



# RICE MARKET MONITOR

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## ROUND UP

The 2016 season is nearing completion, as harvests of secondary crops are now underway in northern hemisphere countries. Notwithstanding a somewhat turbulent start, FAO's latest production forecast confirms the record outcome of the season. **Global paddy production in 2016** is set to reach 751.9 million tonnes (499.2 million tonnes, milled basis), which is 3.9 million tonnes more than December forecasts and 1.6 percent above the 2015 depressed level. The upturn was made possible by a normal climatic unfolding of the season, which permitted various northern-hemisphere producers that had been struck by adverse weather the previous two years to reclaim lands for paddy cultivation. This was especially the case in **Asia**, which is set to lead the global recovery, garnering a record of 680.1 million tonnes. Much of the region's growth is expected to concentrate in India and Thailand, although Cambodia, the Islamic Republic of Iran, Iraq, the Democratic People's Republic of Korea, Japan, the Lao People's Democratic Republic, Nepal, Myanmar and the Philippines are all set to gather more. This would more than compensate for weather-induced shortfalls in China (Mainland), Malaysia, Timor Leste, Sri Lanka and Viet Nam, with poor price prospects similarly behind reductions in the Republic of Korea and Pakistan.

The 2016 season also unfolded well in **Africa**, where a record of 30.8 million tonnes are predicted to be gathered. The 7 percent expansion would be spearheaded by Mali and the United Republic of Tanzania. Nonetheless, good growing conditions and sustained support to the sector fostered widespread gains across West Africa, with output also recovering in Egypt due to attractive margins. This helped to compensate for poor outturns in Cote d'Ivoire, Gambia, Kenya, Liberia, Malawi, Mauritania, Mozambique, Uganda and Togo in most cases due to precipitation shortages. More attractive paddy prices relative to competing crops also encouraged a production rebound in the **United States**, but the season proved more challenging elsewhere. In **Latin America and the Caribbean**, a combination of erratic weather and prospects of reduced margins depressed output in Argentina, Bolivia, Brazil, Ecuador, Guyana, Uruguay, and Venezuela, overshadowing gains in Chile, Colombia, Cuba, the Dominican Republic, Mexico and Peru. In **Oceania**, limited and costly water supplies for irrigation also curbed production in **Australia**.

Assuming normal growing conditions, FAO's preliminary forecast of **global paddy production in 2017** is set at 758.9 million tonnes (503.8 million tonnes, milled basis). The forecast would imply a 0.9 percent annual expansion, while suggesting a likely slowdown in the rate of production growth next season. This could be especially the case in **Asia**, which is expected to account for much of the global production expansion, but where important rice producers have seen returns diminished by large harvests or crops already undermined by inclement weather. Within the region, large absolute gains are expected to concern China (Mainland), India and Indonesia, where rice continues to benefit from strong state incentives. Output is also expected to expand in Bangladesh, Democratic People's Republic of Korea, Malaysia, Myanmar, Nepal, Pakistan, the Philippines, Thailand, Turkey and Viet Nam, more than compensating for contractions in Afghanistan, Cambodia, the Republic of Korea and Sri Lanka. In **Africa**, erratic rains have marred the outlook for Madagascar and the United Republic of Tanzania, adding to prospects of a

### GLOBAL RICE MARKET SUMMARY

	2015-16	2016-17	2017-18	2017-18/ 2016-17
		est.	f'cast	var.
	million tonnes, milled eq.			%
<b>Production</b>	491.6	499.2	503.8	0.9
<b>Supply</b>	711.0	713.3	720.0	0.9
<b>Utilization</b>	495.3	500.3	506.5	1.2
<b>Food use</b>	396.7	401.8	406.4	1.1
<b>Feed use</b>	18.1	18.3	18.0	-1.8
<b>Other uses</b>	80.5	80.2	82.1	2.4
<b>Trade <sup>1/</sup></b>	41.6	43.3	44.2	2.0
<b>Ending stocks <sup>2/</sup></b>	171.4	171.3	170.7	-0.3
	%			
<b>Global stock-to-use ratio</b>	34.3	33.8	33.2	-
<b>Major exporters' stock-to-disappearance ratio <sup>3/</sup></b>	19.2	18.6	16.9	-

<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.

shortfall in Egypt, as lands are returned to cotton cultivation. However, provided no major setback is incurred, continued efforts to reduce reliance on imports could lead to further inroad across West Africa, thus keeping output in the continent close to the excellent 2016 harvest. In **Latin America and the Caribbean**, constraints posed by high production costs and unattractive prices have precluded significant area reclamations in South America. Yet, crops have generally benefited from conducive weather, which is expected to sustain a recovery in the region's output. Elsewhere in the world, **Europe** and the **United States** look headed towards production contractions, amid diminished margins; whereas output in **Australia** is set to stage a strong recovery thanks to abundant water availabilities and lower irrigation costs.

After contracting for two successive years, **global rice deliveries** are forecast to recover partially in calendar 2017 to 43.3 million tonnes (milled basis). The predicted 4 percent annual upturn hinges on expectations that output shortfalls and efforts to reconstitute reserves will lead to a livelier pace of purchases by key buyers in Asia and Africa, namely Madagascar, Nigeria, the Philippines and Sri Lanka. However, in the context of generally good crop harvest and lingering currency or policy constraints, volumes delivered to both continents are predicted to fall short of previous records. Import demand is instead expected to wane in the Americas and Europe, amid comfortable supply situations. On this backdrop, competition for markets among the various global suppliers of rice is likely to remain intense over the year. Although India is still seen posting the largest annual export advance, its five-year primacy in the global rice trade arena could be increasingly rivalled by Thailand, who has seen its competitiveness re-established by an output rebound and Government stock releases. Australia, Myanmar, Paraguay, Uruguay and Viet Nam are all similarly anticipated to export more in 2017. Instead, weaker demand from traditional outlets may diminish sales by Cambodia, the European Union, Guyana, and the Russian Federation, with supply constraints also expected to undermine shipments by Argentina, Brazil and Pakistan over the year.

FAO forecasts **world rice utilization in 2016/17** to amount to 500.3 million tonnes (milled basis), up 1.0 percent year-on-year. The predicted expansion would be imputable to 1.3 percent advance in food intake to 401.8 million tonnes. Quantities destined to animal feed are also predicted to expand to 18.3 million tonnes, while other uses absorb another 80.2 million tonnes. Based on preliminary prospects for 2017 crops, FAO forecasts **world rice utilization in 2017/18** to expand by an additional 6.2 million tonnes to 506.5 million tonnes. Consumption of rice as food is again expected to sustain most of this growth, enabling global per capita food use to remain stable at 54.1 kilos.

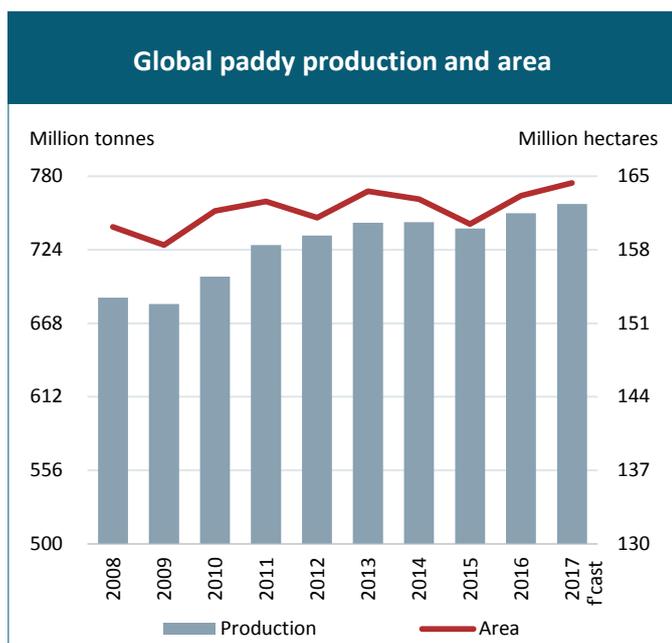
Following a 1.0 million tonne upward adjustment since December, **global rice inventories at the close of 2016/17 marketing years** are seen holding steady at 171.3 million tonnes. The forecast suggests that global rice production in 2016 is likely to keep pace with consumption, permitting the world stocks-to-use ratio to remain at a comfortable 33.8 percent this season. From a trade perspective, the five major rice exporters remain forecast to draw their inventories down, led by cuts in Pakistan and Thailand. However, these reductions would be balanced by accumulations elsewhere, especially amongst rice importing countries, such as China (Mainland), Colombia, Mali, Nepal and the United Republic of Tanzania. On the other hand, based on early prospects for the 2017 season, FAO tentatively puts **global rice reserves at the close of 2017/18 marketing years** at 170.7 million tonnes, down 600 000 tonnes from 2016/17. To a large extent, the relative stability would reflect prospects of additional accumulations taking place in China (Mainland). However, much will depend on the Chinese Government's stance towards its stock releases. At the same time, additional cuts could concern Thailand next season, should the Thai Government be successful in disposing of its stockpiles in the remainder of 2017. Combined with reductions in the United States, smaller Thai carryovers could result in a fourth successive season of drawdowns in the major rice exporters.

After touching multi-year lows in the last months of 2016, **international rice prices** staged a partial recovery in the first months 2017. This was reflected by the FAO All Rice Price Index (2002-2004=100), which averaged 198 points in mid-April, up 6 percent from December 2016 levels. The tendency for prices to strengthen was most evident in the fragrant segment, where diminished basmati availabilities due to successive years of output cuts were met with a resurgence of demand. Albeit more modestly, Indica prices have also regained ground, finding support in stockpiling efforts and appreciating currencies. Instead, Japonica quotations continued to be weighed by lacklustre trade. Rice export prices could come under downward pressure in the coming months, as harvests of offseason crops in the northern hemisphere and of main crops along and south of the Equator progress. This could be especially so, if these crops prove abundant as current indications have it. In this context, import decisions are likely to continue playing a decisive role. In the major exporters, such as India and Thailand, decisions regarding supplies held by Governments and their rate of absorption or release will also be important, as will currency movements. In recent months, appreciating currencies in some leading suppliers have tended to dampen the impact of abundant crops and subdued demand on dollar denominated offerings. This is while the purchasing power of important buyers continues to be diminished by weaker local currencies.

## PRODUCTION

### *Area expansions result in a record global crop in 2016, output growth to slow in 2017*

The 2016 season has come to a full close in most countries, with the exception of a few northern hemisphere producers, where offseason harvests are now underway.<sup>1</sup> Since the December issue of the RMM, FAO has raised its forecast of **world paddy production in 2016** by 3.9 million tonnes to 751.9 million tonnes (499.2 million tonnes, milled basis). The more buoyant outlook primarily mirrors improved crop prospects in Asia, in particular India and Thailand, where officials indicate that a positive performance of the rains will translate into larger crops than previously envisaged. Forecasts were also raised for Cambodia, Indonesia, Nepal and Malaysia, more than compensating for reductions for the Chinese Province of Taiwan, the Islamic Republic of Iran, Iraq, Pakistan, the Philippines and Viet Nam. Outside of Asia, Colombia, Ecuador, Paraguay and the United Republic of Tanzania are all assessed to have produced more than reported in December, whereas forecasts were trimmed mostly in the case of the United States.



<sup>1</sup> The 2016 rice production season normally consists of rice from the main paddy crops whose harvests fall in 2016, 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 2016 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 2017. In the case of southern hemisphere countries, production in 2016 normally comprises rice from the main paddy crops assembled in the first part of 2016, plus rice from the secondary crops, generally gathered in the latter part of 2016. This approach to assess rice production is applicable to any given season.

The revised 2016 forecast of 751.9 million tonnes (499.2 million tonnes, milled basis) confirms expectations of a record seasonal result, with global paddy production in outstripping the poor 2015 outcome by 1.6 percent, or 11.6 million tonnes. The upturn was despite a somewhat turbulent start to the season, which saw numerous countries along and south of the Equator impacted by erratic weather under the influence of the El Niño phenomenon. However, with normal weather patterns returning in time for main-crop plantings north of the Equator, various producers that had seen production curtailed the previous two seasons by adverse weather were in a position to reclaim lands for paddy cultivation. This is estimated to have fostered a 2.7 million hectare expansion in global paddy plantings to 163.2 million hectares, while yields remained close to the 2015 high at an average of 4.6 tonnes per hectare. From a regional perspective, much of the season's growth concentrated in Asia, although paddy production also struck a new record in Africa, recovering strongly in the United States. The season proved more challenging in Latin America and the Caribbean, following a combination of erratic weather and prospects of reduced margins, while limited and costly water supplies for irrigation slashed plantings in Australia.

Meanwhile, countries south and along the Equator are already busy collecting their 2017 main paddy crops, while the season will not begin in the northern hemisphere until May or June. FAO's preliminary forecast of **global paddy production in 2017** is set at 758.9 million tonnes (503.8 million tonnes, milled basis), implying a 0.9 percent annual expansion. The forecast builds on the assumption that growing conditions remain normal during the season. However, some concerns have emerged on this front, as predictions by climate forecasting agencies put the probability of an El Niño event emerging at 50 percent from August onwards. The phenomenon can exact considerable influence on the outcome of the season, given the predominantly rain-fed nature of crops in Asia and its association with repressed precipitation over parts of the continent. As such, its possible emergence, timing and intensity will need to be monitored and can influence the outlook going forward. At its current level, FAO's production forecast for 2017 suggests a likely slowdown in the rate of output growth next season. This could be especially the case in Asia, which is expected to account for much of the global production expansion, but where important rice producing countries have seen quotations weighed by large harvests or crops already undermined by inclement weather. Elsewhere in the world, conducive growing conditions are expected to sustain upturns in Latin America and the Caribbean, with output in Australia set to rebound. By contrast, early expectations point to growth in Africa being checked by precipitation shortfalls or a move away from rice cultivation, with output in

Europe and the United States seen contracting owing to diminished margins.

## Asia

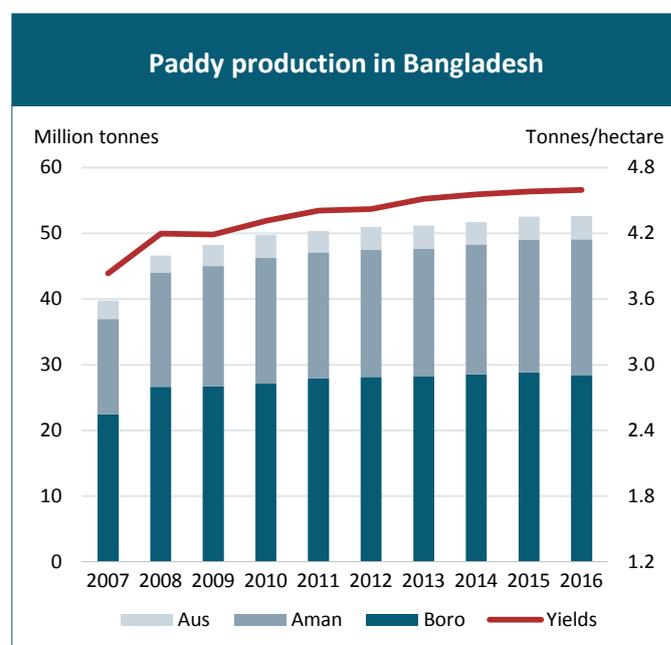
### **Strong recoveries in India and Thailand drive a 10.3 million tonne upturn in Asian production in 2016**

Secondary crops in northern hemisphere Asian countries are now at the harvest stage. Based on the latest figures, Asia is set to gather a record of 680.1 million tonnes (451.4 million tonnes, milled basis) in **2016**, 3.6 million tonnes more than previously envisaged and 1.6 percent above the 2015 depressed level. Much of the region’s production upturn would be owed to **India** and **Thailand**, where output is assessed to have recovered strongly, after being undermined by precipitation shortfalls the two previous seasons. Improved growing conditions also translated into record crops in **Cambodia** and **Nepal**, with the **Islamic Republic of Iran**, **Iraq**, the **Democratic People’s Republic of Korea**, **Japan**, the **Lao People’s Democratic Republic**, **Myanmar** and the **Philippines** all headed towards larger harvests. By contrast, large absolute falls were registered in **China (Mainland)**, amid overly wet and cloudy conditions, and in **Viet Nam** due to short water supplies for irrigation that led to severe salinity problems. Unseasonable weather also depressed crops in **Malaysia**, **Timor Leste** and **Sri Lanka**, while falls in the **Republic of Korea** and **Pakistan** were linked to poor price prospects and in **Afghanistan** to intensifying conflict.

Looking ahead, assuming growing conditions remain normal, paddy production in Asia is provisionally forecast to grow by an additional 0.9 percent in **2017** to 686.4 million tonnes (455.5 million tonnes, milled basis). At a country level, much of the forecast increase would concentrate in **China (Mainland)** and **India**, where rice continues to constitute a safe production choice owing to strong state incentives. Nonetheless, production in **Indonesia** is also set to resume its upward trajectory, buoyed by favourable growing conditions and the Government’s expansionary drive. Production in **Bangladesh**, the **Chinese Province of Taiwan**, **Democratic People’s Republic of Korea**, **Malaysia**, **Myanmar**, **Nepal**, **Pakistan**, **Philippines**, **Thailand**, **Timor Leste**, **Turkey** and **Viet Nam** is similarly expected to expand, more than compensating for contractions in **Afghanistan**, **Cambodia** and the **Republic of Korea**. Yet, the largest fall is expected to be registered in **Sri Lanka**, which could see production reduced to thirteen-year lows following prolonged precipitation shortfalls.

Weak local quotations at the start of the 2016 season induced farmers in **Bangladesh** to shift away from rice cultivation, undermining output of the first two cycles of the season (the Boro and Aus crops). Although these

losses were partly compensated by the third (Aman) crop, on the whole, the country is estimated to have gathered little more than in 2015, or 52.6 million tonnes (35.1 million tonnes, milled basis). The 2017 season was launched in Bangladesh under more promising price prospects, with stagnant output along with import cuts driving local quotations to new heights in 2016. Amid an otherwise adequate input and water supply situation, the firmness stimulated a lively progress of Boro plantings. Only in early April were prospects for this crop somewhat dampened by flash floods hitting north-eastern producing regions just as harvests were about to get underway. The irrigated Boro crop normally accounts for 55 percent of overall output in Bangladesh, although its area coverage has remained largely stable at close to 4.8 million hectares in recent years. Environmental concerns surrounding its reliance on groundwater for irrigation have prompted officials to encourage Boro producers to shift to the smaller Aus crop. Yet, the latter has posted only modest gains in recent years. Much of Bangladesh’s production gains have instead been driven by the Aman crop and come largely on the back of productivity improvements. High yielding varieties covered 75 percent of Aman acreage in 2015, rising by close to 450 000 hectares over the span of ten years. The Aman crop will only be sown as of June, providing still ample time for Boro flood-losses to be compensated with this crop, considering the stimulus to expand plantings provided by strong local prices. Accordingly and assuming normal conditions prevail, FAO anticipates Bangladesh will gather 53.1 million tonnes (35.4 million tonnes, milled basis) in 2017, up 1 percent year-on-year.



Harvest of 2016 offseason crops are now underway in **Cambodia**. Production forecasts for the country have undergone a 450 000 tonne upward revision, following the

release of the Government's first assessment of overall output. According to officials, excellent yield results lifted output in Cambodia 7 percent above year-earlier levels to a new high of 10.0 million tonnes (6.0 million tonnes, milled basis). As to prospects for 2017, Cambodia is forecast to gather 9.7 million tonnes (5.8 million tonnes, milled basis). The 250 000 tonnes retrenchment chiefly mirrors expectations of average yields returning to more normal levels next season. However, much is likely to depend on growing conditions in the months to come. It also remains to be seen whether plantings will prove as strong as in 2016, in the context of intense competition for export and a bountiful 2016 harvest.

On 17 February, the National Development and Reform Commission (NDRC) in **China (Mainland)** announced that 2017 minimum purchase prices would be lowered for late/intermediate Indica and Japonica paddy by 1 and 3 percent, respectively, to CNY 136 and 150 per 50 kilos (USD 377-435 per tonne).<sup>2</sup> The move marked a departure from previous practice that had seen floor prices for these crops either raised or maintained since 2004.<sup>3</sup> The cut comes on the backdrop of wider agricultural supply-side reforms pursued by the Chinese Government that have overhauled the price setting, purchase and storage mechanism of various crops. Central to the reform process is a shift in focus from the pursuit of quantitative output gains towards quality improvements and environmentally sustainable production methods. These principles were outlined in the National Agricultural Modernization Plan 2016-2020 released in October 2016 and more recently in the No. 1 Central Document, issued on 5 February. The document further reiterates the Government's commitment to maintain absolute security in wheat and rice, calling for output of these crops to be stabilized and for their minimum purchase prices to be maintained and improved. According to the document, "functional zones" would be identified to optimize production of foodgrains, with focus placed on producing high quality rice.

In this context, this year's cut to minimum purchase prices may be interpreted as a move to avert further output

gains that could exacerbate the problems already posed by successive large crops, hefty imports and bulging state inventories. This would be especially so in north-eastern (Japonica) producing provinces, such as Heilongjiang, that have sustained much of China's rice production expansion in recent years and are being concomitantly targeted under the maize reform process. The latter has already seen the end of the state's procurement scheme and efforts to cut maize plantings drive producers towards rice cultivation. Even last year, as overall output declined in China, these provinces expanded paddy plantings, reflecting the safety net provided by large state purchases of rice. This trend is unlikely to change course next season, considering the cuts to maize quotations entailed by the Government's liquidation of its maize stockpiles. Moreover, assuming average conditions prevail, scope would also exist for yields to recover, after these were depressed by storms, pest attacks and cloudy conditions in 2016. As a result, output in China (Mainland) is seen recovering by 0.7 percent year-on-year in 2017 to 208.4 million tonnes (142.8 million tonnes, milled basis).

