kenya** and **Somalia**. Inflows to Southern Africa are now forecast to rise only modestly, on account of reduced import forecasts for **South Africa**. The country is now envisaged to see consignments fall 5 percent short of 2013 records to 1.2 million tonnes, in line with lower

domestic maize quotations, but also a weaker local currency. On the other hand, 2014 import forecasts have been raised for **Madagascar**, to 500 000 tonnes, consistent with the less buoyant production outlook for the country, but also a fast pace of shipments recorded to date.

FAO anticipates imports by African countries, as a whole, to advance by 3 percent in **2015** to 14.4 million tonnes, sustained once more by rising requirements in West African countries. Inflows to the sub-region are anticipated to reach 8.8 million tonnes, about 400 000 tonnes more than in 2014, generally mirroring prospects of little to no output growth, set against a backdrop of steadily rising local consumption needs. Individually, **Nigeria** is envisaged to remain a prime destination of global rice trade, with the recent easing of protective measures in the country, together with continued unofficial inflows, predicted to lift consignments by 7 percent to 3.1 million tonnes. Under prospects of a further reduction in local availabilities, **Senegal**, too, is set to keep its level of purchases at a high of 1.1 million tonnes, while those to **Cote d'Ivoire** are expected in the order of 1.3 million tonnes, up from 1.25 million tonnes in 2013. **Benin, Burkina Faso, Chad, Gambia, Guinea Bissau, Mauritania, Niger** are similarly foreseen to step-up their volume of purchases, while **Guinea** and **Sierra Leone** may curtail theirs to 250 000 tonnes and 220 000 tonnes, respectively. However, the import outlook for Guinea and Sierra Leone, which along with **Liberia** have been worst hit by the Ebola outbreak, could be subject to revision pending assessment of the impact of the epidemic on rice production. Sea ports in these nations were reported to be operational to September, with preventive measures, such as mandatory health inspections, put in place. At the same time, however, local quotations have been reported on the rise in some areas, under a combination of increased transport costs, depreciating currencies, along with market disruptions associated with land-border closures and the imposition of movement restrictions.

Elsewhere in the region, a positive harvest result may enable the **United Republic of Tanzania** to cut imports further in 2015, while rising domestic demand is expected to sustain a 6 percent expansion in deliveries to **Kenya** to 450 000 tonnes. Assuming no major production setback is incurred, **Madagascar** may find itself in a position to cut imports in 2015, while in the case of **South Africa** these are envisaged to recover by 4 percent to 1.25 million tonnes.

Forecasts of deliveries to **Latin America and the Caribbean in 2014** stand at 3.67 million tonnes, up 4 percent year-on-year, with much of this growth envisaged concentrating in South America. In particular, current expectations point to **Bolivia** and **Peru** raising purchases to 70 000 tonnes and 200 000 tonnes, respectively, in order to compensate for

poor seasonal results. **Venezuela** is also set to take-in 15 percent more than the 261 000 tonnes officially reported for 2013, or 300 000 tonnes. Likewise, FAO anticipates imports by **Colombia** to rise by 10 percent to 165 000 tonnes, with 86 300 tonnes of this volume corresponding to the 2014 tariff rate quota opened under the Colombia-United States Trade Promotion Agreement. The forecast figure, however, does not take into account volumes delivered to the country unofficially, across borders with Ecuador and Venezuela. It remains to be seen whether recent steps by Venezuela's Government, including the prohibition of exports of basic necessities, will curb flows of rice into Colombia, which have been sustained by price and currency differentials in recent years. **Costa Rica, Haiti, Guatemala, Honduras, Nicaragua** and **Panama** are also forecast to step up imports to meet consumption needs. Only **Brazil** and **Cuba** are seen cutting their level of purchases in 2014 to 680 000 tonnes and 390 000 tonnes, respectively. In both cases the reduction would reflect greater domestic availabilities.

In calendar **2015**, FAO anticipates rice deliveries to Latin America and the Caribbean to grow by 2 percent to 3.73 million tonnes. Much of the projected increase reflects expectations of larger deliveries to Central America and the Caribbean, consistent with depressed production outlook for the sub-region. Indeed, the severe drought conditions endured in 2014 have already prompted several countries to announce import facilitation measures. This has been the case of **Honduras**, which will open a shortage import quota for 25 000 tonnes of paddy through the end of 2014. Officials in **Nicaragua** have similarly announced their readiness to bring-in 97 000 tonnes of paddy, with **Panama**, also reaching a supply agreement with Guyana, subject to renewal over the course of 2015. Within the sub-region, **Haiti** is expected to raise its volume of purchases to 370 000 tonnes, under prospects of growing domestic needs, while deliveries to **Mexico** are seen largely steady at 670 000 tonnes. Officials in the latter, however, appear to be heeding sector calls for greater protection against imports carried outside of existing trade agreements, with media reports suggesting a possible reinstatement of import tariffs on such deliveries, which were last lifted in 2008.

In South America, current prospects are that deliveries to **Brazil** will recover by 6 percent to 720 000 tonnes, under expectations that possible output gains will largely cater to the export industry. On the other hand, purchases by both **Bolivia** and **Peru** may return to more normal levels, while **Venezuela** is envisaged to increase the size of consignments by 13 percent to 340 000 tonnes, in order to compensate for drought related losses. Although the United States is a regular supplier of rice to the Caribbean nation, Venezuela has traditionally relied on Latin American exporters to source most of its needs,

particularly Guyana. The country is now reported in the process of finalizing a second agreement under the Petrocaribe framework, which would see Suriname delivering 32 000 tonnes of paddy and 80 000 tonnes of rice over the course of 2015.

In **Europe**, 2014 imports by the **European Union** are officially forecast to amount to 1.35 million tonnes, up 10 percent year-on-year. Progress of deliveries to the region has been brisk, with cumulative levels to August reported at close to 970 000 tonnes, up nearly 140 000 tonnes from the corresponding period in 2013. Under current expectations of little change in the region's production level, FAO presently foresees the 2015 volume of purchases by the EU to remain stable at the relative highs expected for 2014. Meanwhile, USDA forecasts the **United States** to purchase 730 000 tonnes in 2014, a level the agency predicts will be cut by 8 percent in 2015, on anticipation that a larger crop harvested this season will reduce demand for brokens in the country.

## Exports

*Thailand to reclaim its position as the world's leading supplier of rice.*

FAO's latest forecast of global rice trade in calendar 2014 now stands at 39.7 million tonnes, up 7 percent year-on-year and an all-time record. The 2.5 million tonne expansion in global deliveries is expected to be sustained by a strong recovery in consignments by **Thailand**, facilitated by the suspension of the paddy pledging programme and Government stock sales. Export prospects also remain favourable for **Argentina, Brazil, Egypt, Guyana, Myanmar, Pakistan** and **Paraguay**, while **Australia, China (Mainland), Ecuador, the United States, the Russian Federation** and **Uruguay** may see exports fall in 2014, in most cases associated with tighter supply positions and less attractive prices. Nevertheless, among the major international suppliers, the largest year-to-year decline is seen taking place in **India**, although a more competitive trading environment is also poised to lead to a second consecutive year of export retrenchments in **Viet Nam**.

At 40.0 million tonnes, FAO's first forecast of world rice deliveries in 2015 is 1 percent above the 2014 record. Among the individual suppliers, given current prospects of ample availabilities for export and attractive prices, in the absence of high producer price policy, **Thailand** is expected to fully to re-establish its position as the world's leading rice exporter, capturing 27 percent of global rice demand over the year. This compares with an estimated 24 percent share in 2014 and a relative low of 18 percent the two preceding years. Thailand's resurgence is mostly envisaged to come at the expense of deliveries by **India**,



which may experience a tightening of availabilities in the face of the 2014 weather related production setbacks. Meanwhile, current expectations are that **Argentina, Brazil, Myanmar** and **Pakistan** will count on sufficient supplies to boost their exports further, with a recovery in shipments also foreseen to take place in **Australia, Cambodia, China (Mainland), the United States** and **Viet Nam**.



While 100 000 tonnes higher than previously envisaged, FAO's 2014 export outlook for **Cambodia** remains subdued at 1.0 million tonnes. The expected 9 percent shortfall in deliveries mirrors expectations of reduced paddy demand in Thailand for re-export, following the suspension of the paddy pledging programme and ensuing easing of Thai domestic prices. While significant processing and logistical constraints also continue to limit Cambodia's rice sector performance, the industry has made concerted efforts to tap into new markets, including China (Mainland). For instance, in August, the state-owned enterprise Green Trade secured a 100 000 tonne export deal with China's COFCO for delivery by April 2015. Taking this into account, FAO presently envisages deliveries by Cambodia to fully recover in 2015, amounting to 1.1 million tonnes.

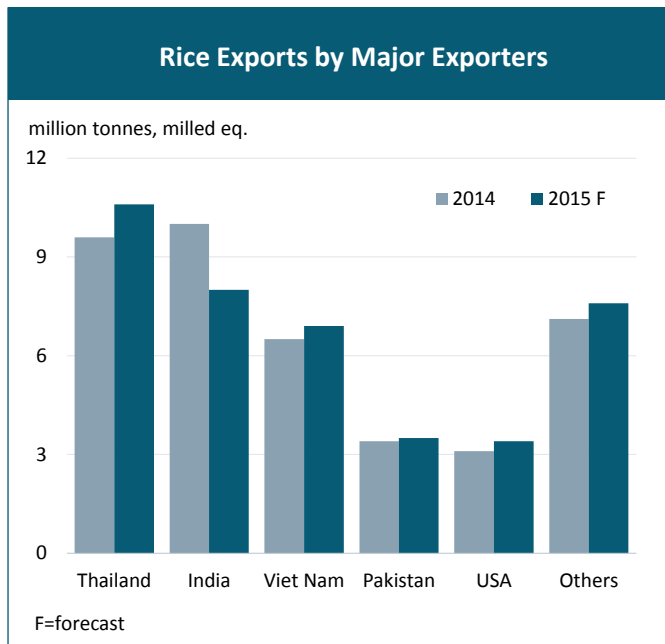
Conversely, 2014 exports prospects for **China (Mainland)** have deteriorated further, with a 37 percent year-on-year contraction to 300 000 tonnes now anticipated to take place. The reduction is imputable to dwindling japonica deliveries to the Republic of Korea and Japan, while uncompetitive prices continue to keep long-grain sales small. Assuming import demand in key Far Eastern outlets recovers in 2015, China is tentatively forecast to see exports rebound to a more normal level of 400 000 tonnes.

