



منظمة الأغذية
والزراعة
للأمم المتحدة

联合国
粮食及
农业组织

Food
and
Agriculture
Organization
of
the
United
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des
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Unies
pour
l'alimentation
et
l'agriculture

Organización
de las
Naciones
Unidas
para la
Agricultura
y la
Alimentación

COMMITTEE ON COMMODITY PROBLEMS

JOINT MEETING OF THE INTERGOVERNMENTAL GROUP ON GRAINS (31st SESSION) AND THE INTERGOVERNMENTAL GROUP ON RICE (42nd SESSION)

Istanbul, Turkey, 14 – 17 May 2007

FOLLOW-UP TO THE GUIDELINES FOR NATIONAL AND INTERNATIONAL ACTION ON RICE IN 2004-2006

SUPPLEMENT

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I. GUIDELINES FOR NATIONAL AND INTERNATIONAL ACTION ON RICE ¹

A. GENERAL OBJECTIVES OF INTERNATIONAL COOPERATION

- (i) Close cooperation to ensure food security of developing countries, as well as substantial progressive reductions in market distortive interference and a reduction of distortions and restrictions in the world rice market.
- (ii) The broad objective should be to achieve a balanced situation in production, consumption and trade in rice based on the following principles:
 - a) action should be beneficial to the world rice economy and should result in a stable world rice market, with supplies expanding at a sufficient pace to meet rising demand;
 - b) special consideration should be given both to the interests of developing and low-income food deficit countries, especially those where rice is a staple food and to those developing countries whose economies are heavily dependent on rice exports;
 - c) interference with normal commercial trade should be minimized, and importers' choice of source of supplies should not be restricted;
 - d) measures should aim at promoting consumption of rice, except in circumstances of rice shortages;
 - e) efforts of developing countries to develop their rice production potential should be supported.

B. PRODUCTION POLICIES

- (i) Rice production policies should be sufficiently flexible to respond to new market situations. Domestic rice support policies should have minimal trade distortive effects and they should be harmonized with the Agriculture Agreement reached in the Uruguay Round.
- (ii) Rice exporting countries should, during periods of over-supply of rice on world markets, avoid adopting measures which encourage an increase in the production of rice, unless a shortage of other grains occurs on the world market which warrants an increase in production of rice.
- (iii) Developments in production policies and the measures taken to adjust supplies to demand on world markets should be subject to regular review by the Group so that if necessary, it may propose further remedial action.
- (iv) International aid giving agencies and bilateral donors should, in a manner consistent with the general objectives of international cooperation, assist developing countries in their efforts to raise their productivity and production of rice by providing increased technical and financial aid.

¹ As adopted by the Group in 1971 and subsequently revised in 1979, 1994 and 1996.

C. TRADE POLICIES

- (i) Countries should not provide export subsidies to rice except in conformity with the Uruguay Round Agreement on Agriculture. Specifically, developed and developing countries should reduce the budgetary outlay on export subsidies on rice as well as the quantity of subsidized rice exports as stipulated by the Round.
- (ii) Governments should provide information to the FAO Secretariat on the actual measures and reductions in rice subsidies undertaken so that this information can be consolidated and presented to the Group for its review and consultation for remedial action when any special difficulties arise.
- (iii) With a view to improving international knowledge of current market trends, countries with a substantial interest in world trade should develop informal contacts and liaison between rice trade specialists.
- (iv) In entering into longer term contracts for the exports and imports of rice, countries should consider that unforeseen shortages can occur in exporting countries, which may make it difficult for a full compliance of the contract. When these situations occur, bilateral consultations should be undertaken to ensure that the needs of the contracting parties could be met to the extent possible within the terms agreed in the Uruguay Round Final Act.
- (v) Governments are requested to use the opportunity offered in the Intergovernmental Group on Rice for the systematic exchange of information on trade policies, especially relating to the actions taken on improving market access and reducing export subsidies to enable the Group to keep developments in this field under regular review and to consult on proposals for remedial action when any special difficulties arise.
- (vi) Developed countries should, where appropriate, make efforts to implement, improve and enlarge GSP schemes for rice and to focus in particular on the needs of low income food deficit countries.
- (vii) Governments should consider assisting countries facing food, especially rice, shortages to obtain food aid in rice on grant terms or on highly concessional terms² and to obtain short term assistance from international financial institutions for financing some levels of commercial imports.
- (viii) Within the framework of increased economic cooperation among developing countries and recognizing that the increase in import demand for rice in the coming years is likely to be mostly in the developing countries, governments concerned should make special efforts to encourage the expansion of trade among developing countries.