The 2016 season proved challenging at its start in **Indonesia**. Delays in the establishments of the seasonal rains, under the influence of the El Niño phenomenon, pushed main-crop plantings up to 60 days behind schedule. Prospects were salvaged by more seasonal precipitation in the early part of 2016, which permitted plantings to regain momentum and replenished reservoirs for irrigation. This in turn fostered a speedy advance of offseason plantings, especially during the third quarter of 2016. Although part of the latter extension was likely gathered in the first months of 2017, the turnaround is estimated to have permitted Indonesia to gather 72.7 million tonnes (45.6 million tonnes, milled basis) over the full year, up 800 000 tonnes from previous expectations and close to the good 2015 outcome. Meanwhile, harvests of 2017 main crops are now peaking in Indonesia. Prospects for the season were bolstered by early and abundant precipitation, which permitted sowings to progress at an upbeat pace in the last quarter of 2016. Although ample rains have also raised some concerns over

#### CHINA (MAINLAND): AVERAGE NATIONAL PADDY PRICES

	2016										2017		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
	Yuan/50kg												
Early Indica	131	130	128	126	124	130	129	129	128	130	131	132	132
Late/intermediate Indica	134	133	132	132	132	133	132	133	135	137	138	138	138
Japonica	146	145	143	144	142	143	143	141	146	148	149	150	149

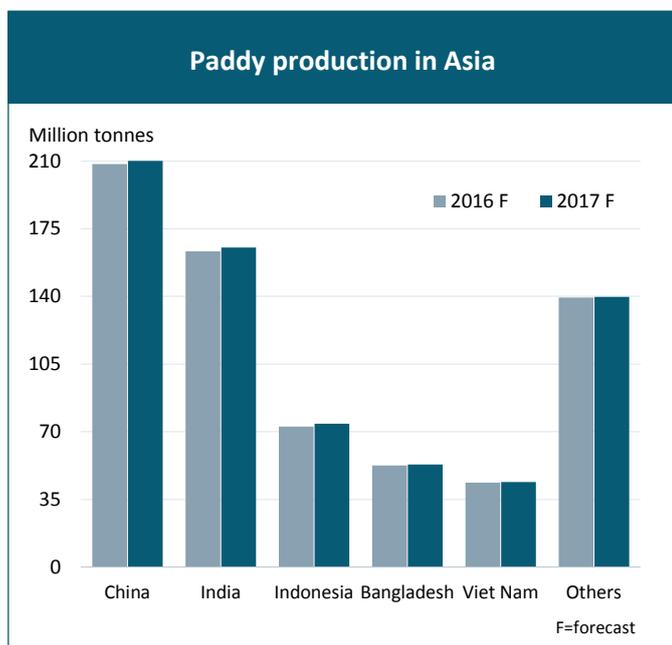
Source: Ministry of Agriculture of the People's Republic of China

<sup>2</sup> All currency conversions are as of 1 April 2017.

<sup>3</sup> Government purchase prices for early Indica paddy were already subject to a 1.5 percent reduction in 2016 to CNY 133 per 50 kilos (USD 386 per tonne). For 2017, these will be reduced by a further 2 percent to CNY 130 per 50 kilos (USD 377 per tonne).

the quality of supplies gathered, further sustenance is being provided under the Government’s expansionary drive. The latter lays emphasis on bolstering irrigation infrastructure, targeting last year to bring an additional 200 000 hectares under paddy cultivation. Barring major setbacks, the combination of good growing conditions and state support to the sector, could sustain a 2 percent expansion in 2017 production in Indonesia to 74.2 million tonnes (46.6 million tonnes, milled basis).

The Second Advanced Estimates of 2016 production in **India**, released in mid-February, indicate that output from the main (Kharif) crop expanded by 5 percent year-on-year to a fresh peak of 144.0 million tonnes (96.0 million tonnes, milled basis). This level stands 3.2 million tonnes above previous official forecasts, with the feat made possible by a normal pattern of the monsoon rains. According to officials, the buoyant Kharif result will overshadow a likely 1.2 percent contraction in the secondary (Rabi) crop. The anticipated fall in this crop, which is now being gathered, mirrors constraints posed by tight water availabilities in southern producing states, which undermined plantings of this irrigated crop for the third successive year. Accordingly, overall, India is officially forecast to collect a record of 163.3 million tonnes (108.9 million tonnes, milled basis) in 2016, 4 percent above the 2015 depressed crop and 1.8 million tonnes more than predicted by FAO in December.



FAO tentatively forecasts production in India to reach 165.3 million tonnes (110.2 million tonnes, milled basis) in 2017, which is 1.2 percent more than currently envisaged for 2016. However, prospects for the forthcoming season are rather uncertain at this stage, given that much will depend on the performance of the south-west monsoon. The intensity and distribution of the seasonal rains, in both

time and space, bear considerable influence on main-crop plantings and yields, determining also whether sufficient water supplies are available for the secondary crop of the season. The forecast growth considers the still strong incentives to expand production provided by the Government. They primarily take the form of large state acquisitions at minimum support prices that have been subject to consistent increases in recent years. However, efforts to address the generally low productivity levels in the country continue through schemes such as the National Food Security Mission and the Bringing Green Revolution to Eastern India programmes. As part of the 2017 budgetary allocations, officials are also targeting to bolster agricultural credit, irrigation coverage, and improve soil health, while expanding the coverage of the "Pradhan Mantri Fasal Bima Yojana" (PMFBY) crop insurance programme. The PMFBY, introduced last year, seeks to provide comprehensive crop insurance against losses to natural calamities, with premiums paid by farmers under the scheme set at lows of 2% for Kharif crops and at 1.5% for Rabi crops. The balance is covered by the Government. In its first crop cycle of implementation, the 2016 Kharif crop, twenty-three states are reported to have implemented the programme, covering 38.9 million hectares of agricultural crops, up 15 percent from area covered during the 2015 Kharif crop by previous schemes. The Indian Government targets to have 40 percent of total cropped area insured under the PMFBY next season and to raise that extension further to 50 percent by 2018.

The 2016 crop was fully collected by October in **Japan**. Conducive growing conditions, combined with expansions in area planted to rice for animal feed, are estimated to have sustained a 1 percent production expansion to 10.7 million tonnes (7.7 million tonnes, milled basis). Farmers in Japan will begin to sow their 2017 crops as of April. FAO’s outlook for the forthcoming season points to Japan replicating the 2016 outcome of 10.7 million tonnes. The relative stability comes amid expectations that declines in table rice production will be largely offset by continued gains in production of rice for feed. The latter is being stimulated by state subsidies promoting land conversions to feed rice cultivation, but also by the introduction of high-yielding varieties and measures geared at cutting production costs. Somewhat stronger producer prices could moreover slow the rate of decline of plantings of rice for non-feed or bioethanol purposes. Last year these touched a low of 1.48 million hectares.

In the **Republic of Korea**, a 3 percent decline in 2016 production proved insufficient to avert further declines in local quotations, which had already been weighed by successive above-average harvests and cuts in domestic rice consumption. The market weakness prompted authorities to launch a host of measures, including engaging in large purchases from the local market and

destining greater quantities of rice to the feed and industrial sectors. In a bid to avert further surplus production, a revised area adjustment plan was also unveiled last December, under which 2017 paddies would be cut by 35 000 hectares and by a further 33 000 hectares the following season. Rice plantings have declined steadily in the Republic of Korea since 2002, with the depressed market situation likely extending this trend into the new season. At the same time, however, growing adoption of high yielding varieties have promoted steady productivity gains, in the absence of major setbacks such as excess rains or strong winds brought by typhoons. Based on expected area cuts and assuming less buoyant yield outturns relative to the 2016 record, the Republic of Korea is presently envisaged to gather 5.5 million tonnes (4.1 million tonnes, milled basis) in 2017, 175 000 tonnes less than the 2016 level.

Historical production figures have been revisited for **Malaysia**, following the release of Government assessments indicating a remarkable outcome to the 2015 season. Reflecting both area and yield gains, paddy output in Malaysia would have leaped by 17 percent that year to an all-time high of 3.3 million tonnes (2.1 million tonnes, milled basis). As to the 2016 season, FAO estimates that a combination of high temperatures and tight water supplies linked to the El Niño phenomenon depressed paddy output by some 300 000 tonnes. Plantings of the first crop of the 2017 season also got off to challenging start in Peninsular Malaysia, as lingering dryness lowered storage levels in major reservoirs. The situation encouraged officials to call on farmers to adopt water saving methods, with additional challenges reportedly posed by pest attacks. Still, opportunity exists for gains to be accrued through the second crop now being planted, considering forecasts of more normal weather conditions in the months to come. Accordingly, 2017 output in Malaysia is put at 3.1 million tonnes (2.0 million tonnes, milled basis), implying a 4 percent annual advance.

After being hindered by belated and insufficient rains the previous two years, 2016 transplanting activities in **Nepal** were buoyed by abundant and generally timely monsoon rainfall, along with an adequate input supply situation. Officials gauge that these factors sustained a 22 percent annual output recovery to an all-time high of 5.2 million tonnes (3.5 million tonnes, milled basis). The bulk of 2017 crops will only be planted upon the June arrival of the monsoon rains over Nepal, which will prove decisive in determining the size of crops in the forthcoming season. Although local prices have been somewhat pressured by the bumper 2016 harvest, farmers in the country may find encouragement in measures taken to enhance yields and access to fertilizers. The latter have involved a 4-14 percent cut in subsidized prices of the input, as well as interventions under the Prime Minister's Agriculture

Modernisation Project. Under the scheme, officials seeks to make Nepal self-sufficient in rice in two years' time, channelling input assistance and extension services through a cluster approach. Provided no major setbacks is incurred, Nepal is seen advancing output by a further 2 percent in 2017 to 5.4 million tonnes (3.5 million tonnes, milled basis).

Preliminary Government estimates indicate that 2016 output in **Pakistan** declined for the second successive season to 10.0 million tonnes (6.6 million tonnes, milled basis), down 3 percent year-on-year and 350 000 tonnes less than anticipated by FAO. Although beneficial weather lifted yields to a new high of 3.7 tonnes per hectare, these gains were outweighed by area losses, as poor price prospects led farmers to shift to more profitable crops or fallow fields. FAO tentatively forecasts production in Pakistan to recover by 3 percent in 2017 to 10.3 million tonnes (6.8 million tonnes, milled basis). The forecast hinges on expectations that recoveries in local quotations, combined with lower input prices, namely of fertilizers, will encourage producers to reclaim some land for paddy cultivation. Nonetheless, much will depend on the pattern of the monsoon and on whether sufficient water availabilities for irrigation exist. Some concerns had emerged on this front, given that unseasonably dryness strained water levels in major reservoirs. Still, officials indicate that, amid adequate snow cover, an increase in temperatures will likely replenish storage levels in the Tarbela and Mangla reservoirs.

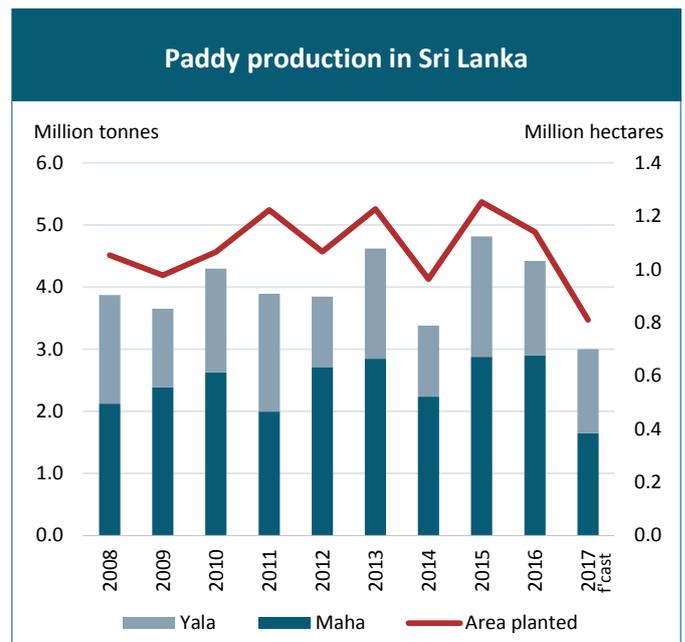
The 2016 season is yet to conclude in the **Philippines**, with producers still busy gathering offseason crops. Official production forecasts for the country have undergone a 250 000 tonne downward revision since December. The adjustment mostly mirrors higher estimated main-crop losses due to the back-to-back landfalls of typhoons Sarika and Haima in October. Additional damages on offseason crops were caused by tropical storm Sonamu and pest attacks. Still, at a revised level of 18.4 million tonnes (12.1 million tonnes, milled basis), 2016 production in the Philippines would still stand 5 percent over the 2015 depressed outcome. The feat would be largely owed to a 10 percent expansion in the secondary harvest to 8.5 million tonnes (5.5 million tonnes, milled basis), facilitated by an improved water supply situation.

The Philippines is provisionally seen gathering 18.6 million tonnes (12.1 million tonnes, milled basis) in 2017. The forecast 0.8 percent annual expansion assumes normal growing conditions permit average yields in the country to remain in their path of recovery. This is after productivity levels were constrained by two successive seasons of weather vagaries. On the other hand, the outlook for plantings in the Philippines is dampened by uncertainties regarding the sector's exposure to import competition as

the country moves towards tariffication. This would follow the removal of quantitative restrictions on rice imports upon their expiry on 30 June 2017, a move that is being pursued by officials in order to render rice more affordable to the public. Authorities have announced plans that would have revenue accrued from eventual import tariffs destined to assist the sector. Especial emphasis is being given on expanding coverage of hybrid varieties and boosting mechanization as means to raise yields and boost the sector's competitiveness. Officials have also moved forward with plans to provide free irrigation for rice producers, while targeting to bring 1.0 million hectares under irrigation over the next six years.

Final production assessments from the Department of Census and Statistics reveal that **Sri Lanka** gathered 4.4 million tonnes (3.0 million tonnes, milled basis) in 2016, slightly below previous expectations and 8 percent less than the 2015 record. The decline mirrored losses in the secondary Yala crop, propelled by heavy rains and ensuing floods. Barring the May downpours that impaired Yala paddies, precipitation shortfalls affected much of Sri Lanka throughout 2016. This compromised water availabilities for irrigation in the lead up to the October planting of 2017 Maha crops. Over 70 percent of Sri Lanka's main crop relies on irrigation, with close to a quarter of it cultivated in minor irrigation schemes largely dependent on rainwater. As the unseasonable dryness further lowered storage levels in major reservoirs, officials indicate that a total of 540 000 hectares were sown during the cycle, down from the 756 000 hectares sown in 2016 and a ten-year low. More than a quarter of the 2017 Maha extension would have been additionally damaged by the scant water supplies. Improved precipitation since late January provided some respite to standing crops, aiding the replenishment of reservoirs. Yet, the tight water supply situation calls into question how much of the Maha shortfall will be able to be compensated through the secondary Yala crop, now being planted. This is even if authorities in Sri Lanka target to bring more land for paddy cultivation in the less-affected southwestern wet-zone, while trying to avail seeds to farmers and encourage them to plant short-cycle varieties. Pending final assessments of the scope of losses incurred, FAO anticipates 2017 production in Sri Lanka to amount to 3.0 million tonnes (2.0 million tonnes, milled basis). This level would represent a 32 annual shortfall and imply the lowest harvest in the country since 2004.

Officials in **Thailand** indicate that, buoyed by ample availability of water for irrigation, by early April plantings of 2016/17 secondary crops in major irrigation schemes had reached 1.2 million hectares. This compares to a 510 000 hectare plan approved for the season and an extension of 560 000 hectares the previous year, when plantings were severely undermined by water shortages.

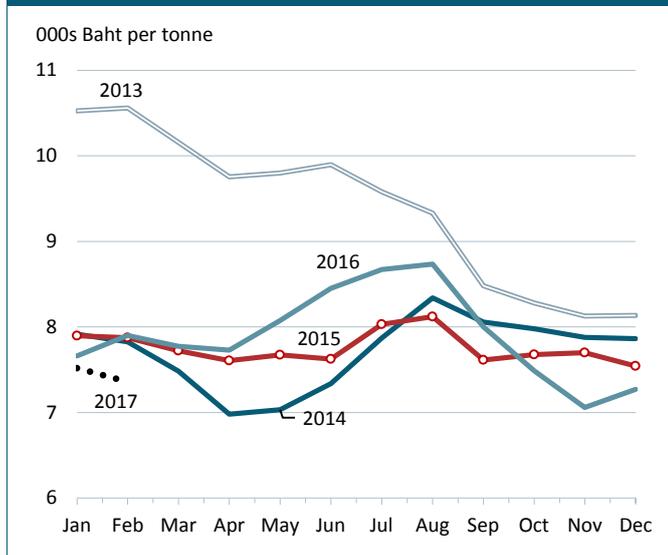


The fast advance was notwithstanding Government measures to encourage farmers to switch to other crops, prompting officials to issue calls for farmers to restrain from sowing the third crop cycle, which begins soon after the April harvest of the offseason crop. To take account of this fast progress, FAO has raised its 2016 production forecast for Thailand by 1.5 million tonnes to 32.6 million tonnes (21.6 million tonnes, milled basis). This level would imply a 14 percent year-on-year recovery, mirroring gains in both main and offseason output promoted by more conducive growing conditions.

As to prospects for 2017, FAO forecasts production in Thailand to grow by a further 700 000 tonnes to 33.3 million tonnes (22.0 million tonnes, milled basis). The predicted expansion hinges on expectations that producers in the country will continue to favour rice over other crops, notwithstanding reiterated Government targets that would have output curbed to 25-26 million tonnes of paddy. This would be down from a target of 27 million tonnes for 2016, which was however well exceeded. Paddy prices in Thailand have been weighed by the output recovery, notwithstanding the implementation of an on-farm mortgaging programme for 3.0 million tonnes and incentives for traders to store main-crop supplies. By February, farm gate prices stood between 6 and 14 percent below year-earlier levels at Baht 7 400-10 900 per kilo (USD 214-317 per tonne). Yet, steeper declines have concerned quotations of main alternatives. This is the case of maize, towards which the Thai Government had encouraged rice producers to move. Although sugar remains an attractive substitute, it remains to be seen whether in the context of announced reforms to the Thai sugar sector and a fading rice supply overhang, due to progress in liquidating Government stockpiles, rice producers would be veered towards cultivating this crop. On the weather front, forecast by the Thai Meteorological

Agency indicate that precipitation levels are likely to remain near normal through the May/June onset of planting operations.

### Thailand: Farm-gate prices of non-glutinous paddy



According to the latest official estimates, **Viet Nam** gathered 43.6 million tonnes (28.3 million tonnes, milled basis) in 2016, 4 percent less than in 2015, as a combination of water shortages, severe saltwater intrusion problems and storms took a toll on average yields. Producers in Viet Nam are now busy gathering the 2017 winter/spring crop. By mid-March, plantings of this first and largest of three crops cultivated each season were reported to be fairly in line with last year's extension, at 3.04 million hectares. This is even if growing conditions have proved mixed this season. In the Mekong Delta, which accounts for half of national winter/spring production, lingering salinity problems and untimely rains delayed plantings and undermined yield prospects. Last year, insufficient water supplies for irrigation and seeping saltwater lowered main-crop yields in the Mekong by 10 percent on average, to 6.4 tonnes per hectares. Early harvest results point to even lower yield outturns this year. Progress has been more upbeat in northern producing provinces, where good weather has also aided crop development. The Mekong will soon launch the summer/autumn planting campaign. As such, ample scope still exists for initial delays to be compensated, considering also that paddy prices have remained firm in this context. Yet, it remains to be seen whether the downward trajectory of the third (winter) crop will be halted this season, given that this crop has borne the most impact of the Government's area diversion programme, which seeks to convert up to 800 000 hectares of paddies to other purposes by 2020. Overall, FAO anticipates Viet Nam will gather 44.0 million tonnes (28.6 million tonnes, milled basis) in 2017, implying a 1 percent increase from the 2016 depressed level.

## Africa

### Smaller crops in Egypt, Madagascar and Tanzania to curb production growth in 2017

The **2016** season is about to conclude in **Africa**, as only a few countries are still tending to offseason crops. Put together, countries in the region are set to gather a record of 30.8 million tonnes (20.1 million tonnes, milled basis) in 2016, up 7 percent year-on-year and 530 000 tonnes more than previously envisaged. Most of the 2.0 million tonne growth would stem from sizeable expansions in Eastern and Western Africa, especially in Mali and the United Republic of Tanzania, where despite some flooding problems, crops benefitted from generally conducive weather. Attractive paddy prices and a move away from cotton cultivation also fostered an output recovery in Egypt. The season proved more challenging in southern parts of the continent, where crops were hindered by precipitation shortages for the second successive season.

