



RICE MARKET MONITOR

Production	1	Closing Stocks	25
International Trade	12	International Prices	26
Rice Utilization And		Rice Policy	
Domestic Prices	20	Developments	30

ROUND UP

With main paddy crops in the northern hemisphere now at the harvesting stage, FAO has scaled back its forecast of **global paddy production** in 2015. Since its onset, the season has been marred by unfavourable climatic conditions, largely associated with the prevalence of the El Niño weather anomaly. As its influence is predicted to linger until the first months of 2016, the scope for recovering the losses incurred by the main crops through larger secondary harvests has diminished considerably. As a result, FAO now forecasts world paddy production in 2015 at around 742.6 million tonnes (493.0 million tonnes, milled basis), 6.5 million less than predicted in the July issue of the RMM. At that level, world paddy production would be 2.6 million tonnes, or 0.4 percent, below the 2014 already poor outturn, implying a second year of mute or negative growth.

In **Asia**, 672.3 million tonnes are forecast to be harvested in 2015, marginally below the disappointing 2014 output. Indeed, many countries in the region have endured adverse climatic conditions since the opening of the season. Particularly affected has been Thailand, where late and insufficient precipitation has hindered the main crop, also jeopardizing the secondary irrigated crop by preventing the recharge of reservoirs. In India, an erratic unfolding of the monsoon rains may curb production for the second consecutive season. A contraction is also forecast for the Democratic Republic of Korea, Nepal, Pakistan, the Philippines, the Republic of Korea and Viet Nam, due to abnormal weather conditions or unremunerative producer prices. On the other hand, widespread floods in July are anticipated to depress Myanmar's production. These shortfalls are envisaged to be partly offset by sizable production gains in Bangladesh, China (Mainland), Indonesia and Sri Lanka. Crops in the southern parts of Indonesia are currently suffering from an extensive drought problem, but, as the bulk of the crops had already been collected earlier in the year with excellent results, the Government is looking towards a record 2015 output.

Prospects for 2015 production point to a decline in **Africa**, where 28.3 million tonnes of paddy are expected to be harvested, 1.5 percent less than the excellent 2014 season performance. Much of the contraction would stem from production drops in Egypt and Madagascar, due, in the former, to excessively high temperatures damaging yields, and, in the latter, to belated and erratic rains. Poor and irregular precipitation is also behind expectations of

declines in Nigeria and Ghana. Part of these falls will be compensated by increases elsewhere, especially in Mali and Guinea. In **North America**, the US Department of Agriculture forecasts a 14 percent reduction in paddy output in the United States to 8.6 million tonnes, largely attributed to low domestic prices, erratic rainfall and restrictions on irrigation water use in California and Texas. In **Oceania**, Australia's official forecasts confirm a 12 percent reduction in 2015 output, as producers reacted to the high irrigation fees by cutting plantings. Prospects for production are more positive in the other regions. In **Latin America and the Caribbean**, good crops in South America, especially in Brazil, Colombia and Peru, are expected to foster a 2.6 percent increase, bringing the region's total paddy output to 28.5 million tonnes. This would be notwithstanding a 4 percent contraction in Central America and the Caribbean, where most producers have been negatively affected by prolonged drought. In **Europe**, 4.2 million tonnes of paddy are forecast to be harvested this year, almost 4 percent more than in 2014, underpinned by excellent crops in the European Union.

GLOBAL RICE MARKET SUMMARY

	2013-14	2014-15	2015-16	2015-16/ 2014-15
		est.	f'cast	Var
	million tonnes, milled eq.			%
Production	494.5	494.9	493.0	-0.4
Supply	695.4	710.6	707.2	-0.5
Utilization	483.3	494.3	499.9	1.1
Food use	391.5	397.0	402.3	1.3
Feed use	16.8	18.3	18.6	1.4
Other uses	75.0	78.9	79.0	0.1
Trade ^{1/}	45.3	44.0	45.0	2.2
Ending stocks ^{2/}	170.3	170.3	164.3	-3.5
	%			
Global stock-to-use ratio	34.4	34.1	32.3	-
Major exporters' stock-to-disappearance ratio ^{3/}	28.8	23.4	17.6	-

^{1/} Data refer to the calendar year trade (Jan.-Dec.) of the second year shown.

^{2/} Stocks carried over in the second year shown.

^{3/} 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.