FAO's forecast of 2014 deliveries by **India** remains unchanged at 10.0 million tonnes, implying a 5 percent year-to-year contraction. The decline is envisaged to result from fewer consignments of white and parboiled rice to African and Near Eastern markets, with basmati deliveries also negatively impacted by Iran's imposition of higher import duties and more stringent regulations concerning presence of heavy metals in consignments. Shortfalls in these segments are presently anticipated to offset gains in deliveries to South Asian outlets, especially Bangladesh and Nepal. Given current negative outlook for the 2014 crops in the country, which may further constrain its ability to compete in an otherwise well-supplied global market, FAO foreshadows deliveries by India to contract further in the year to come, to 8.0 million tonnes. The forecast level would represent a 20 percent annual fall in exports, while still standing well above pre-2011 performances. Moreover, the reduction is, likely to leave the fragrant segment unaffected, especially if prospects of a bountiful basmati harvest, supported by the adoption of the new high yielding, short-duration Pusa 1509 variety, are confirmed.

FAO's export outlook for **Pakistan** in calendar 2014 continues to indicate a favourable performance, with overall shipments predicted to reach 3.4 million tonnes. The 8 percent expansion is chiefly forecast to come on the back of competitively priced non-fragrant deliveries. However, export progress to date also prefigures a likely recovery in basmati shipments, after tight availabilities resulted in three years of consecutive retrenchments in this segment. Provided flood-related losses do not significantly inhibit its ability to export basmati rice and on expectations that still competitive prices will enable the country to maintain its hold over traditional African and Asian markets, FAO anticipates Pakistan to be in a position to raise deliveries to 3.5 million tonnes in 2015.

Forecasts of 2014 exports by **Thailand** have been raised to 9.6 million tonnes, which is some 600 000 tonnes more than reported in the last issue of the RMM. The upward adjustment is consistent with the upbeat pace of Thai exports sustained to date, with 6.6 million tonnes shipped in the first eight months of the year, up 59 percent from the corresponding 2013 period. With its competitive edge re-established following the suspension of the paddy pledging programme this year, Thai shipments have been buoyed by a resurgence of deliveries to Africa and Far Eastern markets, which have more than compensated for reduced sales to Iraq, where more staunch competition has been faced. This is even as the resumption of Government stock sales since August has so far fallen short of market expectations, offering volumes far smaller than those previously intimated by officials. The restraint in public stock releases is coherent with the Government's commitment to stabilize local prices, especially ahead of

the 2014 main season harvest. Still, considering the easing of supplies following the arrival of 2014 crops in the market, in the absence of state intervention purchases, FAO anticipates Thailand to raise its volume of 2015 shipments by a further 10 percent to 10.6 million tonnes.



Rice exports by **Viet Nam** over 2014 have continued to trail behind year-earlier levels, amounting to 4.6 million tonnes by August, down 7 percent year-to-year. The poor performance is reflective of increased export prices, which have challenged its dominance in traditional Asian outlets, in particular in Indonesia, Malaysia and the Philippines. These countries have been encouraged to turn to Thailand to meet part of their import needs this year, due to more attractive offerings. As a result, FAO now anticipates official deliveries by Vietnam in 2014 to fall 2 percent short of the already low levels recorded the year earlier to 6.5 million tonnes. The 2015 rice export outlook for the country remains rather preliminary at this stage, as much will depend on the turnout of the 2015 paddy season, which is not due for launch until December. Developments in cross-border trade will also play a determining role, since part of the strength of Vietnamese quotes recorded in recent months has been attributed to large quantities of rice still flowing into China (Mainland) unrecorded. However, considering recent efforts by the Chinese authorities to clamp-down on unofficial rice imports and the potential of more attractive prices to stimulate further growth in local production, FAO tentatively forecast consignments by Viet Nam to partially recover to 6.9 million tonnes in 2015.

Outside of Asia, forecasts of 2014 exports by **Egypt** remain pegged at 450 000 tonnes, mostly comprised of unofficial deliveries. Indeed, a recent official decision has ruled out a relaxation to existing restrictions on milled rice exports,

amid concerns that such a move would encourage rice plantings to expand further, going against official efforts to conserve scarce water resources. Yet, on expectations that volumes will continue to make their way out of the country unrecorded, Egypt is presently expected to raise its 2015 volume of consignments to 500 000 tonnes. Prospects of 2015 sales by **Australia** are also positive at 460 000 tonnes, on account of larger expected availabilities and industry efforts to expand shipments of short-grain and fragrant varieties. This would be up from a subdued forecast of 440 000 tonnes for 2014, given constraints associated with poor production results. Meanwhile, the USDA's latest export forecast would imply a 10 percent recovery in 2015 shipments by the **United States** to 3.4 million tonnes. The 300 000 tonne annual growth would be in line with prospects of the country's competitive edge being restored by a larger harvest this season, after it was eroded in 2014 by a smaller crop.

Among the South American origins, FAO has upgraded its 2014 export forecasts for **Brazil** to 950 000 tonnes, up 16 percent year-on-year, based on a strong pace of deliveries to date. **Guyana**, too, looks set to raise shipments above previously envisaged levels to some 420 000 tonnes, in line with upward adjustments to production figures and efforts by the country to consolidate its presence in traditional outlets and tap into new ones. The outlook is also positive for **Paraguay** and **Suriname**. An easier supply situation and a weaker currency are similarly expected to boost **Argentina's** shipments in 2014 to 640 000 tonnes. The opposite is expected to be the case of **Uruguay**, which may see its exports fall by 2 percent to 870 000 tonnes this year, with further retrenchments also taking place in **Ecuador** and **Peru**.

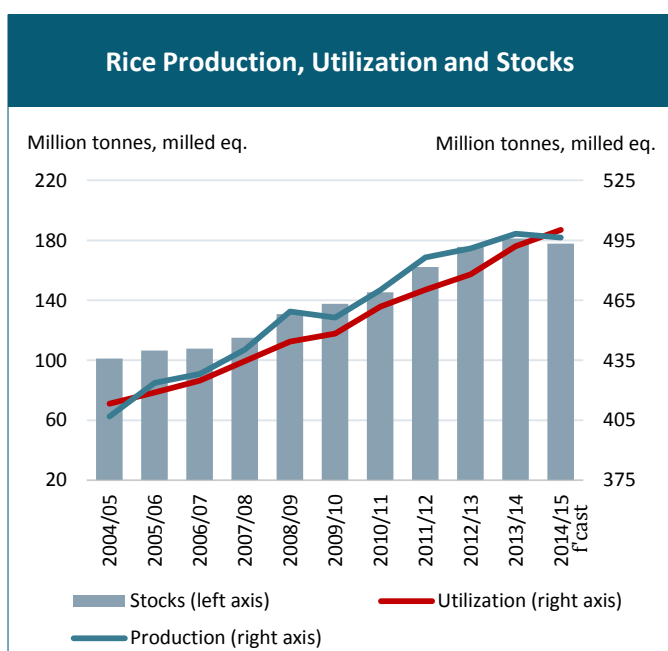
Although export prospects for sub-region in 2015 will depend on the progress of the 2015 crops currently being planted, FAO anticipated 2015 exports by both **Argentina** and **Brazil** to grow further, reaching 660 000 tonnes and 1.0 million tonnes, respectively. Current expectations are that **Guyana** and **Paraguay** will, ship 470 000 and 420 000 tonnes, respectively. On the other hand, **Uruguay** may see its deliveries fall for a third consecutive year to 830 000 tonnes, especially if prospects of reduced supply availabilities are confirmed, which would hinder the country's ability to compete in much sought-after markets, such as Iraq.

## RICE UTILIZATION AND DOMESTIC PRICES

*Expanding food demand to sustain a 1.7 percent increase in global rice use in 2014/15*

Consistent with downward adjustments to 2014 production figures, FAO has lowered its forecast of world rice utilization in 2014/15 by 2.0 million tonnes to 500.3 million tonnes (milled basis). Nonetheless, the revised figure continues to suggest a likely 1.7 percent expansion in global rice utilization, largely on account of a 5.2 million tonne increase in world food use to 415.5 million tonnes. Quantities destined to seed, non-industrial uses and post-harvest losses are also set to rise to a combined 70.5 million tonnes, whilst supplies used as animal feed are estimated to absorb 14.3 million tonnes. Based on these tendencies, **global per caput food use** would pass from an estimated 57.4 kilos per person in 2013/14 to 57.5 kilos this season, reflecting a largely steady consumption in **developing** and **developed nations** of around 68.3 and 12.4 kilos per person, respectively.