On the other hand, prospects for **2017** production in Africa are still preliminary at this stage, given that crops will not be planted until late April in Egypt or until the June arrival of the rains in West Africa. Based on current indications, the continent could harvest 30.7 million tonnes (20.0 million tonnes, milled basis) in 2017, slightly below the 2016 record, but still an above-average crop. The modest reduction mirrors expectations that output falls in Egypt, Eastern Africa and in southern parts of the continent will be partly outweighed by gains in Western Africa. In the case of **Egypt**, a 150 000 tonne cut to 6.15 million tonnes (4.2 million tonnes, milled basis) would come in the aftermath of a rebound in local cotton prices, which could encourage producers to revert some lands back to cotton cultivation over the season. Yet, area retrenchments are anticipated to be contained by the still high level of rice quotations in the country and the safe outlet for produce provided by state acquisitions for the public distribution programme. This is notwithstanding continuing export restrictions and the risk of fines for farmers cultivating beyond a revised ceiling of 452 000 hectares approved for the season.

The latest assessments released by Governments confirm the positive unfolding of the **2016** season in **West Africa**, where only a few countries have yet to gather secondary crops. On aggregate, the sub-region is set to produce 15.5 million tonnes (9.8 million tonnes, milled basis), up 8 percent from 2015 and an all-time record. Within the sub-region, the largest absolute gain is expected to concern **Mali**, where despite flooding problems, area and yield gains lifted output 19 percent over year-earlier levels to 2.8 million tonnes (1.9 million tonnes, milled basis). Aided by abundant rains and sustained support to the sector, production in **Benin, Burkina Faso, Ghana, Niger** and **Sierra Leone** similarly posted double-digit growth and,

although more modest, gains also concerned **Chad**, **Nigeria** and **Senegal**. This helped to compensate for poor outturns in **Cote d'Ivoire**, **Gambia** and **Togo**, where crops were undermined by precipitation shortages, and in **Liberia** and **Mauritania**, where marketing difficulties and credit constraints depressed plantings.

Provided growing conditions prove normal, paddy output is expected to remain in its expansionary trend in West Africa during **2017**. Put together, countries in the sub-region could lift output by an additional 4 percent over the season to 16.0 million tonnes (10.2 million tonnes, milled basis). As in previous years, nearly all of the growth would be imputable to area expansions, often encouraged by import substitution programmes. Indeed, self-sufficiency in rice remains a mainstay policy across the sub-region, driving steps to enhance sector access to inputs, expand irrigation or processing capacity and ensure a market for local produce.

In **Ghana**, authorities unveiled the "Planting for Food and Jobs" campaign in March, under which they target to boost production of rice, maize, soybeans, sorghum and vegetables as of 2017. In the case of rice, the campaign envisages raising output by 49 percent, foreseeing the provision of seeds, fertilisers and extension services to agricultural producers, along with steps to enhance marketing of produce. While additional measures would go to bolster irrigation capacity, officials declared that the provision of agricultural equipment at subsidised prices would continue in 2017, along with fertiliser subsidies. The latter programme foresees distribution of 180 000 tonnes of the input, with prices for inorganic fertilisers also slashed by 50 percent to GHS 47.5-57.5 per 50 kilos (USD 220-264 per tonne) this year, in an effort to promote their

usage. Production in Ghana has posted steady gains since 2012, much of which achieved through yield improvements. This trend is expected to extend into the 2017 season, with the country gathering 791 000 tonnes (475 000 tonnes, milled basis), up 5 percent year-on-year.

Production in **Guinea** is seen rising by 2 percent in 2017 to 2.2 million tonnes (1.5 million tonnes, milled basis), underpinned by firm local prices and continued input assistance programmes. More normal growing conditions could also promote some recoveries in **Gambia** and **Liberia**, which are seen gathering 50 000 tonnes and 290 000 tonnes, respectively (32 000 and 189 000 tonnes, milled basis). By contrast, **Mauritania** is envisaged to see 2017 production fall for the third successive season, amid continued constraints in the access to credit and inputs. Less ideal growing conditions than those prevailing in 2016 could also command yield-driven declines in both **Benin** and **Niger**.

**Mali** is forecast to outdo the excellent 2016 performance slightly, gathering 2.8 million tonnes (1.9 million tonnes, milled basis) in 2017. The projected growth would rely solely on area expansions, mirroring the still resilient producer prices, notwithstanding the bumper 2016 harvest. This is especially the case in the Office du Niger, which sustained much of Mali's production growth last season. Since 2014, efforts have been ongoing to expand or rehabilitate 91 000 hectares for irrigation in the Office du Niger, under a plan that targets to lift paddy production in the scheme to 1.1 million tonnes by 2018. The sector at large also continues to benefit from state subsidies on fertilizers and machinery, even if the outcome of the season will very much depend on rainfall levels and water availabilities.

### WEST AFRICA: PADDY PRODUCTION

	2010-2014	2015	2016	2016/2015		2016		
	Average	Estimate	Forecast	Var.		Previous	Revision	
	(.....thousands of metric tonnes.....)				(%)		(.....thousands of metric tonnes.....)	
<b>WEST AFRICA</b>	<b>13,147</b>	<b>14,350</b>	<b>15,449</b>	<b>1,099</b>	<b>8</b>	<b>15,327</b>	<b>122</b>	
Benin	201	204 G	281 G	77	38	243 G	38	
Burkina Faso	297	325 G	385 G	60	18	350	35	
Chad	248	244 G	258 G	14	6	258 G	0	
Cote d'Ivoire	744	890	849	-41	-5	846	4	
Gambia	57	53 G	49 G	-5	-8	50 G	-2	
Ghana	522	641 G	753 G	111	17	688 G	65	
Guinea	1,870	2,047 G	2,173 G	126	6	2,174 G	0	
Guinea Bissau	184	170 G	186 G	16	9	186 G	0	
Liberia	284	296 G	269 G	-26	-9	269 G	0	
Mali	2,068	2,331 G	2,781 G	450	19	2,811 G	-30	
Mauritania	195	222 G	176 G	-46	-21	180 G	-4	
Niger	82	133 G	149 G	16	12	149 G	0	
Nigeria	4,618	4,750	4,950	200	4	4,950	0	
Senegal	495	906 G	946 G	39	4	951 G	-5	
Sierra Leone	1,142	995 G	1,106 G	111	11	1,106 G	0	
Togo	140	141 G	137 G	-4	-3	116 G	21	

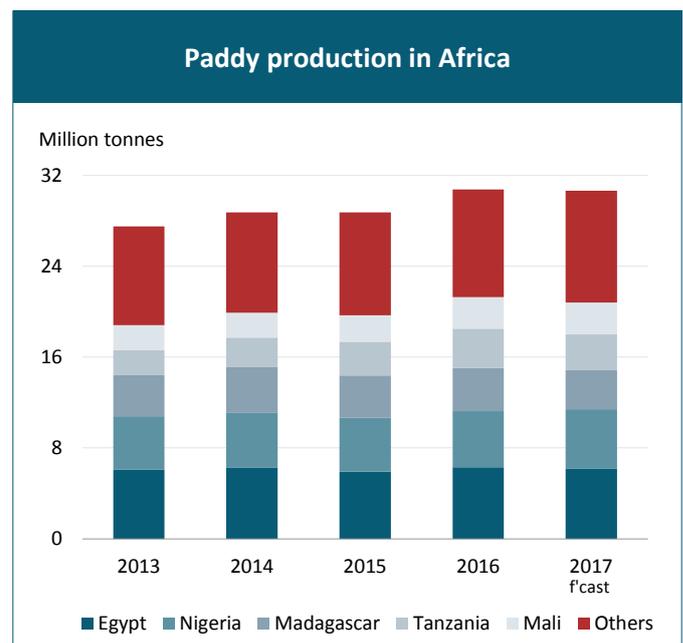
G Official figure.

In an effort to attain self-sufficiency in rice by 2018, the Government of **Nigeria** channels credit assistance to the rice sector through the Anchor Borrowers' Programme, with steps also taken to expand rice processing and storage capacity. These interventions were set out by the Agricultural Sector Policy Roadmap ("Green Alternative"), unveiled last August. They were more recently echoed by the Government's Economic Recovery and Growth Plan for 2017-2020, which also foresees input assistance to the agricultural sector channelled under an expanded Growth Enhancement Support (GES) Scheme and the "Presidential Initiative on Fertilizers". The latter, announced last December, aims to boost local fertilizer production and lower prices of the input by 30-40 percent in time for the 2017 main crop. Budgetary constraints and the need to settle dues impeded a full-fledged continuation of GES scheme during the 2016 main season, with concerns that fertilizers could be used as explosive in conflict-affected zones leading to further restrictions on the movement of the input. Meanwhile, successive years of diminished rice imports have propelled steep hikes in rice quotations in Nigeria. By February, wholesale prices of locally produced rice remained between 76 and 130 percent over year-earlier levels at NGN 590 000-660 000 (USD 1 936-2 165) per tonne. Producers in the country are envisaged to respond to the incentives provided by the state and the strength of local quotations by expanding plantings. Accordingly, Nigeria is forecast to produce 5.3 million tonnes (3.2 million tonnes, milled basis), up 6 percent year-on-year.

**Senegal** aims to become self-sufficient in rice in 2017, under the Program for the Relaunch and Acceleration of Senegalese Agriculture (PRACAS). The programme sets a 1.6 million tonne target for paddy production in 2017, 60 percent of which would be met through irrigation schemes in the Senegal River Valley and the Anambé basin, with the balance constituting rainfed production from southern regions. Irrigated output has made headway Senegal. Yet, much of the production growth registered since 2014 has been led by expansions of rainfed fields. This is especially the case of the Koldha and Sédhiou regions, where in 2015 alone aggregate production staged a near sevenfold leap to 340 000 tonnes. In support of its production goal, the Senegalese Government has availed producers with basic inputs and machinery at subsidized rates, rehabilitated irrigation infrastructure and suspended imports of whole-grain rice. Assuming no major setback is incurred, 2017 production in Senegal is forecast to amount to 1.0 million tonnes (704 000 tonnes, milled basis), up 6 percent year-on-year.

Estimates of **2016** production in **Eastern Africa**, where most countries have already fully gathered their crops, have been upgraded by 390 000 tonnes since December to 4.0 million tonnes (2.6 million tonnes, milled basis), up 12

percent year-on-year. The upward adjustment was primarily owed to the United Republic of Tanzania, where preliminary Government assessments point to an exceptional outturn of 3.4 million tonnes (2.2 million tonnes, milled basis). The 15 percent annual expansion would mirror area and yield gains promoted by attractive prices at planting time, along with generally good growing conditions in the first half of 2016. **Burundi**, **Ethiopia** and **Rwanda** are all similarly assessed to have closed the season with positive results. By contrast, insufficient water supplies for irrigation due to prolonged drought are now gauged to have depressed production in **Kenya**, adding to expected shortfalls in **Uganda**, similarly owed to precipitation shortages.



Prospects are less encouraging for the **2017** now ongoing in the sub-region. Deficient rains during the last quarter of 2016 affected agricultural activities of the first crops of the season. The adverse weather undermined prospects for **Burundi**, further diminishing water availabilities for mostly irrigated crops in **Kenya**. Although in the case of **the United Republic of Tanzania**, concerns have eased following more vigorous rains as of February, the outlook for the country remains dampened by pronounced price declines, in the wake of the bumper 2016 harvest. Combined, these factors could result in a 300 000 tonne production shortfall in Tanzania to 3.1 million tonnes (2.0 million tonnes, milled basis). The outlook is more positive for **Rwanda** at 113 000 tonnes (75 000 tonnes, milled basis), mirroring investments in irrigation infrastructure and marshland rehabilitation projects. Assuming growing conditions normalise by the July launch of the 2017 season, **Uganda**, too, could be in a position to recuperate losses incurred to poor rains the previous campaign.

In **Southern Africa**, important central and northern rice producing regions of **Madagascar** have been afflicted by significant precipitation shortages since late 2016. Particularly poor results of early-planted crops are being reported as a result. While improved rains since February have provided respite to crops still on the ground, additional damages were caused by the 7 March landfall of tropical cyclone Enawo. Further to causing loss of lives and population displacements, the heavy rains and strong winds brought by the storm over its two-day trajectory through the isle are reported to have caused widespread flooding of paddies, especially in the most affected regions of Sava and Analanjirofo. While a clear picture of damages is still to emerge, the combined impacts of repressed rains and storm damages are preliminarily forecast to depress 2017 output in Madagascar to 3.5 million tonnes (2.3 million tonnes, milled basis). If confirmed, this level would represent an 8 percent year-on-year shortfall and the smallest crop to be gathered since 2007. Conditions have fared better for **Malawi** and **Zambia**, despite some initial concerns over lack of seeds and fall armyworm infestations. With the latter reportedly controlled, Malawi is seen collecting 120 000 tonnes (78 000 tonnes, milled basis), while Zambia gathers another 45 000 tonnes (30 000 tonnes, milled basis). An 8 percent annual upturn is similarly forecast to concern **Mozambique**, which may gather 360 000 tonnes (240 000 tonnes, milled basis) in 2017. Nonetheless, at that level, production in the country would remain below the 2014 record, given that late and below average rains could have constrained crops in important northern producing regions.

## **Central America and the Caribbean**

### ***Paddy production to make further inroads in 2017***

The **2016** season is yet to conclude in **Central America and the Caribbean**, as a few countries have still to harvest their secondary crops. Aggregate output in the sub-region is anticipated to amount to 2.8 million tonnes (1.8 million tonnes, milled basis) in 2016. This level would imply 6 percent expansion, while implying an only partial recovery due to difficulties posed by linger water supply problems and damages inflicted by storms. At a country level, a more conducive growing climate is expected to permit **Costa Rica**, **Honduras**, **Nicaragua** and **Panama** to gather larger crops, more than offsetting shortfalls in **El Salvador** and **Haiti**. In both countries, falls would be imputable to inclement weather, which in the case of Haiti exacerbated on diminished access to basic inputs and infrastructural constrains. Compared to figures reported in December, prospects have improved for the **Dominican Republic**, where authorities indicate a total 941 000 tonnes (565 000 tonnes, milled basis) were gathered in 2016. The 4 percent expansion was area driven. Still, productivity in the country would have also touched an all-time high of 5.7

tonnes per hectare, notwithstanding initial planting delays associated with diminished water supplies. Excellent yield outturns are also reported for the spring/summer crop in **Mexico**, lifting forecasts of overall output in the country 13 percent above the 2015 level to 265 000 tonnes (176 000 tonnes, milled basis). These upgrades contrasted with less optimistic forecasts for **Cuba**, where scarce water supplies are reported to have led to more limited area reclamations than previously anticipated. FAO now anticipates output in Cuba to amount to 465 000 tonnes (310 000 tonnes, milled basis), up 11 percent year-on-year, but still the second lowest since 2011.

Meanwhile, FAO sees **2017** production in Central America and the Caribbean rising by an additional 4 percent to 2.9 million tonnes (1.8 million tonnes, milled basis). Yet, the forecast remains tentative at this stage, since most countries will not begin to sow their crops until June and much will hinge on the performance of the summer rains. Among the various producers, **Cuba** is envisaged to register the largest absolute gain in 2017, harvesting 520 000 tonnes (347 000 tonnes, milled basis). Despite constraints posed by prolonged drought, yields in Cuba have posted steady gains since 2011. The advances would mirror investments on irrigation and drainage infrastructure promoted by the country's import substitution drive, combined with improved growing practices, including precision farming. Regional forecasts also point to above-average rains likely benefitting the isle through May. This could help replenish water levels in major reservoirs for the spring crop, which is planted as of April.

In **Mexico**, productivity gains have been associated with the introduction of high-yielding varieties and support provided to producers under a state programme that seeks to raise output to 360 000 tonnes by 2018. The local industry believes such interventions could lift 2017 plantings to their highest since 2009, or 50 000 hectares. FAO forecasts output in Mexico to advance by an additional 4 percent in 2017 to 275 000 tonnes (183 000 tonnes, milled basis), with growth prospects only restrained by the higher production costs associated with this year's hike in fuel prices and an overall weaker Peso. Improved water availabilities for the main crop, now in the ground, are also expected to underpin an output recovery in **Haiti**, with a further 3 percent expansion in **Panama** to 310 000 tonnes (203 000 tonnes, milled basis) sustained by strong public support for the sector. The latter has entailed the extension of a PAB 165 (USD 165) per tonne subsidy to rice producers since 2014, investments on storage and drying infrastructure, as well as purchase of close to 37 000 tonnes from the 2016 harvest. Assuming normal growing conditions prevail, production in **Costa Rica**, **Guatemala**, **El Salvador** and **Nicaragua** is seen

making inroads, while the **Dominican Republic** and **Honduras** replicate their good 2016 performances.

## South America

### Brazil to spearhead a five percent output recovery in 2017

With the **2016** campaign now fully closed in South America, new assessments released by governments have raised estimates of aggregate production in the sub-region to 23.7 million tonnes (16.0 million tonnes, milled basis). Yet, this level would continue to suggest an 8 percent annual contraction, mirroring the combined impacts of reduced margins and inclement weather associated with the El Niño phenomenon. At a country level, **Brazil** faced the largest shortfall, seeing its output reduced to a thirteen-year low. Nonetheless, **Argentina**, **Guyana** and **Uruguay** all saw high production costs and weak local quotations similarly exacerbated by floods, poor sunshine conditions or precipitation shortfalls. Reductions also concerned **Bolivia**, **Ecuador** and **Venezuela**, while area expansions fostered by strong prices lifted output in **Chile**, **Peru** and, especially, **Colombia** to new heights.

Meanwhile, the **2017** season is well advanced in South America, with harvests now underway. With a few notable exceptions, growing conditions have proved more promising this season. This is even if lingering constraints posed by high production costs and unattractive prices have precluded significant area reclamations. On aggregate, FAO anticipates South America will gather 24.9 million tonnes (16.9 million tonnes, milled basis) in 2017, representing a 5 percent yield-driven annual recovery. To a large extent, the forecast growth would be sustained by a 13 percent annual upturn in **Brazil**, where officials now predict 11.9 million tonnes (8.1 million tonnes, milled basis) will be collected in 2017. This level would stand 440 000 tonnes above December projections, mirroring expectations that timely plantings and good sunshine conditions will permit yields in the country's largest

producing state, Rio Grande do Sul, to exceed the 2015 record slightly to 7.7 tonnes per hectare. Although less pronounced than previously foreseen, a move towards more remunerative maize and soybean cultivation in Northern and Central states remain forecast to lower overall plantings in Brazil by 3 percent year-on-year.

Prospects are less favourable for **Argentina**. As a result of high production costs and sector liquidity problems, area under paddy in 2017 is officially put 4 percent below the 2016 level at 207 000 hectares. Additional difficulties were posed by weather. Plantings in the largest producing provinces of Corrientes and Entre Rios were slowed by reduced soil moisture conditions and untimely rains. This is while excess January precipitation and pest attacks dampened yield prospects for the third largest producing province of Santa Fe. As result, 2017 output in Argentina is forecast to amount to 1.35 million tonnes (920 000 tonnes, milled basis), implying a 4 percent annual reduction and the third successive year of production cuts.

After seeing 2016 crops reduced by a combination of poor margins and the spread of diseases, the 2017 season in **Bolivia** opened amid reduced soil moisture following a severe drought and lingering soft prices. These factors are assessed to have driven additional area cuts. This is even if yield prospects were salvaged by the reported containment of panicle blight, which had impaired crops in the most important producing state of Santa Cruz in 2016. On anticipation that part of the area losses will be compensated by yield improvements, Bolivia is presently seen harvesting 330 000 tonnes (227 000 tonnes, milled basis) in 2017, down 8 percent year-on-year.

Authorities in **Colombia** report that plantings of mechanised crops, which account for 94 percent of output in the country, expanded by 14 percent in the second half of 2016 to 178 000 hectares. The expansion has been associated to a shift away from maize cultivation due to still attractive paddy margins. Coming in the wake of

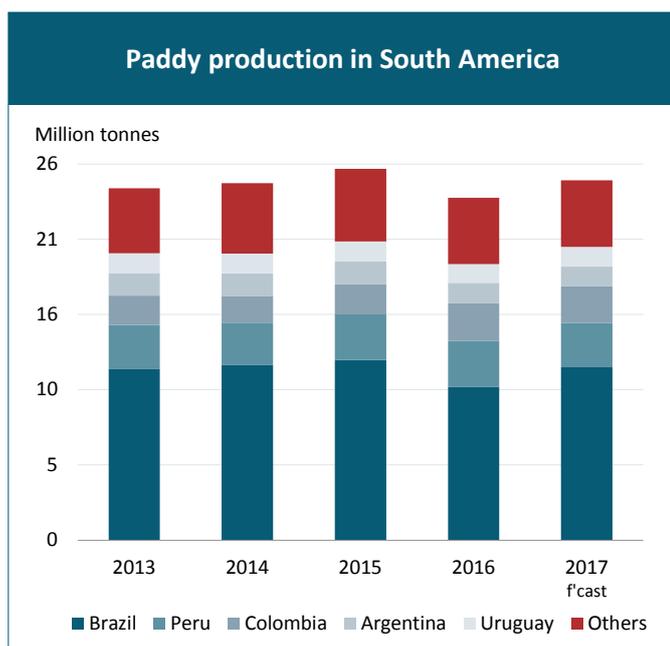
BRAZIL: PADDY PRODUCTION BY REGION IN 2016 AND 2017<sup>1/</sup>

Region	Area (000 ha)			Yields (Mt/ha)			Production (000 Mt)		
	2016	2017	Var %	2016	2017	Var %	2016	2017	Var %
<b>BRAZIL</b>	<b>2,008</b>	<b>1,955</b>	<b>-2.7</b>	<b>5.3</b>	<b>6.1</b>	<b>15.8</b>	<b>10,603</b>	<b>11,948</b>	<b>12.7</b>
North	265	259	-2.3	3.8	4.3	12.4	1,018	1,118	9.8
Northeast	283	231	-18.5	1.4	1.7	23.8	394	397	0.9
Centre-West	193	175	-9.1	3.2	3.5	11.5	608	616	1.4
South East	17	16	-6.4	3.2	3.4	6.8	55	55	0.0
South	1,250	1,273	1.9	6.8	7.7	12.4	8,529	9,762	14.5

1/ For Brazil: 2015/16 and 2016/17 paddy seasons

Source: CONAB – Crop 2016/2017 - Seventh Assessment – April 2017

bumper 2016 crop, the high pace of growth has prompted the local industry to issue calls to producers to limit mechanized plantings to a maximum of 530 000 hectares in 2017, in order to avoid surplus production and depressed prices. Assuming farmers heed such calls and normal growing conditions for the remainder of the season, Colombia is forecast to gather 2.55 million tonnes (1.7 million tonnes, milled basis) in 2017. This level would fall 3 percent short of the 2016 record, while still standing out as an above average harvest. This considers the additional support being provided to the sector as part of the *Colombia Siembra* programme, including steps enhance access to credit, machinery and infrastructural improvements.