D. INTERNATIONAL FOOD AID POLICIES

- (i) Countries engaging in concessional or food aid transactions should follow the FAO procedures for notification, consultation and establishment of usual marketing requirements within the context of the FAO Principles of Surplus Disposal. In order to facilitate such procedures, exporting and importing countries should provide, if possible, to the FAO Secretariat - by latest March each year - export and import statistics on rice on a calendar year basis, distinguishing between commercial and food aid exports and imports respectively, and stating their destination (in the case of exports) and origin (in the case of imports).
- (ii) Countries should ensure that food aid should not be used to circumvent the commitments agreed in the Uruguay Round Final Act and to distort trade resulting in market displacement for developing exporting countries which do not have the means to finance similar concessional trade

² i.e on terms no less concessional than those provided for in Article IV at the Food Aid Convention in 1986.

programmes. In this regard, food aid should not be tied and should, as far as possible, be on grant terms or on highly concessional terms.

(iii) The greater use of rice in multilateral food aid schemes is favoured and where possible, such food aid should be channelled through the WFP.

(iv) Multilateral aid-giving agencies, such as WFP, and bilateral donors, where possible and appropriate should increase food aid levels of rice and promote "triangular transactions" to the maximum extent possible while ensuring that the benefits of such transactions are equitably spread among developing exporting countries.

E. RICE RESERVES

(i) Countries should take the opportunity, whenever the rice supply situation warrants, to evolve a concerted approach to the building and the holding of rice stocks, keeping in view the overall objectives of market stability and food security, as well as national targets.

(ii) International aid-giving agencies and bilateral donors should help interested developing countries to increase their rice reserves and to secure the required financial and physical resources for this purpose, within the context of national policies, programmes and targets.

(iii) Developed countries, where rice stocks have accumulated, should consider earmarking larger quantities for meeting emergency requirements, keeping in view the minimum target of 500 000 tonnes of cereals for the International Emergency Food Reserves.

(iv) Countries where surplus stocks have accumulated should also consider applying a policy of reducing production and promoting the domestic use of the surplus rice.

F. GUIDELINES ON ENVIRONMENT

(i) Countries should give due regard to the environmental implications of their policy actions in areas relating to rice production, trade and consumption.

(ii) International financing institutions and bilateral donors should assist countries in their efforts to improve and expand upon the use and adoption of environmentally friendly policy measures.

(iii) In encouraging developing countries to adopt environmentally friendly production, consumption and trade measures, international financing institutions and bilateral donors should give due consideration to the economic impact of these measures, especially on countries' costs of production and, in consequence, their competitiveness. Where possible, therefore, rice project proposals on environmental concerns should be based *inter alia* on an economic assessment of their impact.

(iv) Countries should ensure that the pursuit of improved environmental practices should not be used to circumvent the agreements on reducing trade barriers reached in the Uruguay Round.

(v) With a view to enabling the FAO Secretariat to improve the exchange of information on different aspects of environmental problems and policy developments concerning rice and the monitoring and dissemination of related environmental technology, countries should develop close contacts with the FAO Secretariat and provide it with the necessary information.

II. TABLES

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TABLE I : PADDY SUPPORT PRICES IN SELECTED COUNTRIES														
COUNTRIES	RICE TYPES / VARIETIES / QUALITIES / CROPS	CURRENCY	LOCAL CURRENCY PER TONNE								US\$ PER TONNE			
			NOMINAL PRICES				REAL PRICES (deflated by CPI 2000/01=100)				NOMINAL PRICES			
			2003/04	2004/05	2005/06	2006/07	2003/04	2004/05	2005/06	2006/07	2003/04	2004/05	2005/06	2006/07
EXPORTERS														
China:	Long grain, Early crop	Yuan	n.a.	1400	1400	1400	n.a.	1333	1308	1284	n.a.	169	171	175
	L. grain, Semi-late and Late crops	Yuan	1040	1440	1440	1440	1030	1371	1346	1321	126	174	176	180
	Japonica	Yuan	n.a.	1500	1500	1500	n.a.	1429	1402	1376	n.a.	181	183	187
India:	Common rice	Rupee	5500	5600	5700	5800 ^{1/}	4902	4861	4758	4571	121	122	127	126
	Grade A rice	Rupee	5800	5900	6000	6100 ^{1/}	5169	5122	5008	4807	128	129	134	132
Pakistan:	Irri-6	Rupee	5375	5750	7500	7650	4958	4948	5873	5600	94	97	126	126
	Basmati 385	Rupee	10000	10375	-	-	9225	8929	-	-	174	175	-	-
Thailand:	5% broken	Baht	5235	6500	7000	6400	5029	6086	6318	5447	132	166	171	167
	Fragrant	Baht	7000	9700	9700-10000	8700-9000	6724	9082	8755-9025	7404-7660	176	248	236-244	227-235
United States		\$US	143 ^{2/}	143 ^{2/}	143 ^{2/}	143 ^{2/}	134	130	126	122	143	143	143	143
IMPORTERS														
Bangladesh	Crop season average	Taka	8400	8696	9375	9875 ^p	7636	7682	7319	7171	145	144	147	142
Brazil	Long Grain	Real	133 ^{3/}	186 ^{3/}	186 ^{3/}	186 ^{3/}	102	134	125	118	38	64	70	84
Costa Rica		'000 Colón	107	138	158	172	82	94	95	92	269	316	331	338
European Union		Euro	298	150	150	150	277	136	133	130	335	183	184	191
Indonesia	Dry paddy rice	'000 Rupiah	1725	1725	1740	2250	1340	1251	1171	1295	193	201	185	247
Iran, Rep. Of	Nemata and Neda	'000 Rial	4300	4600	5400	5600	2915	2733	2769	2658	525	534	602	612
Korea, Rep. of	First Grade, Japonica	'000 Won	2097	2097	2072	...	1366	1322	1269	...	1276	1349	1434	...
Malaysia	Long Grain	Ringgit	798 ^{4/}	798 ^{4/}	798 ^{4/}	898 ^{4/}	767	760	742	805	210	210	210	242
Philippines	Wet (main) crop	Peso	9000	10000	10000	10000	8036	8418	7782	7283	169	179	181	188
Sri Lanka	Nadu	Rupee	7420	15000	15500	16500	5529	11029	9885	9821	77	154	156	161
Turkey	Long Grain, Baldo	New Lira	800	864	760	760	284	284	231	209	582	576	569	513