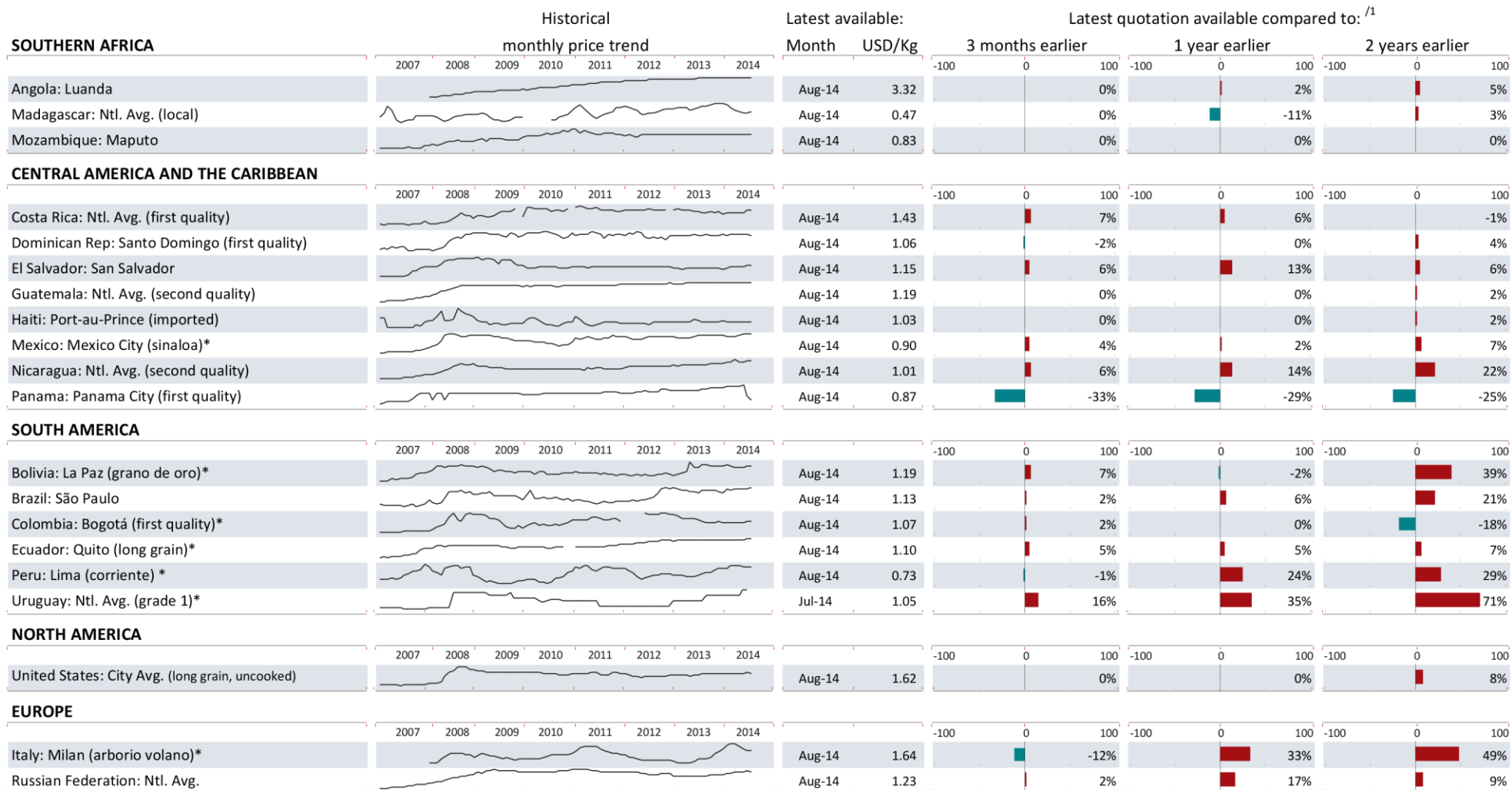
recent months in parts of **Guinea, Liberia and Sierra Leone**, amid market disruptions caused by the Ebola outbreak. In *Latin America and the Caribbean*, quotations stand steady to higher, with poor production results sustaining gains in **Ecuador, El Salvador, Nicaragua, Peru and Uruguay**. **Panama** stands as an exception to this trend, with declines consistent with Government efforts to curb the cost of living, through the institution of price ceilings earlier in the year. Elsewhere, prices are also higher year-on-year in **Italy** and the **Russian Federation**.



Looking at domestic price developments in recent months, local quotations remain consistently above year-earlier levels through much of *Asia*, with the exception of **Cambodia, Japan, the Republic of Korea and Thailand**, where these have been pressured by successive large harvests and ample availabilities in store. The opposite holds true for much of *Africa*, where, excluding **Mali, Mauritania and Somalia**, countries have generally witnessed price reductions, particularly concerning imported rice, although good harvest results are also behind softer prices, most notably in **Uganda and Madagascar**. This is even if lack of readily available data may mask strong price rises reported to be occurring in

### DOMESTIC RICE PRICES IN SELECTED COUNTRIES

ASIA	Historical monthly price trend 2007 2008 2009 2010 2011 2012 2013 2014	Latest available: Month USD/Kg	Latest quotation available compared to: <sup>/1</sup>			
			3 months earlier	1 year earlier	2 years earlier	
Bangladesh: Dhaka (coarse)		Aug-14 0.44	2%	1%	18%	
Cambodia: Phnom Penh (mix)*		Aug-14 0.39	0%	-11%	-11%	
China: 50 City Avg. (japonica second quality)		Aug-14 0.97	1%	4%	9%	
India: Delhi		Aug-14 0.49	3%	10%	20%	
Indonesia: Ntl. Avg. (medium quality)		Aug-14 0.77	3%	7%	13%	
Japan: Ku-area of Tokyo (non-glutinous)		Jun-14 4.86	2%	-3%	-3%	
Republic of Korea: Ntl. Avg.		Aug-14 2.18	-2%	-4%	3%	
Mongolia: Ulaanbaatar		Aug-14 1.23	-1%	34%	34%	
Myanmar: Yangon (Emata, Manawthukha FQ)*		Aug-14 0.40	3%	0%	14%	
Nepal: Kathmandu (coarse)		Jul-14 0.47	10%	18%	18%	
Pakistan: Karachi (irri)		Aug-14 0.62	0%	9%	19%	
Philippines: Ntl. Avg. (well-milled)		Aug-14 1.00	4%	16%	23%	
Sri Lanka: Colombo (white)		Aug-14 0.56	8%	26%	29%	
Thailand: Bangkok (5% broken)*		Jul-14 0.38	8%	-18%	-28%	
Viet Nam: Dong Thap (25% broken)		Aug-14 0.38	13%	14%	7%	
<b>WESTERN AFRICA</b>						
Benin: Cotonou (imported)		Jul-14 1.09	0%	0%	0%	
Burkina Faso: Ouagadougou (imported)*		Aug-14 0.67	0%	-15%	-13%	
Cape Verde: Santiago (imported)		Jun-14 1.18	8%	-5%	-11%	
Chad: N'Djamena (imported)		Jul-14 1.03	3%	-18%	0%	
Mali: Bamako*		Aug-14 0.71	8%	8%	0%	
Mauritania: Nouakchott (imported)		Jul-14 1.14	19%	28%	60%	
Niger: Niamey (imported)*		Aug-14 0.73	-5%	-10%	-10%	
Senegal: Dakar (imported)		Jun-14 0.79	-12%	-14%	-16%	
Togo: Lomé (imported)		Aug-14 1.12	0%	-4%	5%	
<b>EASTERN AFRICA</b>						
Djibouti: Djibouti (Belem)*		Jun-14 0.56	-4%	-4%	-7%	
Rwanda: Kigali*		Aug-14 0.86	-10%	-8%	-22%	
Somalia: Mogadishu (imported)		Aug-14 0.63	0%	8%	-13%	
Uganda: Kampala*		Aug-14 1.00	-3%	-14%	-4%	
United Rep. of Tanzania: Dar es Salaam*		Aug-14 0.82	-	-2%	-13%	



<sup>/1</sup> Quotations in the month specified in the third 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; Korea Agricultural Marketing Information Service (KAMIS); Japan Ministry of Agriculture, Forestry and Fisheries; U.S. Bureau of Labor Statistics (BLS); Associazione Industrie Risiere Italiane (AIRI). Please note that prices shown are comparable over time, but not across countries, as they may refer to different stages of the marketing chain (e.g. retail versus wholesale prices), different rice types (e.g. aromatic versus non-aromatic) or different qualities of rice (e.g. fully broken versus 5% broken).

## CLOSING STOCKS

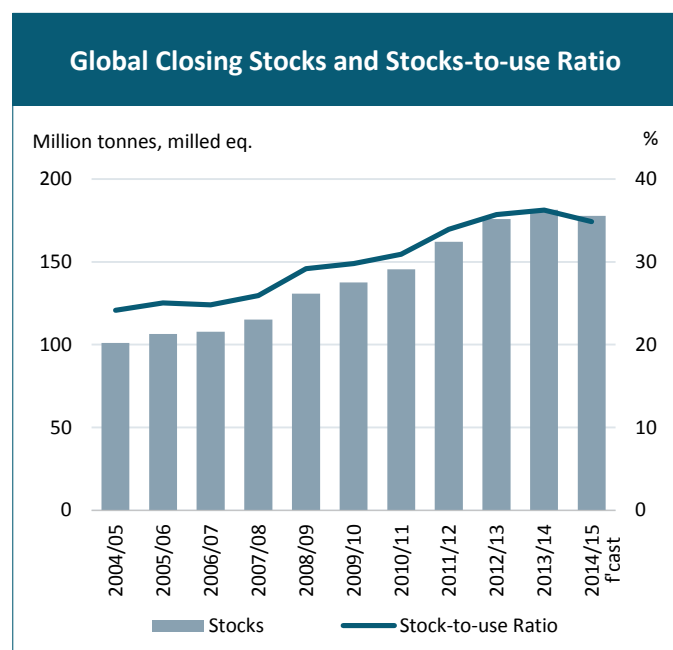
*Global rice closing stocks in 2015 to fall 2 percent below the 2014 highs*

FAO currently forecasts **global rice carryovers at the close of marketing years ending in 2015** at 177.7 million tonnes (milled basis), which is some 2.0 million tonnes less than reported in the July issue of the RMM. At a country level, the downward revision primarily mirrors expectations of sharper draw-downs in India due to the deteriorated production outlook for the country, as well as anticipation of smaller inventories in Thailand, based on buoyant export prospects for the country. Forecasts of rice carryovers were also downgraded for Cambodia, Egypt, Pakistan and the Philippines, more than outweighing upward adjustments to stock projections, the largest of which concerning Viet Nam.