Estimates of 2016 production in **Ecuador** have been scaled up by 130 000 tonnes since December to 1.3 million tonnes (800 000 tonnes, milled basis). At that level, output in the country would still fall 4 percent short of the 2015 crop, reflecting yield losses incurred to pest attacks and weather vagaries. The 2017 season is well advanced in Ecuador, with winter crops now being collected. The season has unfolded more auspiciously on the weather front, with rains setting in January, after some delays in the previous month. Prospects are less optimistic on the price front. By January, paddy prices in the country were reported stand 15 percent below year-earlier levels, at USD 29.6 per 200-pound bags. The weakness has been locally attributed to unofficial inflows from Peru and has propelled authorities to step up procurement operations from the local market. The soft prices are anticipated to preclude large area reclamations, although a more normal climate could permit yields to recover somewhat over the season. Accordingly, 2017 production in Ecuador is seen only marginally over the 2016 depressed level at 1.3 million tonnes (806 000 tonnes, milled basis).

Contrary to conditions prevailing in 2016, plantings of the first crop of the 2017 season in **Guyana** proceed at an upbeat pace aided by abundant precipitation. By mid-March acreage under this crop was reported to have exceed its year-earlier level by 18 000 hectares to 91 000 hectares, with no major losses incurred to floods or pest attacks. Largely based on this positive progress, output in Guyana is forecast to amount to 930 000 tonnes (605 000 tonnes, milled basis) in 2017, which is 8 percent above the 2016 reduced harvest. Yet, much is still likely to depend on the outcome of the second crop, which accounts for half of overall output and is only planted as of June. Indeed, in the context of marketing disruptions posed by the 2015 loss of the country's largest and most lucrative export outlet, Venezuela, an abundant spring crop could discourage producers from raising offseason plantings beyond last year's depressed level.

Following a 130 000 tonne upward revision, 2016 production in **Paraguay** is now assessed to have remained largely stable, at a positive 860 000 tonnes (602 000 tonnes, milled basis). Indeed, authorities report that adverse weather under the El Niño phenomenon only slightly influenced average yields in the country. As to the 2017 season, credit constraints would have dissuaded small and medium sized producers in Paraguay from engaging in rice cultivation this season, with environmental concerns surrounding the exploitation of waters from Tebicuary River further capping area expansions. Growing conditions proved conducive otherwise, likely sustaining a 2 percent yield-driven expansion in 2017 output to 875 000 tonnes (613 000 tonnes, milled basis).

In **Peru**, early plantings of 2017 crops were depressed by unseasonably dry conditions prevailing in the latter part of 2016. Although more vigorous rains since then have eased concerns of possible shortages of water for irrigation, heavy downpours and floods associated with the coastal El Niño phenomenon have affected 18 800 hectares of agricultural crops in the main rice producing regions of Piura, Lambayeque and La Libertad as of late March. Yet, the season is still at early stages in Peru, providing opportunity for initial setbacks to be compensated. This considers the planting incentives also provided by firm paddy prices. On these bases, Peru is seen gathering 3.1 million tonnes (2.1 million tonnes, milled basis) in 2017, which is 3 percent below the 2016 record.

In **Uruguay**, industry assessments indicate that, amid uncertain price prospects and production costs of USD 1 800 per hectare, little scope existed for plantings to expand this season. Barring cloudy periods over north-eastern provinces in February, crops in the country have benefitted from good sunshine conditions and no major dearth in water availabilities for irrigation. The ensuing

yield recoveries are expected to enable Uruguay to gather 5 percent more than in 2016, or 1.4 million tonnes (956 000 tonnes, milled basis). Among other producers in the sub region, reduced water availabilities for irrigation are expected to depress output in **Chile**, with protracted shortages of basic inputs also undermining growth in **Venezuela**.

### North America, Europe and Oceania

#### Higher margins for substitute crops to diminish 2017 plantings in the United States sharply

In **North America**, the **United States** closed the 2016 season with positive results. A surge in plantings due to poor margins for competing crops lifted output to its second highest on record, or 10.2 million tonnes (7.1 million tonnes, milled basis). The 16 percent annual rebound was notwithstanding challenges posed by weather, namely extensive August floods in southern producing states. These are assessed to have depressed average yields to a five-year low of 8.1 tonnes per hectare. In its February outlook for the 2017 season, the USDA indicated that, in the absence of weather setbacks, productivity levels in the United States could return to their upward trajectory next season, hitting an all-time record of 8.7 tonnes per hectare. A bleaker outlook concerned 2017 plantings, given the dampening effect of more remunerative prices fetched by competing crops and prospects of large inventories being carried into the season. Although a March stock assessment may have eased concerns of large inventory build-ups, a survey of planting intentions released the same day confirmed prospects of steep planting cuts. According to the survey, US producers would slash paddy acreage by 17 percent to 1.1 million hectares. Essentially all of the retrenchment

would concern long-grain varieties, which would fall 22 percent below the 2016 high to 773 000 hectares. By contrast, medium/short grain plantings would post a marginal gain to 290 000 hectares, sustained by a 3 000 hectare advance in short-grain plantings in California. Put together, these indications would translate into a 10 percent shortfall in 2017 production in the United States to 9.1 million tonnes (6.4 million tonnes, milled basis).

In **Europe**, there have been only minor adjustments to 2016 production estimates for the **European Union**, where output is estimated steady year-on-year at 3.0 million tonnes (1.8 million tonnes, milled basis). In Italy, the Union's largest producer, farmers responded to stiff competition with imports by substituting Indica plantings with Japonica rice. Combined with yield improvement promoted by favourable weather, the move boosted Italian output by 6 percent year-on-year to 1.6 million tonnes (952 000 tonnes, milled basis). This gain was largely offset by area and yield losses in Spain and Portugal caused by untimely rains at planting time and high temperatures. Adverse weather also compromised yields in Greece, with output similarly down in both Bulgaria and Romania. Indica plantings have declined steadily in the European Union in recent years, amid unrelenting competition with imports. Last year, a total of 92 000 hectares were reported to have been put to Indica varieties, down 42 percent from 2011 levels. While this fall has fuelled increasing sector calls for legislators to instate safeguard measures against imports, over the past three seasons, producers in the region have been able counteract cuts in Indica plantings by moving towards greater Japonica cultivation. Yet, on the backdrop of weaker medium-grain prices, which have been weighed on by large availabilities following two good harvests, the scope for Indica losses to be compensated by continued gains in Japonica area appears much diminished. This is even if more normal weather next season could promote

#### USA – 2016 RICE PROSPECTIVE PLANTINGS: AREA BY CLASS AND STATE<sup>1/</sup>

Region	2016 (000 ha)				2017 (000 ha)			
	Long Grain	Medium Grain	Short Grain	All	Long Grain	Medium Grain	Short Grain	All
<b>USA</b>	<b>988</b>	<b>269</b>	<b>17</b>	<b>1,275</b>	<b>773</b>	<b>270</b>	<b>21</b>	<b>1,063</b>
Arkansas	571	55	0	626	425	59	0	484
California	4	198	17	219	4	194	20	218
Louisiana	167	10	-	177	152	10	-	162
Mississippi	79	-	-	79	49	-	-	49
Missouri	93	2	-	96	81	2	-	83
Texas	75	4	-	79	63	4	-	67

1/ Released March 31, 2017

Source: National Agricultural Statistics Service (NASS), Agricultural Statistics Board, USDA.

yield improvements in countries such as Greece, Spain and Portugal. Accordingly, FAO tentatively forecasts the European Union to gather 2.9 million tonnes (1.8 million tonnes, milled basis) in 2017, implying a 3 percent annual contraction.

In **Oceania**, ABARES' latest assessment has confirmed the positive outlook for the 2017 season in **Australia**, where gathering activities are now ongoing. The agency indicates that ample availabilities of water for irrigation and lower associated costs lifted 2017 plantings to their highest since 2013, or 86 000 hectares. Although planting delays caused by heavy downpours and floods are anticipated to lower yields to more normal levels of 10.1 tonnes per hectare, the area gain would be sufficient to ensure a 2017 harvest of 870 000 tonnes (580 000 tonnes, milled basis). This compares to the 250 000 tonnes (167 000 tonnes, milled basis) harvested in 2016, when output was depressed by low water allocations and high irrigation costs.

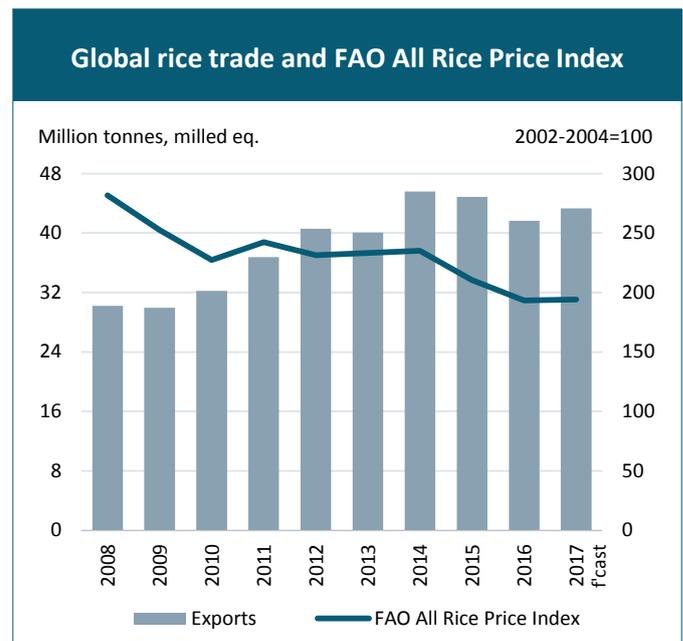
## INTERNATIONAL TRADE

### *Global rice deliveries forecast to recover by 4 percent in 2017, but policy and currency uncertainties linger*

FAO has upgraded its forecast of world rice deliveries in calendar 2017 by 430 000 tonnes since December. The revision primarily reflects expectations of larger consignments to the Philippines, owing to delivery of volumes purchased last year in the first months of 2017. Deteriorating output prospects also raised import forecasts for Madagascar and Sri Lanka, whereas upward adjustments for Islamic Republic of Iran followed revisions to historical import figures. Put together, these increases outweighed all other import reductions, the largest of which concerning China (Mainland), the European Union and Malaysia. On the supply side, forecasts were upgraded most notably for Thailand, but also Myanmar, whereas Egypt, Pakistan and Viet Nam are all predicted to ship less than previously reported.

Taking these changes into account, global rice deliveries in 2017 are now anticipated to amount to 43.3 million tonnes (milled basis), up from a revised estimate of 41.6 million tonnes for 2016. The forecast 4 percent annual upturn hinges on expectations that output shortfalls and efforts to reconstitute reserves will lead to a livelier pace of purchases by key buyers in Asia and Africa. However, in the context of generally good harvests and lingering currency or policy constraints, volumes delivered to both continents are predicted to fall short of previous records. Import demand is instead expected to wane in the Americas and Europe, amid comfortable supply situations. On this backdrop, competition for markets among the various global suppliers of rice is likely to remain intense over the year. Although India is still seen posting the

largest annual export advance, its five-year primacy in the global rice trade arena could be increasingly rivalled by Thailand. Indeed, a strong output recovery and continued Government stock releases have re-established Thailand's competitive edge, boosting export prospects for the country further. Australia, Myanmar, Paraguay, Uruguay and Viet Nam are all similarly anticipated to export more in 2017. Instead, weaker demand from traditional outlets may diminish sales by Cambodia, the European Union, Guyana and the Russian Federation, with supply constraints also expected to undermine shipments by Argentina, Brazil and Pakistan in 2017.



## Imports

### *The Philippines and Sri Lanka behind expected recovery in Asian imports in 2017*

From a regional perspective, **Asia** is anticipated to drive the recovery in global rice trade in 2017, raising purchases 9 percent above the 2016 depressed level to 20.8 million tonnes. At a country level, **China (Mainland)** is expected to remain the leading global destination of rice, taking 6.0 million tonnes in 2017. This level would imply a 3 percent import recovery, mirroring expectations that still large price differentials with outside origins will continue to render imports attractive. Still, the forecast would suggest that Chinese imports are likely to fall short of the record 6.6 million tonne volume estimated for 2014. Indeed, there has been no let-up in border surveillance, which is still keeping undocumented inflows across borders subdued. In the case of the **Republic of Korea**, 2017 deliveries are envisaged to amount to 450 000 tonnes, up from 313 000 tonnes in 2016, assuming the country's WTO

Minimum Market Access (MMA) quota for 2017 is fully purchased and delivered within the year. With dry weather impeding a full output recovery in 2017, purchases by **Malaysia** are also forecast to edge up to 950 000 tonnes this year. This level compares to a low of 822 000 tonnes in 2016, when ample availabilities on store due to a bumper 2015 harvest lowered the need for imports.

In the case of the **Philippines**, deliveries are now seen passing from a revised level of 740 000 tonnes in 2016 to 1.5 million tonnes this year. The forecast volume would include private sector imports under the WTO mandated Minimum Access Volumes (MAV) for both 2017 and 2016, considering that delivery of the bulk of the latter occurred during the first months of 2017.<sup>4</sup> Whether purchases by the private sector go beyond these levels will depend on the tariff equivalent to be applied to out-of-quota volumes upon the expiry of quantitative restrictions on rice, set for on 1 July 2017. Yet, final decisions to these effects are still forthcoming. Cabinet officials would be reportedly leaning towards a 40-50 percent out-of-quota duty, while other legislative proposals have suggested that a 100 percent rate be instead applied. Moreover, the state's National Food Authority has proposed to import 250 000 tonnes in preparation for the 1 July start of the lean season, by when it is mandated to hold 30 days' worth of national requirements. However, in the context of expected production recoveries and stable domestic prices, these purchases have yet to be approved. The NFA has distributed between 760 000 tonnes and 1.3 million tonnes of rice per year over the past four years in emergency or market interventions. The bulk of these needs have been met through imports, considering that the agency's annual purchases from the local market have averaged close to 120 000 tonnes (milled basis) in this period.

In the aftermath of a significant drought-induced reduction in 2017 production, purchases by **Sri Lanka** are expected to stage a strong recovery over the year. These are seen passing to 500 000 tonnes in 2017, up from a mere 30 000 tonnes last year, when ample inventories and higher duties discouraged imports. Sri Lanka was reported to have taken consignment of 120 000 tonnes in the first

### Philippines: stocks by sector and wholesale prices



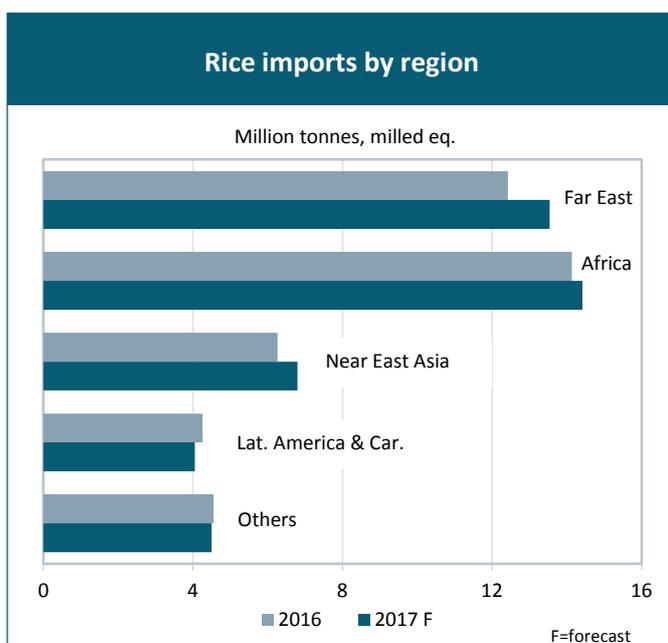
two months of 2017, following an early January decision that replaced all charges levied on imported rice, including a LKR 50 per kilo (USD 332 per tonne) tariff, with a LKR 15 per kilo (USD 99 per tonne) charge. Successive decisions lowered this rate further to LKR 5 per kilo (USD 33 per tonne), extending its validity until 30 May 2017. The measures are geared at easing supply tightness and quelling inflationary pressure, coming alongside a stepping up of supply releases from Government inventories and the implementation of LKR 70-80 (USD 0.46-0.53) per kilo maximum retail prices on imported rice.

Import demand is also expected to remain firm in the Asian Near East. In the case of **Iraq**, imports are seen passing from a low of 930 000 tonnes last year to 1.1 million tonnes in 2017. The 170 000 tonne increase would be needed to avert steep cuts in consumption, in the face of diminished stocks following successive years of import cuts and reduced output. Iraqi officials resumed issuing import tenders for rice in January after a near six-month hiatus. They have also engaged US suppliers in talks to provide undisclosed amounts, as part of a 2016 memorandum of understanding that foresees Iraq's Public Distribution System being supplied with US rice. Yet, to date, confirmed sales have only amounted to 30 000 tonnes, with financial constraints also reportedly inducing Iraqi officials to pay for grain purchases in instalments. The need to refurbish stockpiles is also forecast to prompt the **Islamic Republic of Iran** and **Saudi Arabia** to import 1.3 million tonnes, each. In the case of Iran, this level compares to a revised estimate of 1.2 million tonnes for 2016, which represented a five-year low for the country. The forecast recovery for 2017 would be aided by the rescindment of seasonal import restrictions on rice and the January reduction of imported duties on husked and semi/wholly milled rice to 5 and 26 percent, respectively. This compares to a previously applicable level of 32

<sup>4</sup> Under the WTO special treatment on rice, which is to expire on 30 June 2017, the Philippines is to purchase a minimum of 805 200 tonnes of rice per year, subject to an in-quota duty of 35 percent. Of this volume, 755 200 tonnes are allocated to country-specific quotas as follows: Australia (15 000 tonnes), China (50 000 tonnes), El Salvador (4 000 tonnes), India (50 000 tonnes), Pakistan (50 000 tonnes), Thailand (293 100 tonnes) and Viet Nam (293 100 tonnes), while the remaining quantities (50 000 tonnes) fall part of an omnibus quota. Imports conducted outside of the quota accrue a 50 percent tariff. Although the state's National Food Authority (NFA) retains the first right to purchase MAV volumes, these have been fully allocated to private entities in recent years.

percent in the case of brown rice and of 40 percent in the case of milled rice, with the IRR 5 000 per kilo (USD 154 per tonne) surcharge levied on both classes also rescinded.

At a forecast level of 250 000 tonnes, 2017 deliveries to **Bangladesh** would remain well short of the 1.1-1.3 million tonnes purchased between 2014 and 2015. The restrained pace of imports mirrors expectations of sufficient local availabilities due to a good 2017 crop, but also reduced incentives provided by the implementation of higher import duties and firm quotations in its leading supplier, India. Instead, a bumper 2016 crop could enable **Nepal** to cut imports by 17 percent to 440 000 tonnes, while ample local availabilities similarly lower those of the **Lao People's Democratic Republic** to 150 000 tonnes. A larger 2017 crop, in the context of still subdued exports, may similarly lower cross-border deliveries to **Viet Nam** by 18 percent to 450 000 tonnes. Singularly, however, the largest year-on-year cut could concern **Indonesia**, where imports may pass from 1.3 million tonnes in 2016 to 800 000 tonnes this year. The cut would be consistent with prospects of a larger 2017 crop in the country, which has already fuelled export ambitions among local officials. Yet, much is still likely to hinge on whether state needs for subsidised public distribution and market operations are fully met through local purchases. Indonesian officials have set a procurement target of 4.0 million tonnes for 2017. This compares to the 2.9 million tonnes reportedly purchased locally by the state agency, Bulog, last year. In order to facilitate the local purchase campaign, authorities have relaxed some specifications, allowing Bulog to keep paying INR 3 700 per kilo (USD 278 per tonne) of paddy, even if moisture content ranges between 26-30 percent.



Put together, **African** countries are envisaged to take consignments of 14.4 million tonnes in calendar 2017, up 2

percent from 2016 and 110 000 tonnes more than previously anticipated. Much of the year's anticipated increase in African imports would be owed to **Nigeria**, which may take-in 2.5 million tonnes. While 300 000 tonne over 2016 levels, this volume would still constitute a below average volume. This mirrors continued constraints posed by the weakness of the Naira, along with prohibitive import policies implemented as part of the Government's self-sufficiency program. In this connection, officials have adjusted levies imposed on imports of semi/wholly milled, broken rice and of husked purchased by traders not processing facilities or running backward integration programmes. According to the December decision, these classes now accrue a 50 percent levy, as opposed to a previous 60 percent level. Purchases of husked rice by millers and or traders operating backward integration programmes will instead continue to attract a 20 percent levy. In all cases, imports remain subject to an additional 10 percent tariff. Still, the country's purchases largely constitute undocumented imports across porous borders with countries implementing less prohibitive tariffs. This is even if cross border trade in rice remains prohibited, along with access to formal currency markets for the purpose of importing rice.