P: provisional; ...: not available; - : not applicable;

1/ An additional incentive bonus of Rs. 400 per tonne is payable by government for procurement between 1/10/2006 and 31/03/2007.

2/ Marketing Assistance Loan Rate.

3/ South, Southeast, Northeast and Centre West Regions.

4/ Including a subsidy of RM 248 / tonne of paddy delivered to a licensed mill.

TABLE II: UNITED STATES OF AMERICA – SUPPORT TO RICE PRODUCERS PER UNIT OF PADDY RICE										
	Target paddy price	Season average market price	Direct payment rate	Counter-cyclical payment rate	Loan rate	Target paddy price	Season average market price	Direct payment rate	Counter-cyclical payment rate	Loan rate
Aug/Jul	(US\$/cwt)					(US\$/tonne)				
1995/96	10.71	9.15	3.22	---	6.50	236	202	71	---	143
1996/97	1/	9.96	2.77	---	6.50	1/	220	61	---	143
1997/98	1/	9.70	2.71	---	6.50	1/	214	60	---	143
1998/99	1/	8.89	2.92 4/	---	6.50	1/	196	64 5/	---	143
1999/00	1/	5.93	2.82 4/	---	6.50	1/	131	62 5/	---	143
2000/01	1/	5.61	2.60 4/	---	6.50	1/	124	57 5/	---	143
2001/02	1/	4.25	2.10 4/	---	6.50	1/	94	46 5/	---	143
2002/03	10.50 2/	4.49	2.35	1.65	6.50	231 2/	99	52	36	143
2003/04	10.50	8.08	2.35	0.07	6.50	231	178	52	2	143
2004/05	10.50	7.33	2.35	0.82	6.50	231	162	52	18	143
2005/06	10.50	7.65	2.35	0.50	6.50	231	169	52	11	143
2006/07	10.50	9.65-9.85 3/	2.35	0.00	6.50	231	213-217 3/	52	0	143

--- = Not applicable.

1/ From 1996/97 eliminated under the FAIR Act.

2/ Authorized by the Food Security and Rural Investment Act of 2002.

3/ USDA season-average farm price forecast as on 12 February 2007.

4/ Does not include supplemental AMTA (Agriculture Market Transition Act) payments of US\$ 1.45/cwt in 1998/99, US\$ 2.82/cwt in 1999/00, US\$ 2.82/cwt in 2000/01 and US\$ 2.39/cwt in 2001/02.

5/ Does not include supplemental AMTA (Agriculture Market Transition Act) payments of US\$ 32/tonne in 1998/99, US\$ 62/tonne in 1999/00, US\$ 62/tonne in 2000/01 and US\$ 53/tonne in 2001/02.

Source: USDA

TABLE III: UNITED STATES OF AMERICA – RICE SECTOR RECEIPTS						
	Market receipts	Direct payments	Counter-cyclical payments 1/	Loan benefits 2/	Total payments 3/	Total receipts
Aug/Jul	(Million US dollars)					
1996/97	1709	455	0	0	455	2164
1997/98	1775	448	0	0	448	2223
1998/99	1640	479	238	30	747	2387
1999/00	1222	466	465	40	1331	2553
2000/01	1071	433	464	594	1491	2562
2001/02	925	352	398	723	1473	2388
2002/03	980	431	322	700	1453	2249
2003/04	1629	425	14	504	943	2570
2004/05	1702	426	160	135	721	2421
2005/06	1708	424	97	128	649	2365
2006/07 *	1889	425	0	0	425	2314

* Preliminary data for 2006/07.