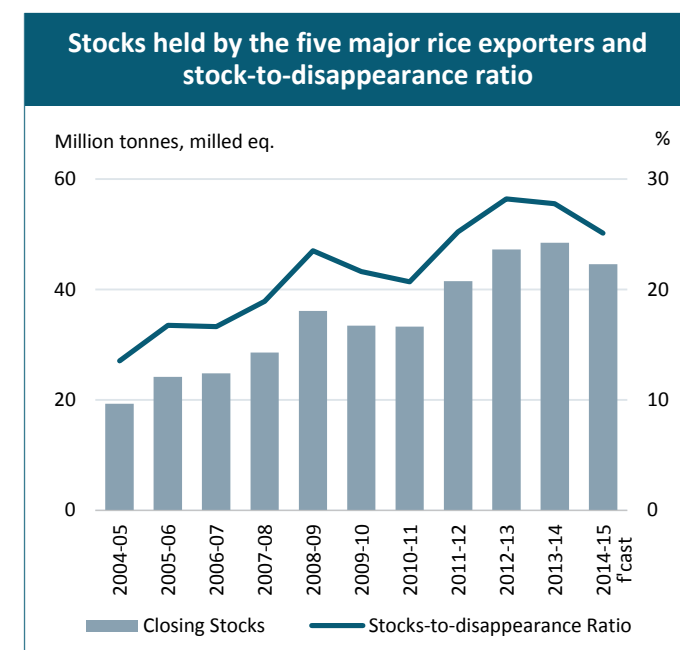
At 177.7 million tonnes, world rice inventories in 2014/15 would stand 2 percent below the historical highs recorded in 2013-14, marking the first world carry-over contraction to occur in a decade. Taking into account projected utilization levels, this would position the **global stocks-to-use ratio** at 34.8 percent in 2014/15, down from an estimated 36.2 percent a year earlier, but higher than a five-year average position of 33.3 percent. The entire decline is expected to mirror a 3.7 million tonne stock draw-down in **developing countries** to 173.1 million tonnes, whilst carry-overs in **developed nations** rise by 2 percent to 4.6 million tonnes.

Combined, the **five major rice exporters**<sup>3</sup> are projected to hold 44.6 million tonnes of rice at the end of their individual 2014/15 marketing years, down 8 percent year-

on-year. The expected 3.9 million tonne cut would result in their **stock-to-disappearance ratio**<sup>4</sup> passing from 27.7 percent in 2013/14 to 25.1 percent in 2014/15. Within the group, the largest cut is foreseen to take place in **India**, which may see inventories decline by 13 percent to 20.5 million tonnes, on prospects of a poor seasonal result, together with higher domestic needs and comparatively large deliveries abroad. Moreover, current expectations are that the application of a 25 percent ceiling on quantities officially procured under statutory levy, a directive first issued in 2013 but fully applicable starting in October this year, will lead to a reduction in overall state procurement over the season. The extent to which this holds true would, however, depend on the rate with which cuts in levy purchases are compensated by direct government paddy purchases from farmers for eventual custom milling. Under the existing buffer stock norms and strategic reserve, a minimum of 7.2 million tonnes of rice must be kept in public granaries on 1 October of each year, with Indian officials having set a rice procurement target of 30.05 million tonnes for the 2014/15 purchasing campaign. A 1.5 million tonne reduction in stocks held by **Thailand** to 16.5 million tonnes is, instead, forecast to be associated with an accelerated pace of exports, facilitated by the suspension of the paddy pledging programme and the gradual release of the hefty Government stocks accumulated through the scheme since 2011. This is even if officials' commitment to stabilize producer prices has implied a more restrained stance to public stock sales ahead of the 2014 main season harvest. Among the other countries in the group, **Pakistan**, despite expectations of flood-related output losses, is anticipated to count on sufficient supplies to meet domestic and export demand without recurring to stock draw-downs, whereas, inventories held by **Viet Nam** are foreseen to rise to 5.6



<sup>3</sup> India, Pakistan, Thailand, the United States and Viet Nam.



<sup>4</sup> Defined as the sum of the five major exporters' stocks divided by the sum of the five countries' domestic utilization plus exports.

million tonnes, based on the expected favourable seasonal turnout. Likewise, officials anticipate a production rebound in the **United States** to facilitate a 19 percent stock reconstitution to 1.2 million tonnes.

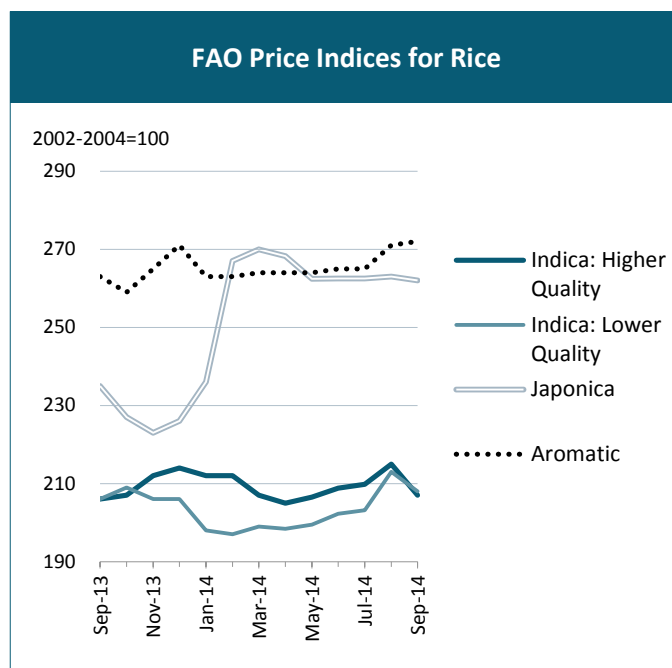
Rice closing stocks in **importing countries**, as a group, are projected to amount to 28.5 million tonnes in 2014/15, down from an estimated opening level of 29.8 million tonnes. Much of this projected contraction would reflect a 1.1 million tonne cut in carry-overs in **Indonesia** to 5.3 million tonnes, stemming from poor crop results this season. Nevertheless, weather induced production shortfalls are similarly envisaged to require both **Nepal** and **Sri Lanka** to draw on their reserves to meet consumption needs over the year. Conversely, an output expansion may facilitate a further 1 percent stock build-up in **Bangladesh** to 6.8 million tonnes, with state imports also envisaged to allow stocks to be rebuilt in the **Philippines**, in spite of current subdued production prospects for the country. Current expectations also point to **Brazil** closing the season with larger carry-outs, with reserves held by the **European Union**, the **Islamic Republic of Iran**, **Nigeria** and **Saudi Arabia** remaining largely steady in 2015. Meanwhile, **China (Mainland)**, a net-importing country since 2011, **could** see its reserves climb further to 102.0 million tonnes, sustained by a still favourable production result, combined with substantial purchases from abroad.

## INTERNATIONAL PRICES

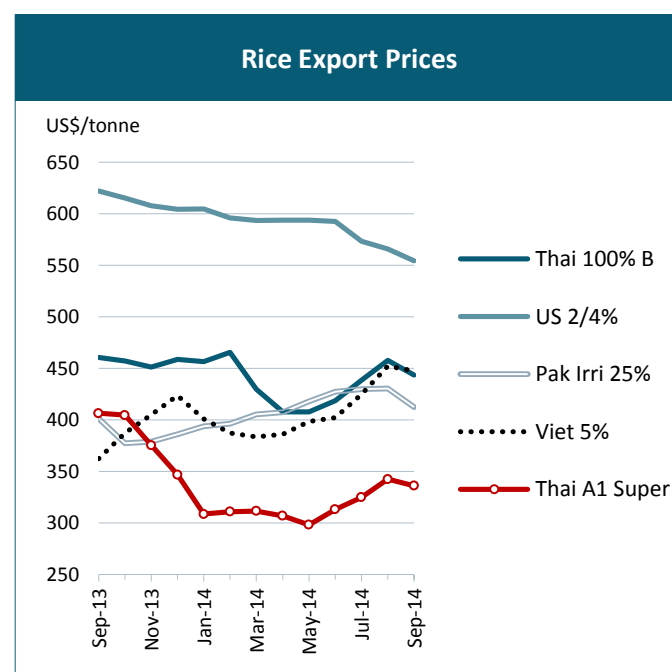
### *Export prices weaken in September as supplies from the season's main harvest reach the market*

Following two months of steady gains, the FAO All Rice Price Index (2002-2004=100) rose by 1 percent in August to an average of 242 points, underpinned by seasonal tightness and strong import demand. This was particularly the case in the Indica and Aromatica segments, which accounted for all of the month's strengthening, while the Japonica Index stabilized around a high value of 263 points. The price firmness was sustained until September, when newly harvested supplies tended to weigh on Indica quotations. This resulted in FAO All Rice Price Index falling to 238 points, reversing much of August's gains. From an annual perspective, the January-September average of the Index remains close to its corresponding value in 2013, mirroring the unabated firmness dominating the medium-grain market, in contrast to the weaker tendencies witnessed in both the Indica and Fragrant rice segments.

At a country level, quotations in **Thailand** rose steadily through August, supported by a particularly brisk pace of sales to African and Asian buyers, combined with thin availabilities, in the absence of substantial Government stock releases. Indeed, notwithstanding earlier announced



plans that a resumption of public stock sales in August would entail up to 500 000 tonnes been offloaded to the market on a monthly basis, quantities actually sold in a first tender that month proved disappointingly small, at 73 000 tonnes. A second public auction in September followed the same pattern and, together with various Government-to-Government deals reached since then, served to underscore authorities' care to avoid pressuring prices in local markets ahead of the season's main harvest. The tightness associated with the three-month hiatus in stock sales resulted in Thai lower quality indica quotations practically levelling off with Vietnamese prices, after trading at a discount for five consecutive months. The firming of Thai prices was contained in September, when new crop arrivals eased the prevailing market tightness, bringing benchmark 100% B white rice quotes to USD 444



per tonne.