Next to Nigeria, the largest absolute import gain is now expected to concern **Madagascar**, which is seen nearly doubling its purchases in 2017 to 400 000 tonnes. The increase would be needed in order to meet consumption requirements in the face of a drought-affected 2017 crop, after inventories in the country were reduced by successive years of below average production. In the case of **Senegal**, 2017 imports are expected in the order of 1.2 million tonnes, up from a revised 2016 estimate of 1.1 million tonnes, which represented a 22 percent annual reduction. The anticipated 7 percent annual rise in 2017 would be notwithstanding an overall positive seasonal turnout in the country and the March prohibition of imports of non-broken rice. The move is geared at ensuring a market for local produce and follows a 2015 decision that tied the issuance of import permits to purchases from the local market, as part of the Government's self-sufficiency agenda. Still, non-broken rice constitutes only a small share of the country's imports, with the near totality of Senegalese imports instead being fully broken fragrant rice. Strong local demand is similarly envisaged to underpin purchases by **Chad, Ethiopia and Sierra Leone**, with output shortfalls also necessitating that **Kenya, Liberia, Mauritania and Togo** raise their level of imports over the year. In many cases, however, expansions are likely to be tamed by weak local currencies, which have rendered supplies from abroad more costly. This is also the case in **Guinea**, where the Government was reported to be studying means to mitigate the impact on consumer prices of a weak Franc and the enforcement of import tariffs, following the 1

January implementation of the ECOWAS Common External Tariff (CET). Under the CET, Guinean milled and broken rice imports accrue a 10 percent duty, while 5 percent tariff is levied on paddy. Duty waivers had been issued in the past for imports of 25 percent broken rice, as part of an official agreement with traders reached in 2011. Considering the above average volumes already purchased by the country last year, combined with a good seasonal turnout, imports by Guinea are seen declining by 150 000 tonnes in 2017 to 500 000 tonnes. Following a spate of purchases last year, imports by **Ghana** are similarly seen subsiding by 200 000 tonnes in 2017 to more normal levels of 620 000 tonnes. Among the other major buyers in the region, sufficient availabilities on store are expected to permit **Cote d'Ivoire** to hold imports broadly steady at 1.4 million tonnes, while in the context of a weak Rand, **South Africa's** purchases may remain close to 2016 levels, at 830 000 tonnes.

After touching an all-time record the previous year, aggregate deliveries to **Latin America and the Caribbean** are expected to subside by 5 percent in 2017 to 4.1 million tonnes. At a country level, much of the cut is still expected to concentrate in **Colombia**, which had been compelled to import close to 270 000 tonnes in 2015 and 2016, owing to low inventories and strong local quotations. With the 2016 bumper crop instead giving rise to an easier local supply situation, 2017 imports by Colombia are expected to return to a more normal level of 100 000 tonnes. This volume would be essentially in line with the tariff rate quota established by the Colombia-United States Trade Promotion Agreement for the year. Likewise, improved local harvests are forecast to enable various countries in **Central America and Caribbean** to cut imports over the course of the year. This is even if the partial nature of 2016 output recoveries in the sub-region may entail a still abundant level of 2017 deliveries to the sub-region of around 2.3 million tonnes. At a country level, **Honduras, El Salvador, Panama** and **Costa Rica** are all expected to purchase less this year. Cuts in the latter would be notwithstanding last October's establishment of duty-free shortage import quota for 63 000 tonnes of paddy, which is to be delivered in the first half of 2017. In the case of **Cuba**, 2017 imports are now seen in the order of 520 000 tonnes, up somewhat from December expectations, but still 5 percent below the 2016 level. Despite an overall weaker Peso, consignments to **Mexico** are forecast to remain at a normal 650 000 tonnes, given expectations of still strong local demand, but also lower international quotations. In a March move, Mexican officials also established an import quota for 150 000 tonnes of paddy, husked, milled or broken rice to be delivered by 31 December 2017. Mexico normally sources close to 85 percent of its supplies from the United States, free of duties, thanks to the North American Free Trade Agreement (NAFTA), with most of the balance supplied by

Uruguay in recent years. Volumes purchased as part of the March import quota are open to rice from any origin and will be free of a 20 percent tariff levied on husked, milled and broken rice or of 9 percent in the case of paddy.

Import gains are expected to concern a few countries in Latin America in 2017. For instance, consecutive years of production shortfalls may require that **Bolivia** and **Venezuela** purchase 70 000 and 380 000 tonnes, respectively. Likewise, a smaller crop and strong local demand is anticipated to lift **Peru's** purchases to 300 000 tonnes. This level would be 3 percent over the 2016 import volume, itself representing a 22 percent year-on-year increase for the country. In the case of **Brazil**, 2017 purchases are seen holding broadly steady at an above-average level of 700 000 tonnes, since continued supply tightness resulting from depleted stocks and a stronger Real may continue to render imports an attractive choice.

In **Europe**, officials in the **European Union** report that during first half of the EU's 2016/17 marketing year (ending in August 2017), imports of husked rice (excluding basmati) amounted to 146 700 tonnes, while those of semi/wholly milled rice reached 351 300 tonnes. Since, in the case of non-basmati husked rice, imported volumes fell below the 191 113 tonne threshold that triggers a higher import duty, this class will continue to attract an import duty of Euro 30 (USD 32) per tonne until August 2017. Tariffs levied on semi/wholly milled rice will also remain at Euro 175 (USD 187) per tonne, since purchases during this period exceeded the 182 239 tonne threshold that triggers the higher tariff. After years of uninterrupted growth, EU purchases of all classes of rice, except for broken, have shown signs of waning. In the case of husked basmati rice, cumulative consignments between September and late March stood 17 percent below year-earlier levels at close to 193 200 tonnes. On the policy front, an agreement was reached by the bloc in February to lower the maximum residue level (MRL) for Tricyclazole in rice produced and imported by the Union from 1 mg/kg to 0.01 mg/kg, as of 2017. Tricyclazole is a widely used fungicide. The decision is expected to come into effect in June or July 2017, except for imported Basmati rice, for which an additional 6-month period would be allowed before the new limits became effective. Although still to be officially confirmed, according to industry sources, provisions would have the 1 mg/kg MRL remain applicable for rice produced or imported prior to the entry into force of the decision, in order to permit supplies on store to be normally marketed. News of the decision have already prompted action in some of the Union's suppliers. For instance, Cambodia has issued bans on imports of the agrochemical, while sensitising the sector about the decision, whereas preparations would be underway in India for pre-shipment testing. Overall, FAO anticipates consignments to the European Union to amount to 1.8

million tonnes, down 2 percent from the 2016 high. Meanwhile, officials in the **United States** indicate that, amid ample local availabilities due to a sizeable 2016 harvest, imports by the country are likely to subside by 2 percent in 2017 to 750 000 tonnes.

## Exports

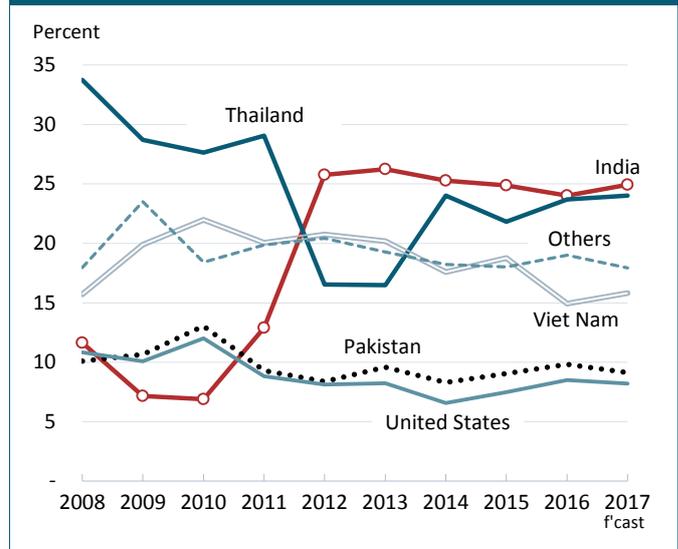
### *India's position as leading global supplier challenged by Thailand*

Based on the latest figures, after contracting for two successive years, global rice deliveries are likely to recover by 4 percent in calendar 2017 to 43.3 million tonnes. Looking at the individual exporters, **India** is forecast to raise 2017 shipments 8 percent year-on-year to 10.8 million tonnes. The projected growth reflects prospects of renewed demand from key African and South Asian destinations, which could enable a livelier pace of Indian sales of parboiled and fully broken rice. Yet, the forecast would still imply an only partial export recovery, in spite of a bumper 2016 harvest. Indeed, export prospects for India have been somewhat dampened by the strength of the Rupee in recent months, a fast advance of the Government's Kharif crop procurement and prospects of an overall smaller Rabi harvest. Meanwhile, exportable availabilities remain abundant in competing origins, implying that the country's five-year primacy in the global rice trade arena will likely be increasingly rivalled this year.

This would be especially so, if current expectations of a strong recovery in **Thailand's** off-season crop are confirmed. After two years of output cuts, a good 2016 main-crop harvest has already enhanced the Thailand's competitiveness, with further supply growth potentially amplifying the country's edge further, notably in the white and parboiled markets. Sizeable quantities also continue to be destined to China (Mainland), thanks to a G2G agreement reached in 2015, with further encouragement provided by the March resumption of sales to the Islamic Republic of Iran. Only marginal volumes of Thai rice had been delivered over the past two years to the Near Eastern nation. Reflective of these factors, FAO now forecasts 2017 rice deliveries by Thailand to amount to 10.4 million tonnes, up 5 percent year-on-year and 800 000 tonnes above December expectations.

The export outlook has also improved for **Myanmar**, which already standing out as an affordable origin, has seen its competitiveness enhanced further by a weaker local currency. This has in turn attracted increasing interest from African buyers, but also from Sri Lanka, likely resulting in a boost to seaborne shipments. This would be especially needed considering the continued hurdles in cross-border trade posed by China's crackdown on undocumented inflows. Reaching a high of 1.4 million

## Rice exporters' share in global trade

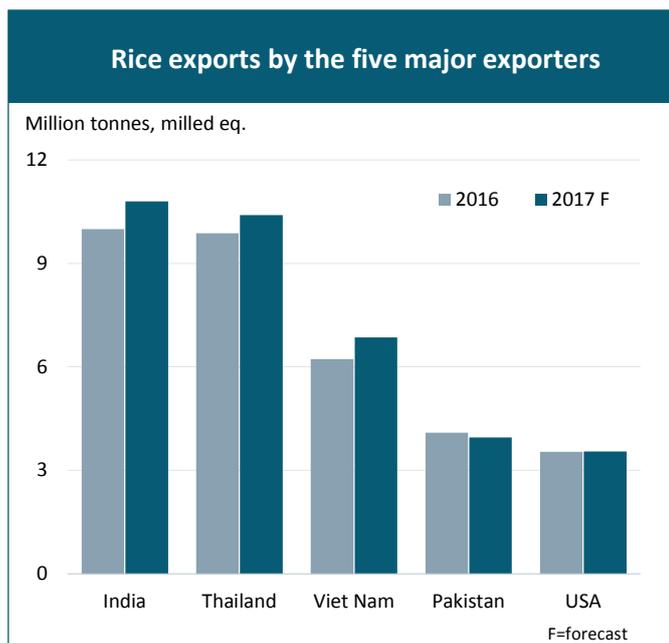


tonnes in 2015, cross border deliveries to China have accounted for two-thirds of Myanmar's shipments in the past five years. Deliveries by Myanmar are seen in the order of 1.4 million tonnes in 2017, implying a 6 percent upturn from the 2016 reduced level.

In the wake of a poor 2016 export performance that saw shipments reduced to a seven-year low of 6.2 million tonnes, attention in **Viet Nam** has turned to factors inhibiting export growth. Official strategies issued last year called for a boost to exports of branded products and for a move away from an increasingly competitive lower quality Indica segment, in favour of higher quality sales, including those of fragrant and glutinous rice. More recent steps have entailed scrapping 2013 regulations that capped the number of exporters to 150, while requiring that traders engage in contract farming and maintain a minimum turnover in order to secure rice export permits. This regulation built on Decree No. 109/2010/ND-CP of 2010, which also made it requisite for traders to count on storage and milling facilities in order to engage in rice trade. Among other stipulations, the decree set out procedures to determine minimum export prices. The 2010 Decree is now also under review by Vietnamese authorities. FAO anticipates Viet Nam will ship 6.9 million tonnes in 2017, as an easier supply situation compared to last year could permit the country to meet the greater anticipated demand of its traditional outlets, namely the Philippines and China (Mainland).

Export prospects are negative for **Cambodia**, which is envisaged to see volumes delivered fall 4 percent short of 2016 levels to 1.2 million tonnes. The reduction mirrors expectations of ample domestic availabilities in Viet Nam, which may curb demand for informal imports of Cambodian paddy across borders. These reductions would serve to offset greater direct rice deliveries, facilitated by

China's doubling the import quota for Cambodian rice this year to 200 000 tonnes. Yet, some concerns have also emerged on the official export front, in particular, as to whether the sector will be able to ensure that supplies delivered to the European Union conform to the new maximum residue level (MRL) for Tricyclazole, in time for its potential June/July application. Last year, the EU accounted for 341 000 tonnes of Cambodia's total official deliveries of 542 000 tonnes. The export outlook is also downcast for **Pakistan**, as a poor 2016 non-fragrant crop is expected to impinge on the country's ability to compete in an otherwise well-supplied international market. Accordingly, Pakistan is seen delivering 4.0 million tonnes over the course of 2017, down 3 percent year-on-year.



Outside of Asia, barring a policy shift permitting rice exports to resume, after these were fully banned in August last year, 2017 shipments by **Egypt** are seen declining by 20 percent to 260 000 tonnes. Among fellow Japonica rice providers, prospects are also downcast for the **Russian Federation** and the **European Union** at 170 000 tonnes and 250 000 tonnes, respectively, mirroring expectations of more subdued demand from key outlets, especially Turkey. This would be of particular interest to the Russian Federation, which destines close to 30 percent of its exports to the Near Eastern nation. Although later refuted by Turkish officials, March news that restrictions were being imposed by Turkey on imports of some Russian agricultural products, including rice, stood as a source of concern for the sector. These would add to impediments posed by reported low milling yields obtained from the 2016 harvest and heightened competition with Kazakhstan over Central Asian markets. The outlook is more positive for **Australia**, which in the aftermath of a strong output recovery could raise its shipments to 300 000 tonnes. This level would imply a 130 000 tonne annual recovery, with

the upturn only limited by competition with the United States and lingering uncertainties regarding import policies in its key outlet, Papua New Guinea.

In the Americas, the USDA indicates that 2017 rice shipments by the **United States** are likely to amount to 3.6 million tonnes, unchanged from the good 2016 outcome. Although a bumper 2016 harvest has led to ample exportable availabilities and significant declines in its export quotations, the United States continues to face stiff competition with Asian and South American suppliers, especially in the Indica segment. Further uncertainties concern the trade policy stance of the new administration, which has announced plans to renegotiate the North American Free Trade Agreement (NAFTA), withdrawn the country from the Trans-Pacific Partnership (TPP) in January and announced that it would pursue bilateral agreements in its stead. The TPP, which had yet to come into force, had received a mixed reception by the US rice sector upon its unveiling in 2015. This was so since, on one hand, it enhanced US rice access to some Asian markets, especially Japan. On the other hand, it also brought the risk that the country's duty and quota free advantage in Mexico, provided by NAFTA, could be encroached by Viet Nam. Mexico stands as the country's largest single outlet, normally accounting for 18 per cent of overall US rice shipments per year. Although the US industry argues that costs and risks associated with long transit periods from Asia will shield it from competition with Asian suppliers in the Americas, the United States has already seen its shipments to Mexico and other Central American and Caribbean markets increasingly rivalled by South American exporters.

In this context, Mexico's March opening of a 150 000 tonnes duty-free import quota for rice from any origin has aroused hopes among the South American suppliers of gaining a greater share of regional trade in rice. Put together, South American exporters normally destine 500 000-600 000 tonnes per year to Central America and the Caribbean. Various suppliers in the sub-region would also necessitate greater shipments to alternative markets this year, in order to make up for reduced demand from Colombia, which was partly responsible for their above-average export performances in 2016. Among them, 2017 export prospects remain downcast for **Brazil** at 650 000 tonnes, up just 3 percent from the 2016 level, which represented a six-year low for the country. The subdued outlook hinges on expectations that an only partial output recovery, along with a considerable appreciation of the Real, will undermine the country's competitive edge over the course of the year. An important share of Brazil's shipments, close to 40 percent and mostly consisting of fully broken rice, are also destined price sensitive West African countries, most notably Senegal. In the case of **Argentina**, rice shipments are seen in the order of 500 000

tonnes, down 5 percent year-on-year, but still an average performance. Despite prospects of a smaller 2017 crop, shipments by Argentina are likely to be aided by trade facilitating measures, including last year’s abolishment of export taxes on rice and the more recent introduction of a 1-3 percent export rebate for husked and milled rice. The outlook is more positive for **Uruguay** and **Paraguay**, which following output gains this year could lift shipments slightly over excellent 2016 levels to 920 000 tonnes and 560 000 tonnes, respectively. In both cases, progress would also be consistent with prospects of strong demand from key outlets, such as Peru for Uruguay and Brazil for both countries. The Uruguayan sector has received a further boost following the resumption of deliveries to the Islamic Republic of Iran, while efforts are also ongoing in Paraguay to destine greater shipments to the Near East, notably the United Arab Emirates.

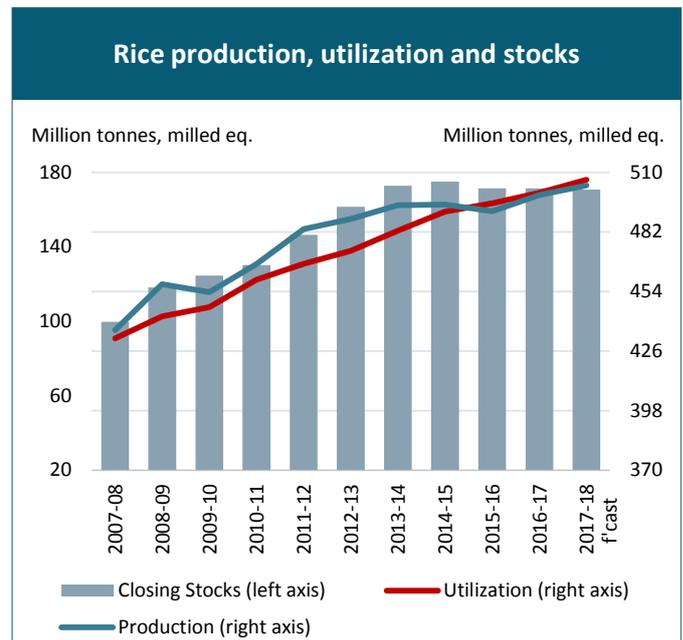
## RICE UTILIZATION AND DOMESTIC PRICES

*With a few notable exceptions, domestic prices remain stable to weaker in the major Asian importers*

FAO forecasts **world rice utilization in 2016/17** to amount to 500.3 million tonnes (milled basis), up 1.0 percent year-on-year and little changed from December expectations. The projected expansion would be largely imputable to a 5.1 million tonne increase in consumption of rice as food to 401.8 million tonnes. Quantities destined to animal feed are also predicted to expand to 18.3 million tonnes, while other uses absorb another 80.2 million tonnes. Based on these tendencies, global per capita food use would pass from an estimated 54.0 kilos per person in 2015/16 to 54.1 kilos this season.

Based on preliminary prospects for 2017 crops, FAO forecasts world rice utilization in **2017/18** to expand by an additional 6.2 million tonnes to 506.5 million tonnes. Consumption of rice as food is again expected to sustain most of this growth, reaching 406.4 million tonnes. The 1.1 percent annual growth would be sufficient to keep pace with population growth, thus enabling global per capita food use to hold steady at 54.1 kilos. Combined, seed, non-food industrial uses and post-harvest losses are also expected to expand by 2.4 percent to 82.1 million tonnes. Although post-harvest losses account for the majority of this volume, increased non-food industrial uses in Thailand, promoted by Government efforts to liquidate state stockpiles, is seen contributing to this growth. By contrast, quantities absorbed by the livestock sector are predicted to post a modest decline of 1.8 percent to 18.0 million tonnes, as gains in Thailand are largely offset by cuts in China (Mainland) and the Republic of Korea. In the

former, these would come amid ample availabilities of more competitively priced feedstuffs; while a lower 2017 harvest and smaller carry-ins may reduce incentives for large quantities to be destined to the feed sector in the Republic of Korea.