1/ AMTA (Agriculture Market Transition Act) payments from 1996 to 2001, counter-cyclical payments from 2002 to 2006.

2/ Loan benefits include Loan Deficiency Payments (LDPs) and Marketing Loan Gains (MLGs).

3/ Sum of direct payments, counter-cyclical payments, loan deficiency payments and marketing loan gains.

Source: USDA

TABLE IV: EUROPEAN UNION - APPLIED TARIFF RATES ON RICE IMPORTS (EUR per tonne)									
		2001/02	2002/03	2003/04	2004/05		2005/06		2006/07
					1 Sep-28 Feb	1 Mar-31 Aug	1 Sep-28 Feb	1 Mar-31 Aug	1 Sep-28 Feb
Paddy		211	211	211	211	211	211	211	211
Husked 1/	Japonica	257	262	228	65	42.50	42.50	65	42.50
	Indica	264	264	233	65	42.50	42.50	65	42.50
Milled	Japonica	416	416	416	175	175	145	145	145
	Indica	416	416	416	175	175	145	145	145
Brokens		128	128	128	128	128	65	65	65

Source: EU Commission.

1/ Excluding basmati.

TABLE V: EUROPEAN UNION – IMPORT DUTY TRIGGER LEVELS FOR HUSKED, SEMI-MILLED AND MILLED RICE				
Husked non Basmati rice	Based on import license volumes	EUR 30 per tonne if imports less than	EUR 42.50 per tonne if imports between	EUR 65 per tonne if imports more than
Period for application	Period of reference	Trigger volumes (tonnes)		
1 Mar 05-31 Aug 05	from 1 Sep 04 to 28 Feb 05	183,463	183,463 and 248,215	248,215
1 Sep 05 -28 Feb 06	from 1 Sep 04 to 31 Aug 05	372,026	372,026 and 503,330	503,330
1 Mar 06-31 Aug 06	from 1 Sep 05 to 28 Feb 06	186,013	186,013 and 251,665	251,665
1 Sep 06 -28 Feb 07	from 1 Sep 05 to 31 Aug 06	377,126	377,126 and 510,230	510,230
1 Mar 07-31 Aug 07	from 1 Sep 06 to 28 Feb 07	188,563	188,563 and 255,115	255,115
1 Sep 07 -28 Feb 08	from 1 Sep 06 to 31 Aug 07	382,226	382,226 and 517,130	517,130
1 Mar 08-31 Aug 08	from 1 Sep 07 to 29 Feb 08	191,113	191,113 and 258,565	258,565
Semi-milled and milled rice				
Semi-milled and milled rice	Based on import license volumes	EUR 145 per tonne if imports do not exceed	EUR 175 per tonne if imports exceed	
Period for application	Period of reference	Trigger volumes (tonnes)		
1 Sep - 28 Feb	from 1 Sep to 31 Aug	387,743	387,743	
1 March -31 Aug	from 1 Sep to 28 Feb	182,239	182,239	

TABLE VI: RICE FOOD AID SHIPMENTS												
Donor countries	2003			2004			2005			2006 p		
	Jan-Jun	Jul-Dec	Total	Jan-Jun	Jul-Dec	Total	Jan-Jun	Jul-Dec	Total	Jan-Jun	Jul-Dec	Total
	(Thousand tonnes)											
Australia	29	3	32	4	9	13	11	9	20	13	13	26
China	63	56	119	25	11	36	66	19	85	10	3	13
EC & National Action	114	49	163	45	80	125	59	85	144	53	68	121
Japan	58	142	200	65	154	219	84	139	223	37	106	143
Korea Rep.	42	400	442		400	400		400	400		100	100
United States	160	296	456	136	176	312	43	117	160	52	41	93
Others	65	15	80	19	27	46	47	97	144	56	36	92
Grand total *	531	961	1492	294	857	1151	310	866	1176	221	367	588
Of which: Triangular transactions			143			130			121			92

p = preliminary data

* Shipments from Channel Organizations are not included.

Source: WFP Interfais, 2007

TABLE VII : RICE CONTRIBUTIONS TO WFP SELECTED PROGRAMMES						
	International Food Emergency Reserve operations		Protracted Relief and Recovery Operations		Development Projects and Country Programmes	
	Thousand tonnes	Thousand US\$	Thousand tonnes	Thousand US\$	Thousand tonnes	Thousand US\$
2001	222.5	46,044	166.5	28,835	75.9	15,940
2002	55.1	11,416	109.2	20,302	65.1	12,747
2003	192.9	39,965	182.7	35,830	65.1	13,483
2004	125.5	31,416	109.2	25,622	71.8	19,084
2005	231.7	64,171	170.8	46,477	66.9	16,627

Source: WFP