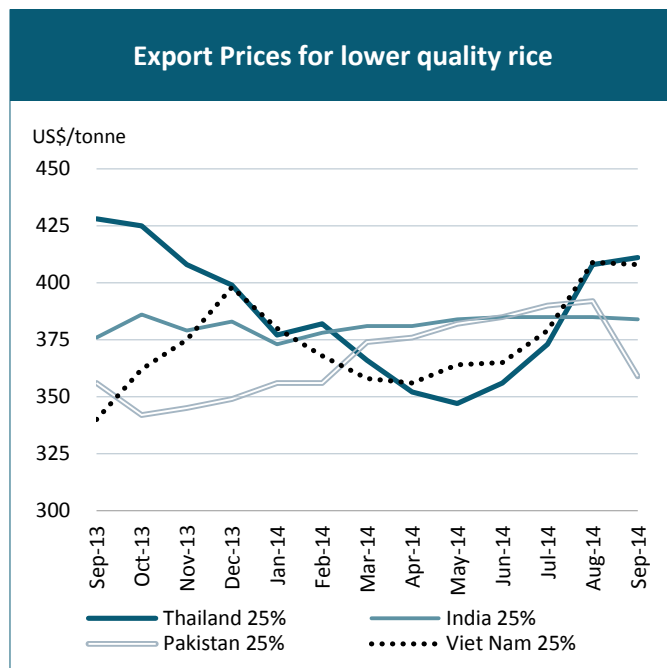
By contrast, expectations of a bountiful harvest, together with a slow pace of sales, tended to drive a further easing of long-grain prices in the **United States**. At USD 555 per tonne in September, US N.2 4% was traded 3 percent below July prices, although still holding a USD 111 premium over the comparable Thai quality. In spite of reduced buying interest, prices in the medium-grain segment have tended to hold firm ahead of the season's harvest, influenced by expectations a drought reduced Californian crop.

Sales to major Asian outlets, especially China (Mainland) across borders, have extended the upward streak of **Vietnamese** quotations initiated last April. The rising demand for export resulted in prices of 5% broken in the country reaching USD 452 by August, their highest since December 2011. The strength manifested notwithstanding pressure applied from the arrival of summer-autumn crops and the temporary closure of border trade with China (Mainland) that month. Vietnamese quotations only displayed a modest tendency to soften in September, on news of an only partial award of a much anticipated 500 000 tonne deal with the Government of the Philippines. Meanwhile, minimum export prices for 25% broken also stand higher at USD 410 per tonne, after having been lifted by 9 percent by the Viet Nam Food Association in July.

Quotations in **India** have been largely steady in recent months, sustained by thinner availabilities, coupled with state procurement activities. White rice export quotations were also stable through much of August in **Pakistan**, as support provided by tighter availabilities was outweighed by weaker buying interest. IRRI prices began losing ground only in September, under the combined pressure of a weaker currency and the arrival of freshly harvested crops. The tendency for quotations to weaken did not extend to the basmati segment, however, where thin supplies ahead of the season's harvest and concern over the impact of floods on the fragrant crop have underpinned a 7 percent strengthening in Pakistan basmati prices.

Looking ahead, international rice export prices could come under increasing downward pressure from the progress of main-crop harvests in northern hemisphere countries. Indeed, concerns that lower production in some key exporters, including India, Pakistan and Thailand, will be supportive of international quotations are attenuated by prospects of still above-average harvests in these countries, as well as abundant inventories amassed through years of uninterrupted output gains. Against this backdrop, policies will continue playing a particularly influential role, especially those concerning the disposal of stocks in key global suppliers. Part of the anticipated

seasonal pressure on prices could, moreover, be offset by strong import demand, especially if current expectations of steadfast buying interest are confirmed. As usual, currency movements affecting the relative competitiveness of exporters will need to be monitored, as do developments in other cereal markets.



FAO Rice Price Indices					
	All	Indica		Japonica	Aromatic
		Higher quality	Lower quality		
2002-2004 = 100					
<b>2010</b>	<b>227</b>	<b>206</b>	<b>212</b>	<b>252</b>	<b>229</b>
<b>2011</b>	<b>242</b>	<b>232</b>	<b>250</b>	<b>258</b>	<b>220</b>
<b>2012</b>	<b>231</b>	<b>225</b>	<b>241</b>	<b>235</b>	<b>222</b>
<b>2013</b>	<b>233</b>	<b>219</b>	<b>226</b>	<b>230</b>	<b>268</b>
<b>2013</b> September	226	206	206	235	263
October	224	207	209	227	259
November	224	212	206	223	265
December	227	214	206	226	271
<b>2014</b> January	227	212	198	236	263
February	237	212	197	267	263
March	238	207	199	270	264
April	237	205	198	268	264
May	235	207	199	262	264
June	236	209	202	263	265
July	238	212	206	263	265
August	242	215	213	263	271
September	238	207	208	262	272
<b>2013</b> Jan.-Sep.	236	222	233	232	269
<b>2014</b> Jan.-Sep.	236	209	202	261	266
<b>% Change</b>	0.2	-5.7	-13.0	12.9	-1.3

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.



EXPORT PRICES FOR RICE														
	Thai White 100% B Second grade	Thai Parboiled 100%	U.S. Long Grain #2, 4%	Thai 5%	Viet 5%	Uru 5% 1/	India 25%	Pak 25%	Thai 25%	Viet 25%	Thai A1 Super 2/	U.S. California Medium Grain #1, 4%	Pak Basmati 3/	Thai Fragrant 4/
	<i>(US \$/tonne, f.o.b.)</i>													
<b>2009</b>	587	619	545	555	432	530	...	351	460	384	329	1 068	937	954
<b>2010</b>	518	532	510	492	416	559	...	372	444	387	386	737	881	1 045
<b>2011</b>	565	563	577	549	505	546	409	433	511	467	464	821	1 060	1 054
<b>2012</b>	588	594	567	573	432	584	391	396	560	397	540	718	1 137	1 091
<b>2013</b>	534	530	628	518	391	598	402	371	504	363	483	692	1 372	1 180
<b>2013</b>														
September	460	466	622	444	362	602	376	356	428	340	406	696	1 324	1 127
October	457	446	615	440	388	601	386	342	425	362	405	686	1 310	1 149
November	451	454	608	437	405	596	379	345	408	375	376	660	1 385	1 176
December	459	466	604	451	424	604	382	349	399	398	347	686	1 411	1 163
<b>2014</b>														
January	456	459	605	450	401	602	373	356	377	380	309	774	1 396	1 146
February	466	467	596	459	388	599	378	356	382	368	311	1 065	1 348	1 158
March	430	428	594	422	384	581	381	374	366	358	312	1 100	1 362	1 170
April	408	417	594	395	386	581	381	376	352	356	307	1 081	1 350	1 172
May	408	418	594	389	398	596	384	382	347	364	298	1 025	1 350	1 166
June	419	428	592	397	402	611	385	385	356	365	313	1 025	1 350	1 164
July	439	444	574	420	425	611	385	390	373	379	325	1 025	1 350	1 178
August	458	452	566	442	452	609	385	392	408	409	343	1 025	1 430	1 185
September	444	436	554	432	448	598	384	359	410	408	336	1 019	1 450	1 178
<b>2013</b> Jan.-Sep.	560	554	634	543	386	597	408	380	535	358	519	684	1 374	1 186
<b>2014</b> Jan.-Sep.	436	439	585	423	409	599	382	374	375	376	317	933	1 376	1 168
<b>% Change</b>	-22.1	-20.9	-7.7	-22.1	6.1	0.3	-6.5	-1.5	-29.9	5.2	-38.9	36.5	0.2	-1.5

Sources: Livericeindex.com, Thai Department of Foreign Trade (DFT) and other public sources.

1/ Long grain white rice, fob fcl. 2/ White broken rice. 3/ Basmati ordinary up to May 2011. Super kernel white basmati 2% from June 2011 onwards.

4/ Hom Mali rice, grade A.

... = unquoted

## RICE POLICY DEVELOPMENTS

Area	Date	Policy Instrument	Description
Bangladesh	Sep-14	Government procurement	Extended the Boro procurement campaign to 30 September 2014, in order to ensure targeted volumes were fully purchased. Officials will also restrict purchases of Boro paddy to 50 000 tonnes, down from the original target of 150 000 tonnes, while making-up for this shortfall with additional milled rice purchases.
Bangladesh	Sep-14	Export ban	Approved an exception to the export ban on non-aromatic rice, permitting 50 000 tonnes of rice to be exported to Sri Lanka through official channels.
Brazil	Aug-14	Minimum support prices	Approved new minimum support prices (MSP) for the 2015/16 season (2014/15 season for Brazil) to be effective from February 2015 to January 2016. For the Northern Region and Mato Grosso, MSPs for fine long grain paddy were raised by 2.64% to Reals 545 (USD 236), while the MSP for fine long grain paddy in the Southern region (excepting Paraná) was also set at Reals 545 (USD 236) per tonne, up 5.62% from 2014/15. MSPs for long grain paddy were instead left unchanged at Reals 378-408 (USD 164-177) per tonne, as was the MSP for fine long grain paddy in the Southeast, Northeast, Centre West regions (excepting Mato Grosso) and the state of Paraná, at Reals 550 (USD 238) per tonne.
Brazil	Jul-14	Stock release	Opened bids for 13 221 tonnes of paddy from government stocks on 17 July 2014. This follows the offer of a similar volume through a separate auction held on 10 July 2014.
Brazil	Sep-14	Stock release	Approved the release of up to 550 000 tonnes of paddy from government stocks, at a stock release sales price (Preço de Liberação de Estoques) of Reals 33.45 per 50 kilos of paddy (USD 290 per tonne).
Brazil	Sep-14	Stock release	Released 25 000 tonnes of paddy from public reserves, out of a total of 30 145 tonnes offered through auction on 25 September 2014.
Brazil	Oct-14	Stock release	Announced that it would offer a combined 40 177 tonnes of paddy from Government stocks, through two tenders to take place on 9 October 2014.
China (Mainland)	Aug-14	Import ban	Banned sales of rice across borders with Viet Nam, in a bid to thwart tax evasion.
China (Mainland)	Aug-14	Import agreement	A memorandum of understanding signed between the state trading enterprise, COFCO, and Cambodian state-owned enterprise Green Trade that will see 100 000 tonnes of Cambodian rice delivered to China (Mainland) by April 2015.
Egypt	Sep-14	Export ban	Upheld the ban on milled whole grain rice exports, rejecting a proposal to permit up to 1.0 million tonnes to be shipped abroad by 1 September 2015. The decision would be consistent with Government efforts to limit rice cultivation, in a bid to preserve scarce water resources.