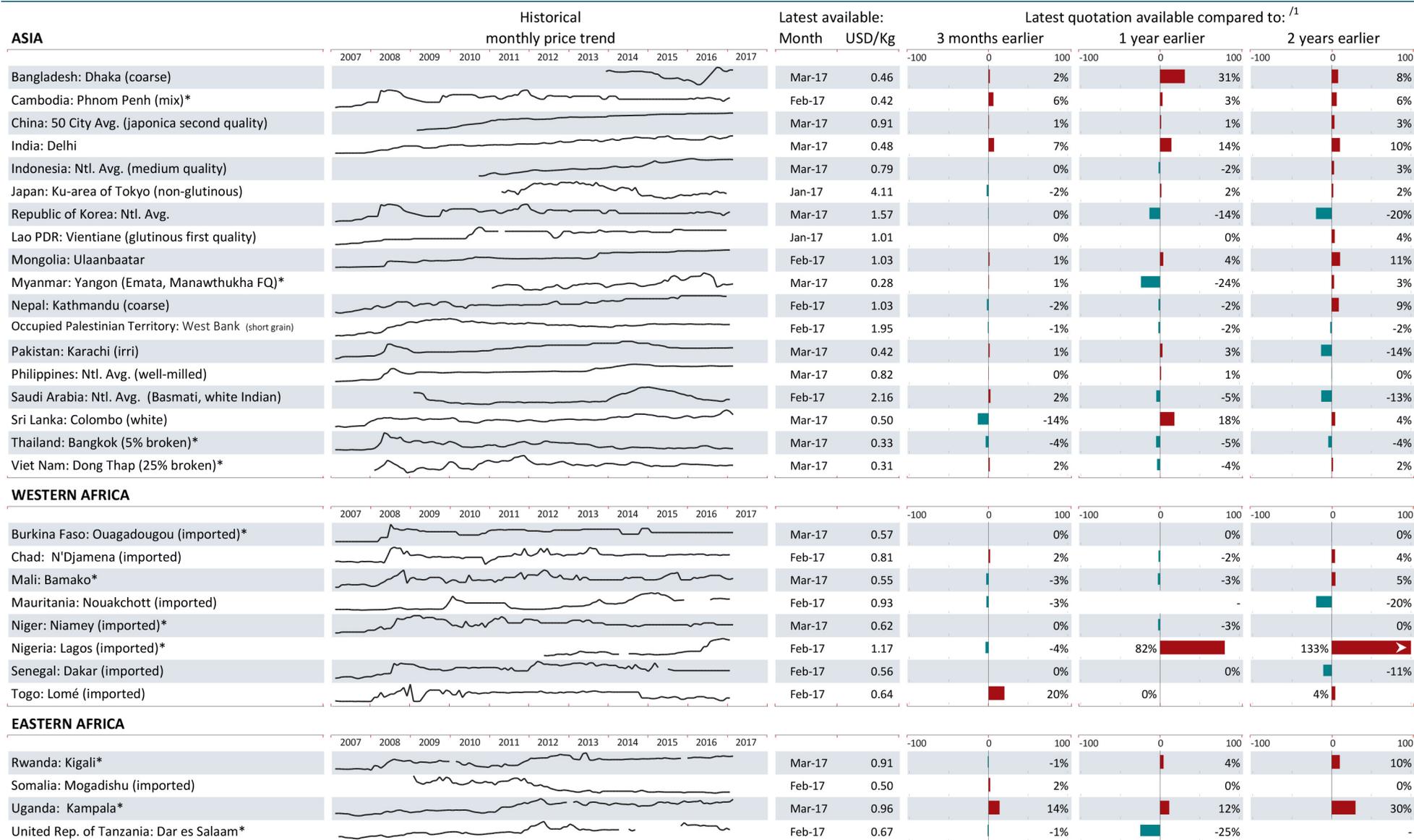


As to retail/wholesale price developments, **Asian** quotations followed mixed trends during the first quarter of 2017, if compared to their levels a year earlier. Domestic prices were stable to weaker in rice importing countries, such as Japan, the Republic of Korea, Nepal and the Philippines, mirroring good harvest results and, in the case of China (Mainland) and Saudi Arabia, ample inventories. Bangladesh and Sri Lanka were the only exceptions to this trend. In the former, retail prices remained at near-record levels, as a slight advance in local production proved insufficient to compensate for steep import cuts ensuing from the imposition of higher duties on rice. In Sri Lanka, the strength was associated with seasonal tightness, which was compounded by bleak prospects for the 2017 crop owing to a severe drought. The inflationary pressure prompted the Government to introduce a host of measures to contain prices, including greater stock releases, reductions in charges levied on imports and new maximum retail prices. These were set at LKR 78-90 (USD 0.5-0.6) per kilo of local rice and at LKR 70-80 (USD 0.46-0.53) per kilo of imported rice. Among traditional rice exporters, quotations tended to ease in Thailand, Viet Nam and, especially, in Myanmar. India was sole country in this group to see prices markedly up year-on-year, mirroring support provided by fast pace of Government procurement, a steady flow of exports and prospects of a diminished secondary Rabi harvest.

In **Africa**, adequate availabilities from good crops and imports have also tended to keep quotations in check in most West African countries, while pronounced declines

were observed in the United Republic of Tanzania in the wake of a bumper 2016 harvest. Instead and despite some retreats following the arrival of the main-crop into the market, depleted inventories kept prices well over their year-earlier levels in Nigeria. Particularly steep increases were also witnessed across southern parts of the continent, where strong demand was exacerbated by diminished availabilities due to two successive years of drought, as was the case of Malawi and Mozambique, and currency depreciations. Although not readily available, quotations are also reported to have spiked in Madagascar, amid concerns of 2017 production losses to inclement weather. In *Latin America and the Caribbean*, the most pronounced gains have concerned Haiti, Mexico, Brazil and Peru. In Mexico, inflationary trends were associated with an overall weaker Peso, combined with higher fuel prices. In Brazil, gains came amid low carryovers, while strong demand and prospects of a smaller 2017 crop underpinned prices in Peru. Conversely, quotations have weakened considerably in Honduras, thanks to an output recovery and sizeable imports, and in Colombia, following a record 2016 harvest. *Elsewhere*, a large crop in the face of already ample inventories has weighed heavily on quotations Italy and, to a lesser extent, the Russian Federation.

## DOMESTIC RICE PRICES IN SELECTED COUNTRIES

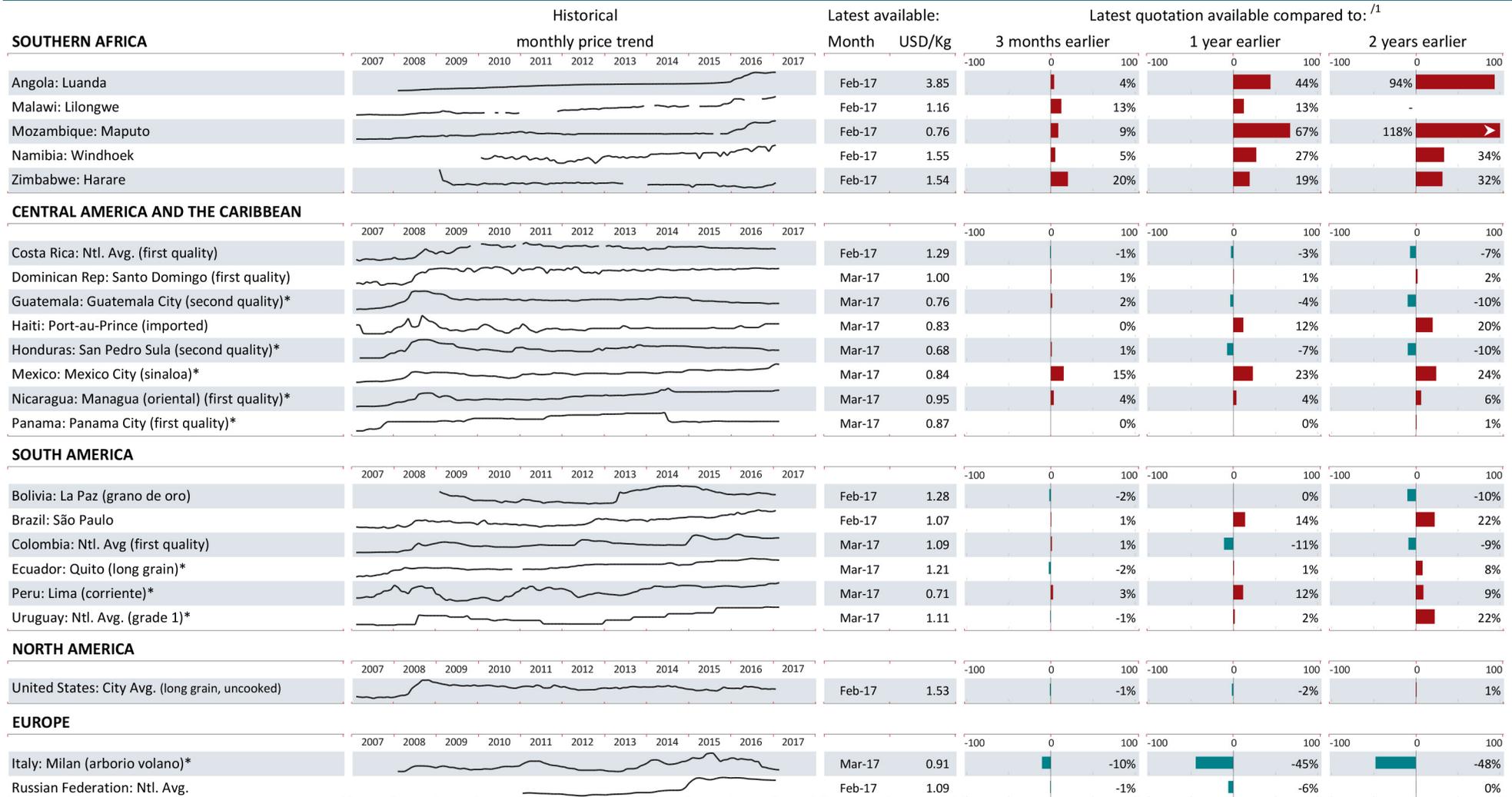


<sup>/1</sup> Quotations in the month specified in the third column were compared to their levels in the preceding three, twelve and twenty-four months. Price comparisons were made in nominal local currency units.

\* 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).

## DOMESTIC RICE PRICES IN SELECTED COUNTRIES



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## CLOSING STOCKS

*Early prospects for 2018 point to a slight decline in global inventories, with carryovers by the major exporters down for the fourth successive season*

Mostly mirroring adjustments to 2016 production figures, FAO has raised its forecast of **global rice inventories at the close of 2016/17 marketing years** by 1.0 million tonnes to 171.3 million tonnes. This level would suggest that global production in 2016 is likely to keep pace with consumption, thus enabling global inventories to remain close to their opening levels. As a result, the **world stocks-to-use ratio** is seen passing from an estimated 34.3 percent in 2015/16 to 33.8 percent this season.

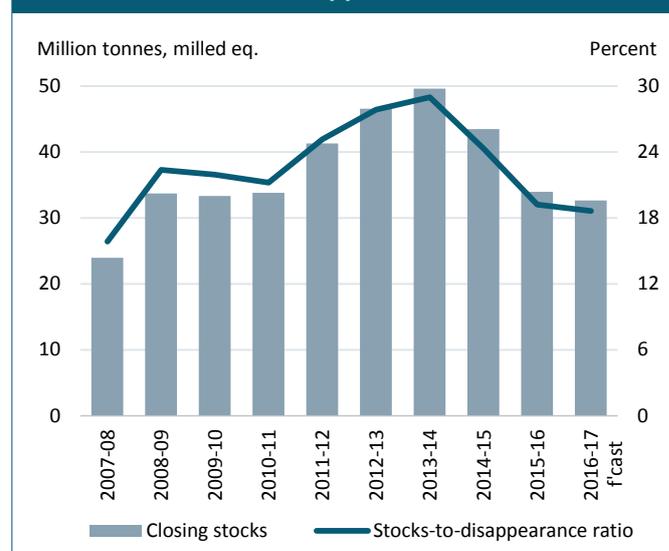
Compared to December indications, the largest adjustments to carryovers have concerned the **five major rice exporters**.<sup>5</sup> Put together, they are now expected to hold 32.7 million tonnes at the close of their seasons, 1.5 million tonnes more than last envisaged, but still 4 percent below 2015/16 levels. Within the group, stock forecasts were raised for **India** by 1.8 million tonnes, consistent with expectations of a larger 2016 crop, but also with a fast pace of Government procurement. Indian officials indicate that state agencies had purchased a combined 32.5 million tonnes (milled basis) from the 2016 Kharif crop as of 30 March 2017, representing 98 percent of the crop's procurement target and 2.2 million tonnes over last year's above-average pace. While this increase has been accompanied by a more upbeat pace of public stock releases through welfare schemes, officials announced that the Government would seek to absorb an additional 5.0 million tonnes from the upcoming Rabi harvest. It remains to be seen whether the Rabi procurement campaign will advance as steadfastly as the Kharif drive, in the context of expected output reductions. However, based on progress to date, closing stocks in India are now seen rising to 18.6 million tonnes. This level would imply a 1 percent annual expansion, all of which on account of larger Government inventories.

A more contained upward revision has concerned **Viet Nam**, where an exceptionally poor 2016 export performance is estimated to have raised 2016/17 inventories 20 percent above their opening levels to 3.4 million tonnes. By contrast, official forecasts were lowered in the **United States** by nearly 340 000 tonnes to 1.6 million tonnes, following downward output adjustments. Yet, this level would continue to suggest the highest inventory held by the country since 1986. The 6 percent annual accumulation would come in the aftermath of a bumper 2016 crop and an overall restrained pace of exports. By contrast, a reduced 2016 crop may require

<sup>5</sup> India, Pakistan, Thailand, the United States and Viet Nam.

that **Pakistan** draw its inventories down by 18 percent to 700 000 tonnes in order to maintain a robust pace of shipments. Within the group, the largest single cut is forecast to concern **Thailand**, consistent with the Government's drive to liquidate its stockpiles, but also based on prospects of an accelerated pace of sales abroad. Thai rice reserves are seen in the order of 8.6 million tonnes in 2017, implying a 20 percent annual reduction. Based on these tendencies, the group's **stock-to-disappearance ratio**<sup>6</sup> is expected to pass from 19.2 percent in 2015/16 to 18.6 percent this season.

**Stocks held by the five major rice exporters and stock-to-disappearance ratio**



Reserves held by importing countries are predicted to remain ample at the close of 2016/17 seasons. To a large extent, this would reflect expectations that imports and successive large crops will foster a further 3 percent accumulation in **China (Mainland)** to 101.0 million tonnes. Nonetheless, excellent harvest results are also expected replenish reserves in **Colombia, Mali, Nepal** and the **United Republic of Tanzania**, with build-ups in the **European Union** instead associated to limited progress in Japonica deliveries outside of the Union. A few importers are expected to face contractions. In absolute terms, the largest year-on-year cuts would take place in **Bangladesh** and **Brazil**. In the case of the former, a steep import reduction and stagnant 2016 production are predicted to lower inventories to a four-year low of 6.7 million tonnes, while in Brazil, these are officially seen at half their opening level, or 313 000 tonnes, owing to output cuts and still sizeable exports in 2016. In the case of the **Republic of Korea**, rice reserves are seen in the order of 1.5 million tonnes, down 300 000 tonnes from December forecasts and 4 percent below the 2015/16 high. The revision follows Government plans to release even greater

<sup>6</sup> Defined as the sum of the five major exporters' stocks divided by the sum of the five countries' domestic utilization plus exports.

quantities of state-held stocks into the feed sector, in a bid to diminish the burden of successive years of above average harvests and steady cuts in local consumption. In the case of **the Philippines**, following a 250 000 tonne downward adjustment, 2017 stocks are now forecast to decline by 10 percent year-on-year to 2.5 million tonnes. The reduction mirrors expectations that lower Government inventories, ensuing from cuts to imports, will offset gains in private sector inventories facilitated by an output recovery. A slower than previously anticipated pace of imports also called for downward revisions to inventory forecasts for **Nigeria** and **Senegal**, adding to expectation of drawdowns in the **Islamic Republic of Iran**, **Malaysia** and **Saudi Arabia**, all similarly linked to import reductions.

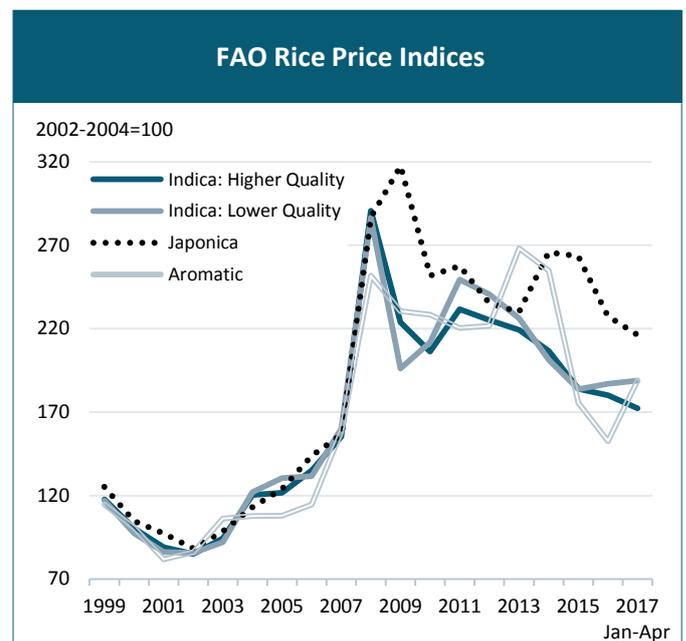
Meanwhile, based on preliminary expectations for 2017/18 production and use, **global rice reserves at the close of 2017/18 marketing years** are tentatively put at 170.7 million tonnes, implying a 600 000 tonne reduction from current 2016/17 expectations. However, much is likely to hinge on developments in China (Mainland). Current expectations are that yet another abundant harvest in the country, in the context of continued large state acquisitions and cheaper offerings abroad will lead to a further accumulation in the country next season. Still, much will depend on the Chinese Government's stance towards its stock releases. In the past six months, Chinese officials have offered 11.8 million tonnes of paddy for sale, but only 63 000 tonnes have found buyers at an average price of CNY 2693 (USD 391) per tonne of paddy. At the same time, additional cuts could concern Thailand next season, should the Thai Government be successful in disposing of the large part of its stockpiles in the remainder of 2017. The move would however require a significant expansion in feed and industrial uses, considering that the age and compromised quality of

supplies have rendered 75 percent of the close to 6.7 million tonnes still held on Government silos in mid-March unfit for human consumption. Under this scenario and combined with prospects of inventory cuts in the United States owing to output shortfalls, the major exporters' stock-to-disappearance ratio could be lowered further next season, to some 16.9 percent. If confirmed, this would represent the lowest level in ten-years. Among traditional importers, drawdowns are also anticipated to concern Madagascar and Sri Lanka, in both cases due to production cuts. Instead, larger crops are anticipated to foster stock replenishments in Brazil and Indonesia.

## INTERNATIONAL PRICES

### *International rice prices regain some ground*

After touching multi-year lows in the last months of 2016, international rice quotations staged a partial recovery in the first months of 2017. This was reflected by the FAO All Rice Price Index (2002-2004=100), which averaged 198 points in mid-April, up 6 percent from December 2016 levels. The tendency for prices to strengthen was most evident in the fragrant segment, where diminished basmati availabilities due to successive years of output cuts were met with a resurgence of demand. The ensuing rally in basmati prices lifted the Aromatic Index 33 percent over its December level to 207 points, its highest since December 2014. Although less pronounced, gains also concerned Indica prices, especially those of lower quality supplies, whose mid-April Index stood 5 percent over December levels at 191 points. The firmness came despite an overall lacklustre pace of trade, mirroring support provided by currency appreciations or larger state purchases in major exporters. By contrast, quotations of short/medium grain rice weakened slightly, with the



Japonica Index falling 1 percent over the period to 216 points. From an annual perspective, the January-April value of the FAO All Rice Price Index stood 1 percent below its level in the corresponding period of 2016. The slight decline primarily mirrored weaker Japonica and higher quality Indica prices, while quotations of lower grade Indica and Aromatic rice strengthened.

Looking at the major origins, prices have moved within a narrow band in **Thailand**. Benchmark Thai 100% B white rice was quoted at USD 389 per tonne in mid-April, up 1 percent from December levels. A stronger Baht relative to the US dollar tended to underpin prices in the country, along with sales to African buyers, as well as China (Mainland) thanks to a Government-to-Government agreement. However, amid otherwise limited demand, gains were checked by ample availabilities and prospects of even greater offseason supplies coming into the market in the coming months. Further downward pressure was exerted by the resumption of public stock releases in February, as part of the Thai Government’s resolve to liquidate its stockpiles within 2017. The two tenders held since then offered a combined 6.6 million tonnes for human and industrial uses, but confirmed sales to date have amounted to 1.4 million tonnes.