FAO estimates of **international rice trade** have been revisited since July to take unrecorded rice flows into better consideration. This raised the estimate of volume exchanged internationally to 45.3 million tonnes in **2014** (January–December), 2.6 million tonnes more than previously reported and an all-time high. Likewise, trade forecasts for 2015 and 2016 have also been adjusted upwards, now suggesting a 3.0 percent contraction to 44.0 million tonnes in 2015, followed by a 2.2 percent recovery to 45.0 million tonnes in 2016.

The fall in world rice trade in **2015** is expected to be import-driven, as availabilities in exporting countries remain ample. This reflects the abundance of supplies held by major importing countries, the result of either good harvests or large purchases last year, with further pressure added by weak local currencies. Import cuts may be particularly pronounced for Asian countries, especially Bangladesh, China, the Islamic Republic of Iran and Sri Lanka. Deliveries to African countries are also likely to dip in 2015, partly on account of Nigeria, where traders face difficult access to foreign exchange reserves. By contrast, shipments in Latin America and the Caribbean are foreseen to rise, sustained mainly by large imports by Cuba and Colombia, while a depreciating currency may curtail purchases by Brazil. In the other regions, the United States and, in particular, the EU looks set to step up their rice purchases. The expected decline in rice trade in 2015 would mostly impact Thailand's exports, which are anticipated to drop by over 10 percent, largely reflecting fewer shipments to Africa, especially in the parboiled rice segment. Sales by India, Myanmar and Viet Nam are also forecast to fall, in the case of Myanmar, chiefly due to the imposition of an export ban between August and September–October. The weakening of demand by Brazil will weigh negatively on exports by Argentina, Paraguay and Uruguay. By contrast, consignments by Cambodia, Pakistan and the United States are anticipated to rise over the year.

Although still preliminary, forecasts for **2016** points to a 2.2 percent growth in world rice trade to 45.0 million tonnes. This level would imply only partial recovery, as many importing countries remain committed to achieving rice self-sufficiency, while several others continue to face foreign exchange constraints. Nonetheless, the trade recovery is expected to be led by a rebounding import demand by large traditional buyers, such as Indonesia, the Islamic Republic of Iran, Nigeria and the Philippines. Although more expensive local rice will continue to make imported rice attractive, deliveries to China may drop again next year, as control from the government may curb informal inflows. Imports by African countries, led by Nigeria, may also rebound in 2016, to relieve market tightness. Overall, shipments to countries in Latin America and the Caribbean look set to stabilise at highs in 2016, as larger inflows to Central America and the Caribbean offset a decline in South America. With a few exceptions, all the traditional exporters are expected to step up deliveries in 2016. In absolute terms, the increases will be largest for Thailand and, especially, Viet Nam, given the expected

surge of imports in its traditional markets, Indonesia and the Philippines. Cambodia, Myanmar and Pakistan are also anticipated to ship more next year. By contrast, while remaining large, India's exports may decline, especially if rising domestic prices erode its competitive edge. Shorter availabilities could also bring down sales by the United States, Brazil and Egypt. The non-renewal in 2016 of the Petro-Caribe bilateral agreement with Venezuela may also result in falling exports by Guyana.

World **rice utilization** in 2015/16 is forecast at some 500 million tonnes (milled basis), 1.1 percent, or 6 million tonnes, more than the previous year. Growth is expected to be sustained mainly by increasing food intake, while rice use in animal rations may advance somewhat, despite strong competition from other grains and feedstuffs. As for food, the average per capita rice consumption is forecast to reach 54.7 kg in 2015/16, up slightly from 54.6 kg in 2014/15, facilitated by falling retail prices in Asia.

As global production is expected to fall short of utilization in 2015/16, **world rice inventories** in 2016 are forecast to fall by 3.5 percent, or almost 6 million tonnes, to 164.3 million tonnes. As a result, the world stocks-to-use ratio, an important indicator of food security, is anticipated to fall from 34.1 percent in 2015 to 32.3 percent in 2016. Much of the decline in 2016 world carry-over stocks is envisaged to take place in the major exporting countries, especially India and Thailand, given expected output cuts in these nations and official efforts to liquidate excess public stocks. Reserves are also anticipated to fall in Australia, Brazil, Cambodia, Myanmar and the United States. They may instead rise in Pakistan, Argentina, Guyana and Paraguay. By contrast, several importing countries, including China, Indonesia, the Republic of Korea and Sri Lanka, are likely to end the season with greatly increased inventories. Overall, the five major exporting countries (India, Pakistan, Thailand, United States and Viet Nam) are anticipated to carry less than 32 million tonnes in reserves in 2016, down from 42 million tonnes in the previous year.