Area	Date	Policy Instrument	Description
Honduras	Sep-14	Import quota	Established a shortage import quota of 25 000 tonnes of paddy, to be brought into the country by 31 December 2014.
India	Jul-14	Budgetary allocations, production support	Announced it would allocate Rupees 1.6 billion (USD 26.2 million) as part of its 2014–2015 budgetary allocations, to address deteriorating soil health by extending soil health cards to farmers and setting up mobile soil testing laboratories, while a separate Rupees 1.0 billion (USD 16 million) would be set aside to establish a National Adaptation Fund for climate change. With the government committed to sustaining 4% growth in agriculture through a technology-driven second green revolution, additional measures would include the allocation of Rupees 5 billion (USD 82 million) to a Price Stabilization Fund to address price volatility, Rupees 10 billion (USD 164 million) to expand irrigation infrastructure, greater outlays to fertilizer subsidies, as well as measures to boost agricultural credit, rural infrastructure and agricultural research and education.
India	Aug-14	Production support	Decided to extend a 50% subsidy on the cost of diesel to farmers affected by drought and deficient rains and to raise ceilings on seed subsidies by 50% to Rupees 1500-7500 (USD 25-123) per 100 kilograms, as part of measures put in place to support producers affected by rainfall shortfalls and to lessen the impact of adverse weather on production.
India	Jul-14	Government procurement	Instructed state governments to reduce quantities procured from millers under statutory levy during the 2014/15 procurement campaign to a maximum of 25%.
India	Sep-14	Import quota	Announced plan to import 100 000 tonnes of rice, in order to meet the public distribution needs of the north-eastern states of Tripura and Mizoram. The initiative was taken in view of scheduled interruptions to railway links, associated with infrastructural works, which will hamper the internal transportation of supplies to the areas.
Iran	Jul-14	Import tariff	Set import duties on basmati rice at 40%, up from a 22% rate applied previously.
Nicaragua	Aug-14	Import quota	Announced that it would permit 97 000 tonnes of rice to be imported, free of duties, should the need arise to compensate for drought-induced production shortfalls.
Nigeria	Aug-14	Production support	Signed a memorandum of understanding with Dangote Industries Limited that will see the conglomerate invest USD 1 billion in constructing processing facilities and developing 150 000 hectares across five states for rice production.
Nigeria	Sep-14	Production support	Received approval from the Federal Executive Council to establish ten integrated rice mills and six cassava mills across the country.
Nigeria	Jul-14	Import tariffs	Approved a reduction on import levies applied on husked and semi/wholly milled rice. According to the revised regime, importers possessing rice processing facilities and operating verifiable backward integration programmes in the country will be charged a lower levy of 20% for husked and semi/wholly milled rice, on top of a 10% import tariff. Husked and semi/wholly milled rice imported by "pure traders" (i.e. those not possessing such facilities) will, on the

Area	Date	Policy Instrument	Description
			other hand, attract a higher levy of 60%, on top of an import duty of 10%. This compares to the 110% charge (100% levy + 10% import duty) applied on all rice imports since January 2013.
Panama	Aug-14	Production support	Announced that it would extend a Balboas 165 (USD 165) per tonne subsidy to rice producers, to be given on top of the Balboas 375 (USD 375) per tonne paddy price that millers agreed to pay producers for the 2014/15 first crop.
Panama	Aug-14	Import agreement	Entered into an import agreement with Guyana. The accord will see 5 000 tonnes of rice delivered to Panama on a monthly basis through the end of 2014, being subject to renewal thereafter.
Philippines	Jul-14	Import quota	Approved imports of 500 000 tonnes of rice through a tender, for delivery by November 2014. The import volume stands some 300 000 tonnes above previously announced plans, and will serve to refurbish stockpiles and quell inflationary pressure.
Philippines	Sep-14	Import quota	Following the rejection of all bids from the 27 August 2014 import tender for 500 000 tonnes of rice, announced that it would seek to purchase said volume through government-to-government channels.
Republic of Korea	Jul-14	Import quota	Announced that it would not pursue the renewal of quantitative restrictions on rice, following the expiration of the WTO special treatment on 31 December 2014. Officials will determine eventual tariff rates to be applied thereafter, based on WTO criteria, and communicate them by September 2014.
Republic of Korea	Sep-14	Import quota	Announced that it would seek to impose a 513% tariff on volumes imported outside of the 408 700 tonne minimum access quota, following the expiration of the WTO special treatment on rice on 31 December 2014. The government would present its tariffication plan to the WTO for verification as of October 2014, with officials reiterating their commitment to exclude rice from any future free trade agreement and to put in place measures to safeguard the local industry, including by prohibiting local rice from being mixed with imported supplies and through checks on the reported price of imports.
Republic of Korea	Sep-14	Production support	In view of plans to liberalize the rice market through tariffication, starting on 1 January 2015, announced that interventions in favour of the domestic rice industry would aim at maintaining the production base, by preserving the existing land extension, infrastructural investments, as well the promotion of domestic consumption and exports. Income stabilization measures would also be strengthened, including by raising direct area payments under the Rice Income Compensation Act by 11 percent to Won 1 000 000 (USD 950) per hectare and greater payments for double cropping on paddies during winter, as of 2015. In order to enhance the industry's competitiveness, economies of scale, technology and cost cutting measures would also be promoted, while, on the distributional side, the Rice Processing Complexes would be strengthened and mixing of foreign and domestic rice prohibited.
Republic of Korea	Sep-14	Government procurement	Announced that in addition to the 370 000 tonnes to be purchased locally under the Public Rice Stockholding Programme, a separate 30 000 tonnes would be procured from local markets this year as part of the country's contribution to the ASEAN Plus Three Emergency Rice Reserve (APTERR).

Area	Date	Policy Instrument	Description
Thailand	Oct-14	Production support	Approved a budget of Baht 40 billion (USD 1.2 billion) to provide a one-off payment to rice producers facing low prices, as part of a stimulus package for the economy. According to the decision farmers cultivating up to 15 rai (2.4 hectares) will receive Baht 1000 per rai cultivated (USD 193 per hectare), while households cultivating rice beyond this extension will be granted Baht 15 0000 (USD 475) each. Payments are to be issued by 20 October 2014.
Thailand	Aug-14	Stock release	Is considering channelling spoiled supplies held in government granaries to ethanol production, according to official statements.
Thailand	Aug-14	Stock release	Resumed sales from government stockpiles, offering 168 000 tonnes of rice (white, fragrant and glutinous) from government stocks through an open tender held on 07 August 2014.
Thailand	Sep-14	Stock release	Auctioned off 139 676 tonnes of fragrant and glutinous rice from government stockpiles through a tender held on 12 September 2014.
Thailand	Sep-14	Stock release	Based on official statements, in addition to releasing supplies from public stocks through auctions and government-to-government deals, would allow traders with standing export orders to place offers for Government rice directly to the Ministry of Commerce.
Thailand	Sep-14	Import agreement	Approved a 3-year extension to a Memorandum of Understanding with the Philippines on rice trade. The agreement, valid until 31 December 2016, will enable Thailand to sell up to 1.0 million tonnes to the Philippines through government-to-government channels, on a need basis.
Venezuela	Sep-14	Production support, support prices	Set paddy producer prices at Bolívares 8.6 per kilo (USD 1 363 per tonne) of Type A paddy and at Bolívares 8.5 per kilo of Type B paddy (USD 1 347 per tonne).
Venezuela	Aug-14	Export ban	Banned exports of basic necessities, including paddy and table rice in all their presentations.
Venezuela	Sep-14	Import agreement	Agreed, in principle, to import 32 000 tonnes of paddy and 80 000 tonnes of rice from Suriname in 2015. Reports suggest that, the accord would fall within the framework of PetroCaribe, having the cost of supplies deducted from oil arrears to Venezuela.
Vietnam	Jul-14	Minimum export prices	Raised minimum export prices for 25% broken rice by USD 35 to USD 410 per tonne, effective 28 July 2014.