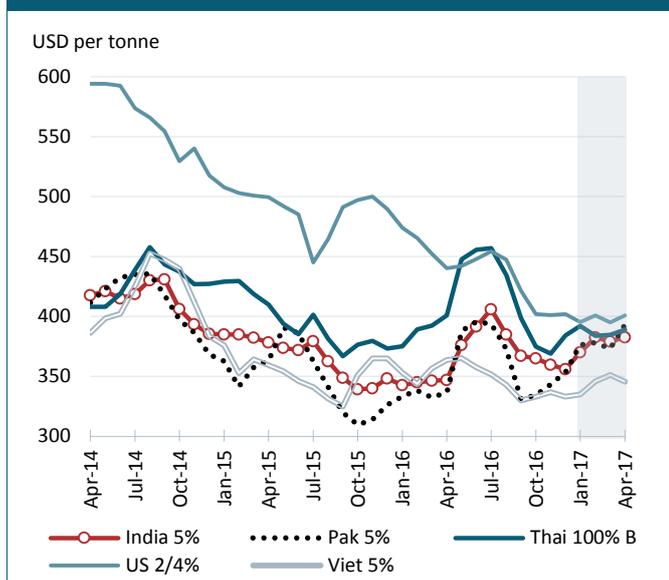
Prices were firmer in **India**, where quotations found support in an appreciating Rupee and, in the case of non-basmati rice, also a fast pace of Government procurement. The latter saw close to 32.5 million tonnes from the 2016 Kharif crop absorbed by the state as of 30 March 2017, representing a 7 percent increase from the already record progress registered in 2016. The firmness extended into all Indian market segments. In the case of 5% percent parboiled rice, which had traded at a USD 20-100 per

tonne discount relative the comparable Thai quality in 2016, the strengthening brought February quotations to USD 376 per tonne, essentially matching those of Thailand and 9 percent over December levels. More conspicuous gains concerned Basmati varieties, which had incurred heavy losses between 2014 and 2016, in the aftermath of above- average harvests and subdued buying interest. The return of Iranian buyers into the market since December stimulated a swift turnaround, as it coincided with a steep cut in 2016 fragrant output. Pusa Basmati prices rose steadily since December, losing steam only in March, amid heightened competition with Pakistani and Thai fragrant suppliers. At USD 1 210 per tonne, mid-April offers of Indian Pusa Basmati stood 27 percent over December levels.

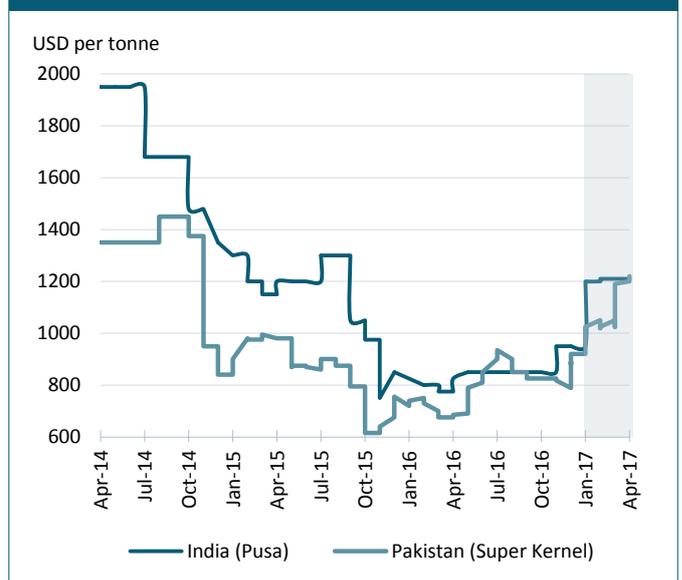
In **Viet Nam**, Indica quotations began to rise in February, as thinning availabilities ahead of the 2017 winter-spring harvest were compounded by prospects of a second year of limited main-crop production in the Mekong Delta, where unseasonable rains delayed plantings and negatively influenced crop development. Yet, the concerns coincided with generally subdued export pace, as much awaited Government-to-Government sales had still to materialize, while tight border surveillance kept undocumented deliveries to China (Mainland) subdued. As a result, 25% broken from the country traded at USD 332 per tonne in mid-April, 4 percent over December levels, but short of year-earlier values by a similar margin.

In the aftermath of a bumper 2016 harvest, long-grain quotations remained particularly subdued in the **United States**. The weakness was reinforced by a sluggish pace of exports outside of regular Latin American and Caribbean markets. Prospects of sales to Iraq provided only

Export prices of higher quality Indica rice



Export prices of Basmati rice



temporary support in February after deals failed to materialise. More recently, quotations were somewhat uplifted by a late March survey of planting intentions, which revealed a likely sharp retreat in long-grain plantings in 2017. Still, US N.2 4% prices remained close to December levels at USD 401 per tonne in mid-April and down 9 percent year-on-year. Sentiment was weaker in the US Japonica segment, as sales were confined to regular Far Eastern outlets. US N.1/4 medium grain rice has shed 2 percent of its value since December to USD 575 per tonne, which is 17 percent below year-earlier levels.

Barring a momentary March lapse, Indica quotations in **Pakistan** remained in an upward streak. By mid-April, 25% percent broken in the country was quoted at USD 353 per tonne, 10 percent above December levels and 11 percent over year-earlier values. The strengthening, which came in the wake of a smaller 2016 harvest, has been attributed to stockpiling by traders and a lively pace of border sales to the Islamic Republic of Iran. As in India, marked recoveries were witnessed in the Pakistani basmati market, where support was lent by strong interest from Near Eastern buyers ahead of Ramadan and expectations that the reestablishment of financial linkages with the Islamic Republic of Iran would boost formal sales to the country. Mid-April values of basmati rice in Pakistan stood 38 percent over December levels at USD 1 210 per tonne, their highest since November 2014.

As to price prospects for coming months, international rice prices could come under downward pressure, as harvests of offseason crops in the northern hemisphere and of main crops along and south of the Equator progress. This could be especially so, if these crops prove abundant as current indications have it. In this context, import decisions are likely to continue playing a decisive role. In the major exporters, such as India and Thailand, decisions regarding supplies held by Governments and their rate of absorption or release will also be important, as will currency movements. In recent months, appreciating currencies in some leading suppliers have in fact tended to dampen the impact of abundant crops and subdued demand on dollar denominated offerings. This is while the purchasing power of important buyers continues to be diminished by weaker local currencies. As always, developments in other cereal markets will also play an important role.

FAO Rice Price Indices					
	All	Indica		Japonica	Aromatic
		Higher quality	Lower quality		
2002-2004 = 100					
<b>2013</b>	<b>233</b>	<b>219</b>	<b>226</b>	<b>230</b>	<b>268</b>
<b>2014</b>	<b>235</b>	<b>207</b>	<b>201</b>	<b>266</b>	<b>255</b>
<b>2015</b>	<b>211</b>	<b>184</b>	<b>184</b>	<b>263</b>	<b>176</b>
<b>2016</b>	<b>193</b>	<b>180</b>	<b>187</b>	<b>228</b>	<b>153</b>
<b>2016</b> April	195	181	187	236	145
May	199	191	195	230	151
June	198	191	198	223	159
July	200	193	199	222	166
August	195	186	192	221	161
September	189	174	184	221	156
October	186	168	182	217	154
November	185	167	181	218	149
December	187	170	182	218	156
<b>2017</b> January	190	173	186	217	169
February	194	173	189	216	187
March	195	171	189	216	193
April*	198	173	191	216	207
<b>2016</b> Jan.-Apr.	196	180	183	240	146
<b>2017</b> Jan.-Apr.	194	172	189	216	189
<b>% Change</b>	-0.9	-4.4	3.2	-10.0	29.5

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.

\* Two weeks only.

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>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>2014</b>	435	435	571	423	410	599	377	366	382	377	322	1 007	1 324	1 150
<b>2015</b>	395	392	490	386	353	541	337	318	373	334	327	857	849	1 008
<b>2016</b>	407	410	438	396	347	473	333	327	385	332	348	651	795	768
<b>2016</b>														
April	401	402	440	393	364	427	327	317	383	345	351	691	679	797
May	448	444	442	433	365	453	346	348	415	346	355	658	750	802
June	456	455	448	441	358	463	361	360	422	337	356	610	825	830
July	457	492	454	442	352	492	362	367	423	332	362	606	907	816
August	435	438	448	422	343	505	337	346	409	328	367	603	863	783
September	399	396	421	385	330	502	326	318	379	319	358	602	836	770
October	375	383	402	369	333	484	328	309	365	317	349	579	825	739
November	369	365	401	360	337	479	325	317	354	324	333	586	823	630
December	384	382	402	373	333	488	329	321	364	320	331	588	874	682
<b>2017</b>														
January	392	394	395	377	335	505	338	340	369	322	336	575	969	689
February	384	392	401	367	346	510	345	344	361	326	339	571	1 029	696
March	385	383	395	370	351	475	344	338	364	333	340	577	1 078	683
April*	389	386	401	374	346	493	348	353	366	332	337	575	1 210	692
<b>2016</b> Jan.-Apr.	389	390	458	382	354	453	322	310	373	339	341	745	710	792
<b>2017</b> Jan.-Apr.	387	389	398	372	344	496	344	344	365	328	338	575	1 071	690
<b>% Change</b>	-0.5	-0.3	-13.1	-2.7	-2.8	9.5	6.8	11.0	-2.2	-3.3	-0.8	-22.9	50.9	-12.9

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

\* Two weeks only.

RICE POLICY DEVELOPMENTS <sup>7</sup>

Area	Date	Policy Instrument	Description
Algeria	Dec-16	Tax policy	Raised Value Added Taxes (VAT) on imported rice and other products from 7 to 9 percent, effective 1 January 2017.
Argentina	Dec-16	Export promotion	Approved new export rebates for numerous agricultural products, effective from 1 January 2017. In the case of husked rice, these would range between 1 and 3 percent, whereas for milled rice rebates were set at 2.5-3 percent.
Australia	Dec-16	Export and marketing arrangements	Renewed the single-desk arrangement for rice. The measure extends the Rice Marketing Board's sole and exclusive right to export rice grown in New South Wales until 30 June 2022.
Bangladesh	Feb-17	Production support	Renewed incentives for Aus rice cultivation during the 2017 season. According to the decision, BDT 319 million (USD 4.0 million) would be destined to provide rice farmers with seeds and fertilizers and to assist them cover irrigation costs for this crop.
Brazil	Jan-17	Stock release	Sold 7 100 tonnes of paddy from Government reserves through an auction held on 19 January 2017.
Cambodia	Dec-16	Export promotion	Announced that it would remove a USD 6.25 inspection fee on rice exports, in order to enhance the competitiveness of Cambodian rice abroad.
Cameroon	Dec-16	Tax policy	Removed the 19.25 percent Value Added Tax (VAT) levied on numerous products, including paddy, husked, semi/wholly milled and broken rice. The measure is effective on 1 January 2017.
China (Mainland)	Feb-17	Support prices	Lowered government procurement prices for paddy for the 2017 season. According to the decision, procurement prices for late/intermediate Indica paddy would be reduced by 1 percent to CNY 136 per 50 kilo (USD 395 per tonne), by 3 percent in the case of Japonica paddy to CNY 150 per 50 kilo (USD 435 per tonne) and by 2 percent for early Indica paddy to CNY 130 per 50 kilo (USD 377 per tonne).
China (Mainland)	Dec-16	Stock release	Sold 499 tonnes of paddy from state reserves, out of a total of 506 524 tonnes offered through an auction held on 13 December 2016.
China (Mainland)	Dec-16	Stock release	Offered 506 825 tonnes of paddy for sale from state reserves through an auction held on 20 December 2016. The auction closed without any sales.
China (Mainland)	Dec-16	Stock release	Sold 1 500 tonnes of paddy from state reserves, out of a total of 504 202 tonnes offered through an auction held on 27 December 2016.
China (Mainland)	Jan-17	Stock release	Offered a combined 504 050 tonnes of paddy for sale from state reserves through an auction held on 3 January 2017. The auction closed without a sale.
China (Mainland)	Jan-17	Stock release	Offered a combined 504 202 tonnes of paddy for sale from state reserves through an auction held on 10 January 2017. The auction closed without a sale.
China (Mainland)	Jan-17	Stock release	Offered a combined 504 293 tonnes of paddy for sale from state reserves through an auction held on 17 January 2017. The auction closed without a sale.
China (Mainland)	Jan-17	Stock release	Offered a combined 504 216 tonnes of paddy for sale from state reserves through an auction held on 24 January 2017. The auction

<sup>7</sup> The full collection of rice policies, starting in January 2011, is available at: [http://www.fao.org/economic/est/est\\_commodities/commodity\\_policy\\_archive/en/?groupANDcommodity=rice](http://www.fao.org/economic/est/est_commodities/commodity_policy_archive/en/?groupANDcommodity=rice)

Area	Date	Policy Instrument	Description
			closed without a sale.
China (Mainland)	Feb-17	Stock release	Offered a combined 504 293 tonnes of paddy for sale from state reserves through an auction held on 7 February 2017. The auction closed without a sale.
China (Mainland)	Feb-17	Stock release	Offered a combined 504 293 tonnes of paddy for sale from state reserves through an auction held on 14 February 2017. The auction closed without a sale.
China (Mainland)	Feb-17	Stock release	Offered a combined 504 913 tonnes of paddy for sale from state reserves through an auction held on 21 February 2017. The auction closed without a sale.
China (Mainland)	Feb-17	Stock release	Sold 2 026 tonnes of paddy from state reserves through an auction held on 28 February 2017. Volumes offered amounted to 504 142 tonnes.
China (Mainland)	Mar-17	Stock release	Sold 15 424 tonnes of paddy from state reserves, out of a total of 506 893 tonnes offered through an auction held on 7 March 2017.
China (Mainland)	Mar-17	Stock release	Offered a combined 507 242 tonnes of paddy for sale from state reserves through an auction held on 14 March 2017. The auction closed without any sale.
China (Mainland)	Mar-17	Stock release	Sold 1 000 tonnes of paddy from state reserves through an auction held on 21 March 2017. The total offered volume was 249 988 tonnes.
China (Mainland)	Mar-17	Stock release	Offered a combined 252 034 tonnes of paddy for sale from state reserves through an auction held on 28 March 2017. The auction closed without a sale.
China (Mainland)	Apr-17	Stock release	Sold 6 117 tonnes of paddy from state reserves, out of a total of 253 444 tonnes offered through an auction held on 11 April 2017.
Dominican Republic	Dec-16	Import quota	Decided that duty-free imports of husked and milled rice as part of the 2017 tariff rate quota set out by the Dominican Republic–Central America Free Trade Agreement (DR-CAFTA) would be permitted from 1 January to 31 March 2017 or from 1 December to 31 December 2017.
Egypt	Mar-17	Government procurement	Agreed to pay EGP 6.3 per kilo (USD 347 per tonne) of rice purchased from private processors, in order to supply it at a subsidised rate of EGP 6.5 per kilo (USD 358 per tonne) through Government outlets. As part of the agreement reached with processors, millers would supply a minimum of 200 tonnes per month to the Government for four months.
Ghana	Mar-17	Production support	Announced that it would launch the “Planting for Food and Jobs” campaign, as part of its 2017 budgetary allocations. The scheme would be implemented as of 2017, targeting to create 750 000 jobs in the agricultural sector, while boosting production of rice, maize, soybeans, sorghum and vegetables. In the case of rice, the campaign seeks to raise output by 49 percent, foreseeing the provision of seeds, fertilisers and extension services to agricultural producers, along with efforts to enhance marketing of produce. Steps to bolster irrigation capacity would also be taken, including through the introduction of the “One village, One dam” scheme, under which small and medium scale irrigation schemes would be rehabilitated. Among other measures, efforts to promote farm mechanisation through the Agriculture Mechanization Service Enterprise Centres (AMSECS) would continue, alongside fertiliser subsidies.
India	Jan-17	Production support	Decided that it would waive interests on short-term crop loans from Cooperative Banks for November and December 2016. The measure is intended to assist farmers with Rabi cropping activities by easing financial difficulties associated with the demonetisation drive.

Area	Date	Policy Instrument	Description
India	Feb-17	Budgetary allocations, production support	Reaffirmed the Government's commitment to double farmer incomes by 2022, as part of its 2017-2018 budgetary allocations. Authorities would additionally aim to raise agricultural credit disbursements to INR 10 trillion (USD 155 billion) in 2017-18, with steps taken to ensure sufficient credit is available to farmers in low irrigated areas, eastern states, Jammu and Kashmir. In addition to doubling allocations to the Long Term Irrigation Fund to INR 400 billion (USD 6 billion), a dedicated Micro Irrigation Fund would be established with an INR 50 billion (USD 773 million) outlay. Efforts to improve productivity through the Soil Health Cards scheme would continue, with the establishment of 1 000 mini soil testing labs by qualified local entrepreneurs. The "Pradhan Mantri Fasal Bima Yojana" crop insurance scheme would also be accelerated by increasing its coverage to 40 percent of cropped area in 2017 and to 50 percent in 2018.
Indonesia	Feb-17	Food subsidies	Launched the "Bantuan Pangan Non Tunai" (BPNT), as a sub-component of the "Rice for the Prosperous" (Rastra) programme, formerly known as "Raskin". The scheme will provide 1.29 million beneficiary households in 44 cities with a monthly cash outlay of IDR 110 000 (USD 8.3) to purchase up to 10 kilos of rice and 2 kilos of sugar in selected stores. Up to 10 million households would be targeted under the scheme in 2018, with the range of products offered in state outlets at subsidised prices also to be expanded.
Iran	Jan-17	Import tariff	Lowered import tariffs on milled and husked rice. Effective 22 January 2017, milled rice imports would accrue a duty of 26 percent, instead of a previous rate of 40 percent. Husked rice would accrue a 5 percent import duty, as opposed to a previous 32 percent duty. The IRR 5 000 per kilo (USD 154 per tonne) surcharge applied to both classes of rice was also rescinded.
Mexico	Mar-17	Import quota	Opened a 150 000 tonne import quota for paddy, husked, milled or broken rice from any origin. Volumes purchased under the quota would be free of duties imposed on imports from countries not party to a free-trade agreement with Mexico (20 percent in the case of husked, milled and broken rice and 9 percent in the case of paddy). Import certificates would be issued starting 2 March 2017, for a maximum of 10 000 tonnes, and would be valid for 60 calendar days from the date of issue, or until 31 December 2017.
Nigeria	Dec-16	Import tariff	Released the 2016 Fiscal Policy Measures. The document sets a 50 percent levy on all imports of semi/wholly milled and broken rice and on imports of husked rice by traders not possessing milling facilities or operating backward integration programmes. These classes previously attracted an import levy of 60 percent. Imports of husked rice by millers and/or traders operating backward integration programmes will continue to attract a 20 percent levy. An additional 10 percent import duty will also remain applicable on all imports of husked, semi/wholly milled and broken rice.
Philippines	Feb-17	Sector policy framework	Approved the Philippine Development Plan 2017-2022. According to the document, the Government would target to improve productivity in agriculture, forestry and fisheries, and increase economic opportunities for smallholders. Specific measures would include a color-coded agricultural map identifying the comparative advantage in production of the various regions, construction and rehabilitation of small-scale irrigation systems, enhancing access to agricultural machinery, equipment and extension services, as well as the promotion of crop diversification. Steps to increase smallholder's access to markets and credit would also be taken, alongside capacity building, research and development, while agricultural insurance is promoted. In the case of rice, farm mechanisation would be encouraged in order to reduce production costs, with a focus on Ilocos Region, Central Luzon and MIMAROPA. The document also called for the replacement of quantitative restrictions on rice imports with tariffs, with proceeds accrued from import duties to be used as assistance to the rice sector.
Philippines	Jan-17	Import agreement	According to press reports, renewed an agreement on rice trade with Viet Nam. Under the accord, the Philippines would retain the option to import 1.5 million tonnes of rice per year from Viet Nam on a government-to-government basis, until 31 December 2018.
Philippines	Feb-17	Import quota	Announced that the deadline for import arrivals under the 2016 Minimum Access Volume (MAV) would remain at 28 February 2017, except for rice originating in Pakistan or India, which would be permitted to arrive in the country until 31 March 2017. A

Area	Date	Policy Instrument	Description
			subsequent resolution by the National Food Authority Council (NFAC) extended the deadline for 2016 MAV arrivals from any origin to 31 March 2017.
Republic of Korea	Feb-17	Production adjustment program	Announced that it aimed to reduce area planted to paddy by 35 000 hectares in 2017 and by another 33 000 hectares in 2018. The measure seeks to balance rice production with domestic needs by 2019 and would come in addition to increased food aid deliveries and efforts to encourage greater industrial uses of rice.
Republic of Korea	Dec-16	Stock release	Announced that it would destine 520 000 tonnes of husked rice from Government reserves to feed use in 2017. The volumes would be released at a price of KRW 208 per kilo (USD 186 per tonne).
Senegal	Mar-17	Import ban	According to press reports, suspended all imports of whole-grain rice in order to facilitate the placement of local produce held in private stockpiles. The measure would be effective from 3 March 2017 until further notice.
Sri Lanka	Feb-17	Consumer prices	Set the Maximum Retail Price of Samba rice (excluding Keeri Samba and Suduru Samba) at LKR 80 per kilo (USD 530 per tonne), at LKR 70 per kilo (USD 464 per tonne) for Raw rice and at LKR 72 per kilo (USD 477 per tonne) in the case of Nadu rice. The price ceilings would be effective from 8 February 2017.
Sri Lanka	Feb-17	Consumer prices	Issued orders clarifying that the maximum retail prices announced on 8 February 2017 would apply to imported rice. For local produce, price ceilings were set at LKR 90 per kilo (USD 597 per tonne) in the case of Samba (excluding Keeri Samba and Suduru Samba), LKR 80 per kilo (USD 530 per tonne) for Nadu rice and at LKR 78 per kilo (USD 517 per tonne) for Raw rice, effective 17 February 2017.
Sri Lanka	Jan-17	Import tariff	Decided that a Special Commodity Levy (SCL) of LKR 15 per kilo (USD 99 per tonne) would be imposed on imported rice. The levy would replace all previously applicable charges on rice imports, including a tariff of LKR 50 per kilo (USD 332 per tonne), a 15 percent of Value Added Tax (VAT), a 7.5 percent of Port and Airport Development Levy (PAL), and 2 percent Nation Building Tax (NBT). The measure will be effective for three months starting from 7 January 2017.
Sri Lanka	Jan-17	Import tariff	Lowered the Special Commodity Levy (SCL) on rice imports to LKR 5 per kilo (USD 33 per tonne), down from a previous rate of LKR 15 per kilo (USD 99 per tonne). The revised levy would be effective until 26 February 2017.
Sri Lanka	Feb-17	Import tariff	Extended the validity of the LKR 5 per kilo (USD 33 per tonne) Special Commodity Levy (SCL) on rice imports until 28 March 2017.
Sri Lanka	Mar-17	Import tariff	Extended the validity of the LKR 5 per kilo (USD 33 per tonne) Special Commodity Levy (SCL) on rice imports until 31 March 2017.
Sri Lanka	Mar-17	Import tariff	Decided that the LKR 5 per kilo (USD 33 per tonne) Special Commodity Levy (SCL) on rice imports would be effective until 30 May 2017.
Thailand	Mar-17	Stock release	Sold 1.35 million tonnes of food-grade rice from Government reserves through a tender held on 16 February 2017. The auction offered a total of 2.9 million tonnes of rice, including 1.9 million tonnes of fragrant rice, 0.9 million tonnes of white rice and 0.1 million tonnes of glutinous rice.
Thailand	Mar-17	Stock release	Offered 3.66 million tonnes of rice fit for industrial and feed uses from Government reserves in an auction held on 23 March 2017.
Togo	Jan-17	Tax policy	Announced that it would exempt paddy for sowing and husked rice (except for luxury rice) from Value Added Taxes (VAT) in an effort to promote domestic consumption and lower living costs. In addition, VAT taxes on rice flour, agricultural machinery and the rental/repair of agricultural machinery would be lowered from 18 percent to 10 percent. The measures would be effective from 1 January 2017.

Area	Date	Policy Instrument	Description
Uganda	Jan-17	Import tariff	Reinstated the 75 percent (or USD 345 per tonne) import duty on paddy and husked rice, applicable under the Common External Tariff of the East African Community, effective 1 January 2017.
Viet Nam	Jan-17	Export requirements	Repealed Decision No. 6139 / QD-BCT of 2013. Among other stipulations, the document capped the number of rice exporters to 150, while requiring that traders maintain a minimum export turnover of 10 000 tonnes per year, in order to qualify for export certificates.
Viet Nam	Mar-17	Import quota	Exempted 300 000 tonnes of paddy or husked rice originating in Cambodia from import duties, effective until 31 December 2017.
Zimbabwe	Jan-17	Tax policy	Imposed a 15 percent Value Added Tax (VAT) on imported paddy, husked rice, milled rice and other products, effective 1 February 2017.
Zimbabwe	Feb-17	Tax policy	Repealed the 15 percent Value Added Tax (VAT) approved in January 2017 for imported paddy, milled rice, broken rice and other products. The measure will be effective from 16 February 2017.

TABLE 1: WORLD PADDY PRODUCTION

	2012-2014	2015	2016	2017	Annual Change		2016	
	Average		Estimate	Forecast	2017 / 2016		Previous	Revision
	<i>million tonnes</i>					%	<i>million tonnes</i>	
<b>WORLD</b>	741.5	740.3	751.9	758.9	7.0	0.9	748.0	3.9
Developing countries	715.5	715.2	725.7	733.2	7.4	1.0	721.3	4.4
Developed countries	26.0	25.1	26.2	25.7	-0.5	-1.8	26.7	-0.5
<b>ASIA</b>	672.4	669.6	680.1	686.4	6.3	0.9	676.5	3.6
Bangladesh	51.2	52.5 G	52.6	53.1	0.5	0.9	52.5	0.1
Cambodia	9.3	9.3 G	10.0 G	9.7	-0.3	-2.5	9.5	0.5
China	206.5	209.8	208.5	210.1	1.5	0.7	208.6	-0.1
of which China (Mainland)	204.8	208.2 G	206.9 G	208.4	1.5	0.7	206.9 G	-
India	158.7	156.6 G	163.3 G	165.3	2.0	1.2	161.5	1.8
Indonesia	70.4	73.0	72.7	74.2	1.5	2.1	71.9	0.8
Iran, Islamic Rep. of	2.4	2.3 G	2.5	2.6	0.1	3.2	2.9	-0.4
Japan	10.8	10.5 G	10.7	10.7	0.0	0.1	10.7	-
Korea Rep. of	5.6	5.8 G	5.6 G	5.5	-0.2	-3.1	5.6 G	-
Lao PDR	3.6	3.8	3.9	4.0	0.1	2.6	4.0	-0.1
Malaysia	2.7	3.3 G	3.0	3.1	0.1	3.7	2.6	0.4
Myanmar	28.1	27.5 G	28.0	28.3	0.3	0.9	28.0	-
Nepal	4.8	4.3 G	5.2 G	5.4	0.1	2.3	5.0	0.2
Pakistan	9.7	10.2 G	10.0 G	10.3	0.3	3.0	10.3	-0.3
Philippines	18.6	17.5 G	18.4 G	18.6	0.1	0.8	18.7	-0.3
Sri Lanka	3.9	4.8 G	4.4 G	3.0	-1.4	-32.1	4.5 G	-0.1
Thailand	36.1	28.5	32.6	33.3	0.7	2.1	31.1	1.5
Viet Nam	44.3	45.2 G	43.6 G	44.0	0.4	0.9	43.9	-0.3
<b>AFRICA</b>	27.7	28.8	30.8	30.7	-0.1	-0.4	30.2	0.5
<b>North Africa</b>	6.1	5.9	6.3	6.2	-0.1	-2.3	6.3	-
Egypt	6.1	5.9	6.3	6.2	-0.1	-2.4	6.3	-
<b>Western Africa</b>	13.5	14.3	15.4	16.0	0.6	3.6	15.3	0.1
Côte d'Ivoire	0.8	0.9	0.8	0.9	0.0	2.2	0.8	0.0
Guinea	2.0	2.0 G	2.2 G	2.2	0.1	2.4	2.2 G	0.0
Mali	2.1	2.3 G	2.8 G	2.8	0.0	1.2	2.8 G	0.0
Nigeria	4.7	4.8	5.0	5.3	0.3	6.1	5.0	-
Sierra Leone	1.2	1.0 G	1.1 G	1.1	0.0	3.5	1.1 G	-
<b>Central Africa</b>	0.5	0.5	0.5	0.5	0.0	1.3	0.5	-
<b>Eastern Africa</b>	2.8	3.6	4.0	3.7	-0.3	-7.5	3.6	0.4
Tanzania	2.2	3.0 G	3.4 G	3.1	-0.3	-9.6	3.0	0.4
<b>Southern Africa</b>	4.6	4.3	4.3	4.1	-0.2	-5.4	4.3	-
Madagascar	4.0	3.7 G	3.8 G	3.5	-0.3	-8.3	3.8 G	-
Mozambique	0.4	0.4 G	0.3 G	0.4	0.0	8.0	0.3 G	-
<b>CENTRAL AMERICA &amp; CAR.</b>	2.8	2.6	2.8	2.9	0.1	3.7	2.8	0.0
Cuba	0.6	0.4 G	0.5	0.5	0.1	11.8	0.5	0.0
Dominican Rep.	0.9	0.9 G	0.9 G	0.9	0.0	-0.1	0.9	0.0
<b>SOUTH AMERICA</b>	24.2	25.7	23.7	24.9	1.2	5.1	23.3	0.4
Argentina	1.6	1.6 G	1.4 G	1.4	0.0	-3.6	1.4 G	-
Brazil	11.8	12.4 G	10.6 G	11.9 G	1.3	12.7	10.6 G	-
Colombia	1.9	2.1 G	2.6	2.6	-0.1	-2.7	2.5	0.1
Ecuador	1.2	1.3 G	1.3	1.3	0.0	0.8	1.1	0.1
Peru	3.0	3.2 G	3.2 G	3.1	-0.1	-3.5	3.2	0.0
Uruguay	1.4	1.4 G	1.3 G	1.4	0.1	4.7	1.3 G	-
<b>NORTH AMERICA</b>	9.3	8.8	10.2	9.1	-1.0	-10.3	10.6	-0.5
United States	9.3	8.8 G	10.2 G	9.1	-1.0	-10.3	10.6 G	-0.5
<b>EUROPE</b>	4.1	4.2	4.2	4.1	-0.1	-1.6	4.3	-0.1
EU	3.0	3.0 G	3.0	2.9	-0.1	-2.7	3.0	0.0
Russian Federation	1.0	1.1 G	1.1 G	1.1	0.0	1.3	1.2	-0.1
<b>OCEANIA</b>	1.0	0.7	0.3	0.9	0.6	229.3	0.3	-
Australia	1.0	0.7 G	0.3 G	0.9 G	0.6	247.6	0.3 G	-

## NOTES:

The 2016 paddy production season normally includes rice from the main paddy crops whose harvests fall in 2016, 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

	2012-2014	2015	2016	2017	Annual Change		2017	
	Average		Estimate	Forecast	2017 / 2016		Previous	Revision
	<i>million tonnes, milled basis</i>				<i>%</i>		<i>million tonnes</i>	
<b>WORLD</b>	42.1	44.9	41.6	43.3	1.7	4.0	42.9	0.4
Developing countries	36.7	39.2	35.9	37.6	1.7	4.8	37.0	0.6
Developed countries	5.4	5.7	5.7	5.7	0.0	-0.7	5.9	-0.2
<b>ASIA</b>	20.1	23.3	19.2	20.8	1.7	8.7	20.4	0.4
Bangladesh	0.5	1.1 G	0.1 G	0.3	0.2	306.5	0.3	-
China	5.5	7.1	6.3	6.5	0.2	3.4	6.6	-0.2
of which China (Mainland)	5.0	6.6	5.8	6.0	0.2	3.3	6.2	-0.2
Indonesia	1.1	1.3	1.3	0.8	-0.5	-36.0	0.8	-
Iran, Islamic Rep. of	1.6	1.3	1.2	1.3	0.1	6.6	1.0	0.3
Iraq	1.3	1.0	0.9	1.1	0.2	18.3	1.1	-
Japan	0.7	0.7 G	0.7 G	0.7	0.0	2.1	0.7	-
Malaysia	1.0	1.1 G	0.8 G	1.0	0.1	15.6	1.1	-0.2
Philippines	1.2	2.0	0.7	1.5	0.7	100.0	1.2	0.3
Saudi Arabia	1.3	1.6 G	1.2	1.3	0.1	9.0	1.4	-0.1
United Arab Emirates	0.7	0.8	0.9	0.9	0.0	0.0	0.9	-
<b>AFRICA</b>	14.7	13.8	14.1	14.4	0.3	2.0	14.3	0.1
Côte d'Ivoire	1.3	1.4	1.4	1.4	0.0	0.7	1.4	0.0
Nigeria	3.3	2.2	2.2	2.5	0.3	13.6	2.5	-
Senegal	1.2	1.4	1.1	1.2	0.1	7.5	1.2	-
South Africa	1.0	0.9 G	0.8 G	0.8	0.0	2.5	0.9	0.0
<b>CENTRAL AMERICA &amp; CAR.</b>	2.0	2.2	2.4	2.3	-0.1	-3.7	2.3	0.0
Cuba	0.4	0.5 G	0.6	0.5	0.0	-5.5	0.5	0.0
Mexico	0.6	0.6 G	0.7 G	0.7	0.0	-3.2	0.6	0.0
<b>SOUTH AMERICA</b>	1.6	1.6	1.8	1.7	-0.1	-6.2	1.7	0.0
Brazil	0.7	0.3 G	0.7 G	0.7	0.0	-1.8	0.7	-
<b>NORTH AMERICA</b>	1.1	1.1	1.2	1.2	-0.1	-6.2	1.2	0.0
United States	0.7	0.8 G	0.8 G	0.8 G	0.0	-2.3	0.8 G	0.0
<b>EUROPE</b>	2.0	2.3	2.3	2.3	0.0	-0.4	2.4	-0.1
EU 1/	1.4	1.8 G	1.8 G	1.8	0.0	-2.4	1.9	-0.1
Russian Federation	0.2	0.2 G	0.2 G	0.2	0.0	-0.2	0.2	-
<b>OCEANIA</b>	0.5	0.5	0.5	0.5	0.0	1.7	0.5	0.0

**NOTES:**

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.

TABLE 3: WORLD RICE EXPORTS

	2012-2014	2015	2016	2017	Annual Change		2017	
	Average		Estimate	Forecast	2017 / 2016		Previous	Revision
	<i>million tonnes, milled basis</i>				<i>%</i>		<i>million tonnes</i>	
<b>WORLD</b>	42.1	44.9	41.6	43.3	1.7	4.0	42.9	0.4
Developing countries	37.8	40.6	37.4	38.9	1.6	4.2	38.5	0.4
Developed countries	4.3	4.2	4.3	4.4	0.1	2.6	4.4	0.0
<b>ASIA</b>	34.0	37.2	33.5	35.3	1.8	5.3	34.9	0.4
Cambodia	1.2	1.3	1.3	1.2	-0.1	-4.0	1.2	-
China	0.4	0.3	0.5	0.4	0.0	-3.4	0.4	0.0
of which China (Mainland)	0.4	0.3 G	0.4 G	0.4	0.0	8.0	0.4	0.0
India	10.8	11.2 G	10.0 G	10.8	0.8	8.0	10.8	-
Myanmar	1.4	1.7 G	1.3	1.4	0.1	6.2	1.1	0.3
Pakistan	3.7	4.1 G	4.1 G	4.0	-0.1	-3.5	4.4	-0.5
Thailand	8.1	9.8 G	9.9 G	10.4	0.5	5.4	9.6	0.8
Viet Nam	8.2	8.4	6.2	6.9	0.6	10.1	7.1	-0.3
<b>AFRICA</b>	0.6	0.5	0.6	0.5	-0.1	-23.3	0.6	-0.1
Egypt	0.4	0.4	0.3	0.3	-0.1	-20.0	0.4	-0.1
<b>SOUTH AMERICA</b>	3.3	2.9	3.3	3.2	0.0	-1.2	3.1	0.1
Argentina	0.5	0.3 G	0.5 G	0.5	0.0	-5.2	0.5	0.0
Brazil	0.9	0.9 G	0.6 G	0.7	0.0	3.1	0.6	0.1
Guyana	0.4	0.5 G	0.5	0.5	0.0	-4.0	0.5	-
Uruguay	0.9	0.7 G	0.9 G	0.9	0.0	2.1	0.9	0.0
<b>NORTH AMERICA</b>	3.2	3.4	3.5	3.6	0.0	0.3	3.6	-
United States	3.2	3.4 G	3.5 G	3.6 G	0.0	0.3	3.6 G	-
<b>EUROPE</b>	0.4	0.4	0.5	0.4	0.0	-8.5	0.4	0.0
EU 1/	0.2	0.2 G	0.3 G	0.3	0.0	-7.3	0.2	0.0
Russian Federation	0.2	0.2 G	0.2 G	0.2	0.0	-10.6	0.2	-
<b>OCEANIA</b>	0.5	0.3	0.2	0.3	0.1	79.9	0.4	-0.1
Australia	0.5	0.3	0.2	0.3	0.1	80.2	0.4	-0.1

**NOTES:**

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.

TABLE 4: END OF SEASON STOCKS I /

	2013-2015	2016	2017	2018	Annual Change		2017	
	Average		Estimate	Forecast	2018 / 2017		Previous	Revision
	<i>million tonnes, milled basis</i>				<i>%</i>		<i>million tonnes</i>	
<b>WORLD</b>	169.7	171.4	171.3	170.7	-0.6	-0.3	170.3	1.0
Developing countries	163.6	165.0	165.1	164.9	-0.2	-0.1	163.7	1.3
Developed countries	6.1	6.3	6.2	5.9	-0.4	-5.7	6.5	-0.3
<b>ASIA</b>	159.8	160.6	161.0	160.9	-0.1	0.0	159.6	1.4
Bangladesh	7.0	7.3	6.7	6.7	0.0	0.0	6.7	-
Cambodia	1.6	1.6	1.8	1.8	0.0	1.7	1.7	0.1
China	85.2	98.0	101.2	103.3	2.0	2.0	101.3	0.0
of which China (Mainland)	84.9	97.8	101.0	103.0	2.0	2.0	101.0	-
India	24.0	18.1	18.5	18.6	0.1	0.5	16.7	1.8
Indonesia	6.8	6.6	6.7	6.9	0.2	3.0	6.5	0.2
Iran, Islamic Rep. of	0.7	0.7	0.4	0.5	0.0	9.8	0.5	0.0
Japan	3.6	3.4	3.3	3.3	0.0	0.3	3.3	-
Korea Rep. of	1.2	1.6	1.5	1.5	0.0	-1.9	1.8	-0.3
Lao PDR	0.3	0.5	0.6	0.5	0.0	-7.0	0.6	-
Malaysia	0.3	0.5	0.4	0.4	0.0	-2.8	0.3	0.1
Myanmar	2.9	2.4	2.4	2.4	0.0	0.4	2.5	-0.1
Nepal	0.4	0.3	0.5	0.5	0.1	11.1	0.4	0.1
Pakistan	0.6	0.9	0.7	0.8	0.1	7.1	0.9	-0.2
Philippines	2.3	2.7 G	2.5	2.5	0.0	2.0	2.7	-0.3
Sri Lanka	0.3	0.7	0.6	0.3	-0.3	-45.5	0.6	-
Thailand	17.8	10.7	8.6	6.1	-2.5	-28.7	8.4	0.2
Viet Nam	2.9	2.8	3.4	3.5	0.1	3.0	3.3	0.1
<b>AFRICA</b>	5.2	5.2	5.0	4.9	-0.2	-3.2	5.3	-0.3
Egypt	0.6	0.6	0.8	0.8	0.0	-1.2	0.8	0.1
Nigeria	0.9	0.7	0.5	0.5	0.0	4.0	0.6	-0.1
<b>CENTRAL AMERICA &amp; CAR.</b>	0.5	0.5	0.5	0.5	0.0	-3.2	0.5	0.1
Dominican Rep.	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>SOUTH AMERICA</b>	2.0	2.5	2.1	2.1	0.0	1.4	1.8	0.2
Argentina	0.1	0.4	0.3	0.1	-0.1	-46.0	0.2	0.0
Brazil	0.9	0.7 G	0.3 G	0.6	0.3	85.6	0.2 G	0.1
Ecuador	0.1	0.1	0.1	0.1	0.0	-3.7	0.0	0.1
Peru	0.4	0.4	0.4	0.4	0.0	0.0	0.4	0.0
<b>NORTH AMERICA</b>	1.3	1.6	1.6	1.2	-0.4	-25.5	1.9	-0.3
United States	1.2	1.5 G	1.6 G	1.1	-0.4	-26.4	1.9 G	-0.3
<b>EUROPE</b>	0.7	0.8	0.8	0.9	0.0	1.8	1.0	-0.2
EU	0.5	0.5 G	0.6	0.6	0.0	5.0	0.7	-0.1
Russian Federation	0.1	0.1	0.1	0.1	0.0	-14.3	0.1	0.0
<b>OCEANIA</b>	0.2	0.3	0.2	0.2	0.1	32.1	0.1	0.1
Australia	0.2	0.2	0.1	0.2	0.1	37.0	0.1	0.1
<b>GOVERNMENT STOCKS</b>								
Bangladesh	0.9	1.0 G	0.6	0.7	0.1	12.9	0.8	-0.2
India	18.6	15.9 G	16.5	16.0	-0.5	-3.0	13.5	3.0
Japan	1.5	1.5	1.4	1.4	0.0	0.0	1.4	-
Philippines	0.6	0.9 G	0.6	0.5	-0.1	-9.1	1.0	-0.4

**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	Total Supply	Domestic Use	Exports	Closing Stocks
<i>thousand tonnes, milled basis</i>							
<b>INDIA</b>							
2015-16	21 500	104 410 G	1 G	125 911	97 465	10 346 G	18 100
2016-17 est.	18 100	108 860 G	1	126 961	98 461	10 000	18 500
2017-18 f'cast	18 500	110 206	1	128 707	99 857	10 250	18 600
<b>PAKISTAN</b>							
2015-16	1 050	6 811 G	40	7 901	2 707	4 344 G	850
2016-17 est.	850	6 640 G	40	7 530	2 820	4 010	700
2017-18 f'cast	700	6 837	40	7 577	2 817	4 010	750
<b>THAILAND</b>							
2015-16	16 200	18 867	250	35 317	14 591	10 026 G	10 700
2016-17 est.	10 700	21 581	250	32 531	13 761	10 220	8 550
2017-18 f'cast	8 550	22 045	250	30 845	14 425	10 320	6 100
<b>UNITED STATES</b>							
2015-16	1 552 G	6 133 G	766 G	8 451 G	3 555 G	3 421 G	1 475 G
2016-17 est.	1 475 G	7 117 G	746 G	9 338 G	4 191 G	3 588 G	1 559 G
2017-18 f'cast	1 559 G	6 384	762 G	8 705	4 064	3 493 G	1 148
<b>VIET NAM</b>							
2015-16	3 150	29 390 G	490	33 030	21 808	8 422	2 800
2016-17 est.	2 800	28 343 G	550	31 693	22 121	6 222	3 350
2017-18 f'cast	3 350	28 600	450	32 400	22 100	6 850	3 450

**FOOTNOTES:**

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

Totals computed from unrounded data.

G Official figure.

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>.

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