TABLE 1: WORLD PADDY PRODUCTION

	2009-2011	2012	2013	2014	Annual Change		2014	
	Average		Estimate	Forecast	2014 / 2013		Previous	Revision
	<i>million tonnes</i>					%	<i>million tonnes</i>	
<b>WORLD</b>	706.2	736.3	747.5	744.4	-3.0	-0.4	750.9	-6.5
Developing countries	680.4	710.5	722.1	718.1	-4.0	-0.5	724.3	-6.2
Developed countries	25.8	25.8	25.4	26.3	0.9	3.6	26.6	-0.3
<b>ASIA</b>	638.5	667.7	678.1	673.6	-4.5	-0.7	678.8	-5.2
Bangladesh	49.7	50.8 G	51.7 G	52.5	0.8	1.6	52.5	-
Cambodia	8.2	9.3 G	9.4 G	9.3	-0.1	-1.0	9.5	-0.2
China	198.9	205.9	205.3	206.8	1.4	0.7	209.2	-2.4
of which China (Mainland)	197.3	204.2 G	203.6 G	205.0 G	1.4	0.7	207.4 G	-2.4
India	145.2	157.9 G	159.8 G	156.0	-3.8	-2.4	157.5	-1.5
Indonesia	65.5	69.1 G	71.3 G	69.9 G	-1.4	-2.0	69.9 G	-
Iran, Islamic Rep. of	2.7	2.8 G	2.9	3.0	0.1	1.7	3.0	-
Japan	10.6	10.7 G	10.8 G	10.6	-0.2	-1.5	10.6	-
Korea Rep. of	6.0	5.4 G	5.6 G	5.5	-0.1	-2.3	5.6	-0.1
Lao PDR	3.1	3.5 G	3.4 G	3.3	-0.1	-3.4	3.3	-
Malaysia	2.5	2.6 G	2.6 G	2.6	0.0	0.5	2.6	-
Myanmar	31.4	27.7 G	28.8 G	29.5	0.7	2.5	29.5	-
Nepal	4.5	4.5 G	5.0 G	4.6	-0.4	-8.9	4.8	-0.2
Pakistan	8.9	8.3 G	10.2 G	10.0	-0.2	-1.9	10.4	-0.4
Philippines	16.4	18.1 G	18.8 G	18.6	-0.2	-1.1	19.0	-0.4
Sri Lanka	3.9	3.8 G	4.6 G	3.6 G	-1.0	-22.4	3.5	0.1
Thailand	35.5	38.0 G	38.1 G	37.5	-0.6	-1.6	37.5	-
Viet Nam	40.5	43.7 G	43.9 G	44.5	0.6	1.5	44.5	-
<b>AFRICA</b>	25.3	26.8	27.4	27.6	0.2	0.8	28.3	-0.7
<b>North Africa</b>	5.2	6.0	6.2	6.1	-0.1	-1.6	6.3	-0.2
Egypt	5.2	5.9 G	6.1	6.0	-0.1	-1.6	6.2	-0.2
<b>Western Africa</b>	11.9	12.7	13.7	13.7	-0.1	-0.4	13.9	-0.2
Côte d'Ivoire	0.7	0.7 G	0.8 G	0.8	0.0	1.4	0.8	0.0
Guinea	1.6	1.9 G	2.1 G	2.2	0.1	7.1	2.1	0.1
Mali	2.0	1.9 G	2.2 G	2.3	0.0	1.7	2.3	-
Nigeria	4.2	4.4 G	4.7	4.6	-0.1	-2.1	4.6	-
Sierra Leone	1.0	1.1 G	1.3 G	1.3	0.0	3.5	1.3	-
<b>Central Africa</b>	0.5	0.5	0.5	0.6	0.0	1.9	0.6	-
<b>Eastern Africa</b>	2.6	2.4	2.6	2.7	0.1	2.8	2.7	0.0
Tanzania	2.1	1.8 G	2.0 G	2.1	0.1	4.4	2.1	-
<b>Southern Africa</b>	5.0	5.1	4.2	4.5	0.3	7.3	4.8	-0.4
Madagascar	4.5	4.6 G	3.6 G	3.9 G	0.3	8.4	4.3	-0.4
Mozambique	0.3	0.3 G	0.4 G	0.3	0.0	-3.2	0.3	-
<b>CENTRAL AMERICA &amp; CAR.</b>	2.8	2.8	2.9	2.9	0.0	-1.0	2.9	0.0
Cuba	0.5	0.6 G	0.7 G	0.7	0.0	4.1	0.7	-
Dominican Rep.	0.9	0.8 G	0.8 G	0.8	0.0	0.0	0.8	0.0
<b>SOUTH AMERICA</b>	25.1	24.7	25.2	25.4	0.2	0.7	25.6	-0.2
Argentina	1.4	1.6 G	1.6 G	1.6 G	0.0	1.3	1.6 G	-
Brazil	12.6	11.6 G	11.8 G	12.2 G	0.3	2.9	12.2 G	0.0
Colombia	2.6	2.6 G	2.8	2.6	-0.2	-5.5	2.7	-0.1
Ecuador	1.6	1.6 G	1.5 G	1.5	-0.1	-4.4	1.5	-0.1
Peru	2.8	3.0 G	3.1 G	3.0	-0.1	-3.3	3.0	-
Uruguay	1.4	1.4 G	1.4 G	1.3 G	0.0	-0.8	1.3 G	-
<b>NORTH AMERICA</b>	9.8	9.1	8.6	9.9	1.3	15.0	10.3	-0.4
United States	9.8	9.1 G	8.6 G	9.9 G	1.3	15.0	10.3 G	-0.4
<b>EUROPE</b>	4.4	4.4	4.0	4.1	0.1	2.8	4.1	0.0
EU	3.2	3.1 G	2.9 G	2.9	0.0	0.9	2.9	0.0
Russian Federation	1.0	1.1 G	0.9 G	1.0 G	0.1	10.2	1.0 G	-
<b>OCEANIA</b>	0.3	0.9	1.2	0.9	-0.3	-27.6	0.8	0.0
Australia	0.3	0.9 G	1.2 G	0.8 G	-0.3	-28.3	0.8 G	0.0

## NOTES:

The 2013 paddy production season normally includes rice from the main paddy crops whose harvests fall in 2013, to which rice from all subsequent secondary crops, if any, is added.

Totals computed from unrounded data.

G Official figure.

TABLE 2: WORLD RICE IMPORTS

	2010-2012	2013	2014	2015	Annual Change		2014	
	Average		Estimate	Forecast	2015 / 2014		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
<b>WORLD</b>	35.3	37.3	39.7	40.0	0.3	0.7	39.4	0.3
Developing countries	30.6	32.0	34.4	34.7	0.3	0.8	33.9	0.5
Developed countries	4.7	5.3	5.3	5.3	0.0	0.2	5.6	-0.2
<b>ASIA</b>	17.1	17.0	18.7	18.5	-0.2	-1.0	18.4	0.3
Bangladesh	0.7	0.2 G	0.6	0.4	-0.2	-33.3	0.6	-
China	1.8	2.7	2.8	3.0	0.2	5.3	2.8	0.0
of which China (Mainland)	1.1	2.2 G	2.3	2.4	0.2	6.7	2.2	0.1
Indonesia	1.9	0.7	1.2	1.0	-0.2	-16.7	1.2	-
Iran, Islamic Rep. of	1.2	1.9 G	1.5	1.6	0.1	6.7	1.5	-
Iraq	1.3	1.4	1.4	1.5	0.1	5.6	1.4	-
Japan	0.7	0.7 G	0.7	0.7	0.0	0.0	0.7	-
Malaysia	1.0	0.9 G	1.0	1.1	0.1	10.0	1.0	-
Philippines	1.6	0.7	1.8	1.7	-0.1	-5.6	1.8	-
Saudi Arabia	1.2	1.4	1.4	1.4	0.0	0.7	1.4	-
United Arab Emirates	0.6	0.7	0.7	0.7	0.0	0.0	0.7	-
<b>AFRICA</b>	11.8	13.5	14.0	14.4	0.5	3.3	13.9	0.1
Côte d'Ivoire	1.1	1.3	1.3	1.3	0.1	4.0	1.3	-
Nigeria	2.5	2.5	2.9	3.1	0.2	7.0	2.9	-
Senegal	0.9	1.0	1.0	1.1	0.1	5.0	1.0	-
South Africa	1.0	1.3 G	1.2	1.3	0.1	4.2	1.4	-0.2
<b>CENTRAL AMERICA &amp; CAR.</b>	2.1	2.1	2.1	2.1	0.0	1.5	2.1	0.0
Cuba	0.4	0.4	0.4	0.4	0.0	-5.1	0.4	-
Mexico	0.6	0.7 G	0.7	0.7	0.0	0.0	0.7	-
<b>SOUTH AMERICA</b>	1.3	1.5	1.6	1.6	0.0	1.9	1.7	-0.1
Brazil	0.7	0.7 G	0.7	0.7	0.0	5.9	0.7	0.0
<b>NORTH AMERICA</b>	1.0	1.1	1.2	1.1	-0.1	-5.2	1.2	-
United States	0.6	0.7 G	0.7 G	0.7 G	-0.1	-8.2	0.7 G	-
<b>EUROPE</b>	1.6	1.7	1.8	1.7	0.0	-0.3	1.8	0.0
EU 1/	1.2	1.2 G	1.3 G	1.3	0.0	0.0	1.3 G	-
Russian Federation	0.2	0.2 G	0.2	0.2	0.0	-4.3	0.2	-
<b>OCEANIA</b>	0.5	0.5	0.5	0.5	0.0	2.1	0.5	0.0

**NOTES:**

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.

TABLE 3: WORLD RICE EXPORTS

	2010-2012	2013	2014	2015	Annual Change		2014	
	Average		Estimate	Forecast	2015 / 2014		Previous	Revision
	<i>million tonnes, milled basis</i>				<i>%</i>		<i>million tonnes</i>	
<b>WORLD</b>	35.3	37.3	39.7	40.0	0.3	0.7	39.4	0.3
Developing countries	30.9	32.9	35.7	35.6	-0.1	-0.2	35.3	0.4
Developed countries	4.4	4.3	4.0	4.4	0.4	8.7	4.1	0.0
<b>ASIA</b>	27.5	29.4	31.9	31.7	-0.2	-0.6	31.6	0.3
Cambodia	1.0	1.1	1.0	1.1	0.1	10.0	0.9	0.1
China	0.5	0.5	0.3	0.4	0.1	29.4	0.4	-0.1
of which China (Mainland)	0.5	0.5 G	0.3	0.4	0.1	33.3	0.4	-0.1
India	5.8	10.5 G	10.0	8.0	-2.0	-20.0	10.0	-
Myanmar	0.6	0.6	0.7	0.8	0.1	15.4	0.6	0.1
Pakistan	3.1	3.1 G	3.4	3.5	0.1	2.9	3.4	-
Thailand	8.8	6.6 G	9.6	10.6	1.0	10.4	9.0	0.6
Viet Nam	7.2	6.7 G	6.5	6.9	0.4	6.2	7.0	-0.5
<b>AFRICA</b>	0.5	0.6	0.6	0.7	0.0	5.4	0.6	0.0
Egypt	0.3	0.4	0.5	0.5	0.1	11.1	0.5	-
<b>SOUTH AMERICA</b>	3.0	3.1	3.4	3.5	0.1	3.6	3.3	0.1
Argentina	0.6	0.5 G	0.6	0.7	0.0	3.1	0.6	-
Brazil	0.9	0.8 G	1.0	1.0	0.1	5.3	0.9	0.1
Guyana	0.3	0.3 G	0.4	0.5	0.1	11.9	0.4	0.0
Uruguay	0.9	0.9 G	0.9	0.8	0.0	-4.2	0.9	-
<b>NORTH AMERICA</b>	3.5	3.3	3.1	3.4	0.3	9.7	3.2	-0.1
United States	3.5	3.3 G	3.1 G	3.4 G	0.3	9.7	3.2 G	-0.1
<b>EUROPE</b>	0.4	0.3	0.2	0.2	0.0	4.2	0.2	0.0
EU 1/	0.2	0.2 G	0.1 G	0.1	0.0	0.0	0.1 G	-
Russian Federation	0.2	0.1 G	0.1	0.1	0.0	9.1	0.1	-
<b>OCEANIA</b>	0.3	0.5	0.4	0.5	0.0	4.5	0.4	0.0
Australia	0.3	0.5 G	0.4	0.5	0.0	4.5	0.4	-

**NOTES:**

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.



TABLE 4: END OF SEASON STOCKS I/

	2010-2012	2013	2014	2015	Annual Change		2015	
	Average		Estimate	Forecast	2015 / 2014		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
<b>WORLD</b>	148.4	175.7	181.3	177.7	-3.6	-2.0	179.7	-2.0
Developing countries	143.8	171.1	176.8	173.1	-3.7	-2.1	175.0	-1.9
Developed countries	4.6	4.6	4.5	4.6	0.1	1.9	4.7	-0.1
<b>ASIA</b>	140.3	168.2	174.7	171.4	-3.3	-1.9	173.2	-1.8
Bangladesh	6.5	6.6	6.7	6.8	0.1	1.5	6.8	-
Cambodia	1.7	2.1	2.3	2.4	0.1	3.0	2.5	-0.1
China	77.0	94.1	99.9	102.1	2.2	2.2	102.1	-
of which China (Mainland)	76.8	94.0	99.8	102.0	2.2	2.2	102.0	-
India	22.0	23.9	23.5	20.5	-3.0	-12.8	21.0	-0.5
Indonesia	5.3	6.5	6.4	5.3	-1.1	-17.2	5.3	-
Iran, Islamic Rep. of	0.3	0.6	0.6	0.6	0.0	0.0	0.5	0.0
Japan	2.6	2.6	2.7	2.7	0.0	0.4	2.7	0.0
Korea Rep. of	1.6	1.7	1.8	1.8	0.1	2.9	1.8	0.0
Lao PDR	0.3	0.4	0.5	0.5	0.0	-2.0	0.5	-
Malaysia	0.3	0.3	0.2	0.2	0.0	-10.0	0.2	0.0
Myanmar	5.7	3.3	2.2	1.9	-0.4	-16.6	1.9	0.0
Nepal	0.2	0.4	0.5	0.3	-0.1	-28.9	0.4	-0.1
Pakistan	0.7	0.4	0.7	0.7	0.0	0.0	0.8	-0.1
Philippines	2.8	2.2 G	2.0 G	2.2	0.2	8.4	2.5	-0.3
Sri Lanka	0.3	0.1	0.3	0.2	-0.2	-55.9	0.1	0.0
Thailand	8.9	17.5	18.0	16.5	-1.5	-8.3	17.5	-1.0
Viet Nam	3.1	4.4	5.2	5.7	0.5	8.7	5.4	0.3
<b>AFRICA</b>	3.1	3.2	3.0	2.7	-0.3	-10.0	2.8	-0.1
Egypt	0.7	0.5	0.5	0.4	-0.1	-20.0	0.6	-0.2
Nigeria	0.4	0.4	0.5	0.5	0.0	0.0	0.4	0.1
<b>CENTRAL AMERICA &amp; CAR.</b>	0.4	0.3	0.3	0.3	0.0	-3.8	0.3	0.0
Dominican Rep.	0.1	0.1	0.1	0.0	0.0	-33.3	0.1	0.0
<b>SOUTH AMERICA</b>	2.6	2.2	1.5	1.5	-0.1	-6.2	1.6	-0.1
Argentina	0.0	0.1	0.1	0.1	0.0	-44.4	0.1	-
Brazil	1.7	1.4 G	0.7 G	0.8 G	0.1	7.7	0.8 G	-
Ecuador	0.1	0.1	0.0	0.0	0.0	-75.0	0.1	0.0
Peru	0.3	0.4	0.4	0.3	-0.1	-16.9	0.3	-
<b>NORTH AMERICA</b>	1.4	1.2	1.1	1.3	0.2	18.8	1.3	0.0
United States	1.3	1.2 G	1.0 G	1.2 G	0.2	18.8	1.3 G	-0.1
<b>EUROPE</b>	0.6	0.6	0.5	0.5	0.0	1.3	0.5	0.0
EU	0.5	0.5 G	0.4 G	0.4	0.0	0.0	0.4	-
Russian Federation	0.0	0.1	0.0	0.0	0.0	14.3	0.0	-
<b>OCEANIA</b>	0.1	0.0	0.2	0.1	-0.1	-47.3	0.1	0.0
Australia	0.0	0.0	0.1	0.1	-0.1	-53.8	0.1	-
<b>GOVERNMENT STOCKS</b>								
Bangladesh	0.7	0.7 G	0.7 G	0.9	0.1	15.8	0.9	-
India	20.7	23.8 G	22.0	19.5	-2.5	-11.4	20.0	-0.5
Japan	0.8	0.9	0.8	0.8	0.0	0.0	0.8	-
Korea Rep. of	0.9	0.8 G	0.8	0.8	0.0	-2.5	0.8	-
Philippines	1.4	0.7 G	0.5 G	1.0	0.5	117.4	1.1	-0.1

**NOTES:**

Totals computed from unrounded data.

G Official figure.

1/ Data refer to carry-overs at the close of national marketing years ending in the year shown.

**TABLE 5: RICE SUPPLY AND UTILIZATION IN MAIN EXPORTING COUNTRIES**

	Opening Stocks	Production	Imports 1/	Total Supply	Domestic Use	Exports 1/	Closing Stocks
<i>thousand tonnes, milled basis</i>							
<b>CHINA</b> <sup>2/</sup>							
2012-13	84 672	141 143	2 725	228 540	133 922	518	94 100
2013-14 est.	94 100	140 715	2 811	237 626	137 376	340	99 910
2014-15 f'cast	99 910	141 702	2 961	244 573	142 013	440	102 120
<b>INDIA</b>							
2012-13	23 500	105 241 G	100	128 841	94 482	10 509 G	23 850
2013-14 est.	23 850	106 540 G	100	130 490	96 990	10 000	23 500
2014-15 f'cast	23 500	104 000	100	127 600	99 100	8 000	20 500
<b>PAKISTAN</b>							
2012-13	750	5 536 G	60	6 346	2 862	3 135 G	350
2013-14 est.	350	6 798 G	60	7 208	3 108	3 400	700
2014-15 f'cast	700	6 670	60	7 430	3 230	3 500	700
<b>THAILAND</b>							
2012-13	13 000	25 156 G	550	38 706	14 593	6 613 G	17 500
2013-14 est.	17 500	25 228 G	360	43 088	15 488	9 600	18 000
2014-15 f'cast	18 000	24 825	300	43 125	16 025	10 600	16 500
<b>UNITED STATES</b>							
2012-13	1 303 G	6 336 G	675 G	8 314	3 865	3 293 G	1 156 G
2013-14 est.	1 156 G	6 115 G	730 G	8 001	3 876	3 100 G	1 025 G
2014-15 f'cast	1 025 G	6 980 G	670 G	8 675	4 057	3 400 G	1 218 G
<b>VIET NAM</b>							
2012-13	2 940	29 165 G	600	32 705	21 653	6 652 G	4 400
2013-14 est.	4 400	29 254 G	500	34 154	22 454	6 500	5 200
2014-15 f'cast	5 200	29 682	480	35 362	22 812	6 900	5 650

**FOOTNOTES:**

Data refers to national marketing years: October-September for China and India, November-October for Pakistan, Thailand and Viet Nam and August-July for the United States.

Totals computed from unrounded data.

G Official figure.

1/ Rice trade data refer to the calendar year of the second year shown.

2/ Including Taiwan province.

The FAO Rice Market Monitor (RMM) provides an analysis of the most recent developments in the global rice market, including a short-term outlook. Current and previous issues of the RMM can be consulted at:  
**<http://www.fao.org/economic/RMM>**.

Monthly updates of selected rice export prices are available on the FAO Rice Price Update at:  
**<http://www.fao.org/economic/RPU>**.

A collection of major rice policy developments starting in January 2011 is available at:  
<http://www.fao.org/economic/est/est-commodities/commodity-policy-archive/en/?groupANDcommodity=rice>.

To subscribe to the FAO Rice Price Update and the FAO Rice Market Monitor, please send an e-mail to [rice-network@fao.org](mailto:rice-network@fao.org) with "subscribe" in the subject line.

Use of material subject to credit given to source:  
FAO Rice Market Monitor  
Trade and Markets Division  
Food and Agriculture Organization of the United Nations