The **FAO All Rice Price Index** (2002–2004=100) has been falling steadily since September 2014, averaging 206 points in September 2015, 6.3 points or 3.0 percent down from June 2015. The bearish tone came amid a lapse in import demand, which was exacerbated by currency depreciations in key global rice suppliers. The tendency for international rice prices to fall was general, dominating all market segments, particularly those of the lower quality Indica and aromatic rice. Only japonica varieties remained unaffected, with some support lent in this segment by prospects of even tighter supply availabilities owing to drought in Australia and California.

PRODUCTION

Adverse weather conditions behind subdued global production prospects in 2015

Since the July issue of the RMM, numerous governments have released new estimates of 2014 production, which have resulted in a 3.5 million tonne upward revision to the 2014 global paddy production estimate to 745.2 million tonnes (494.9 million tonnes, milled basis). Overturning expectations of a small annual contraction in world paddy output, this level stands some 600 000 tonnes above the 2013 record outcome. The increase was the result of higher average yields of close to 4.6 tonnes per hectare, which more than compensated for a 500 000 hectare cut in area to 162.4 million hectares. The latter was largely associated with the unseasonable weather prevailing over Asia. Looking at the single countries, the upward revision mainly reflects more buoyant estimates of production in India, where a poor monsoon performance is officially assessed to have had a more limited impact on production. Estimates were also lifted for Egypt, Japan, and to a lesser extent also the Lao People's Democratic Republic and the Philippines. On the other hand, these were lowered for Bangladesh, reflecting adjustments in the way the three crops cultivated in the country are aggregated every season, and not due to new estimates for such crops. While not affecting the world paddy production estimate, milling rates used to assess milled rice production in Brazil, Cambodia, Indonesia, Myanmar and Viet Nam were also adjusted and, in most cases, aligned to levels reported by officials in the respective countries.

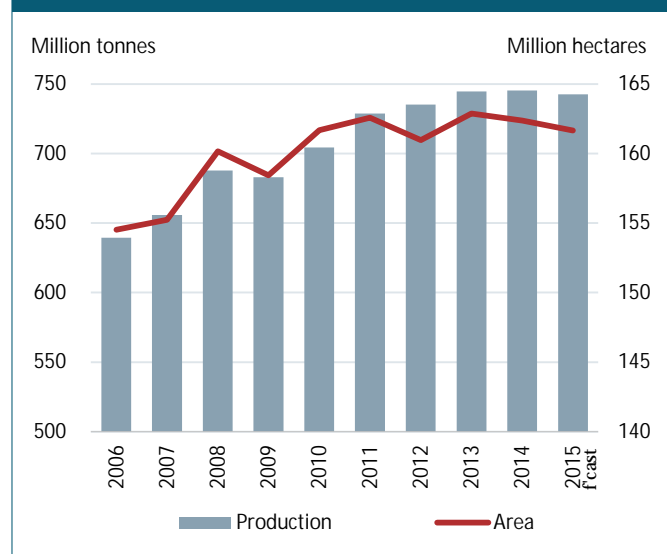
Meanwhile the 2015 season has by now seen harvesting activities of main crops in northern hemisphere countries commence.¹ The outlook for the season has deteriorated since July, with global paddy forecasts downscaled by 6.5 million tonnes. The cut mirrors less buoyant prospects for crops in Asia, where seasonal progress has again been undermined by poor weather conditions. This has been especially the case of Cambodia, China (Mainland), the Lao People's Democratic Republic, Myanmar and Thailand. Outside of Asia, Madagascar and the United States are also seen gathering smaller crops than previously envisaged.

¹The 2015 rice production season normally includes rice from the main paddy crops whose harvests fall in 2015, 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 2015 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 2016. In the case of southern hemisphere countries, production in 2015 normally comprises rice from the main paddy crops assembled in the first part of 2015, plus rice from the secondary crops, generally gathered in the latter part of 2015. This approach to assess rice production is applicable to any given season.

Instead, forecasts were raised for India, following the upward adjustment to 2014 estimates, as well as for Sri Lanka, Peru and Japan.

As a result, world paddy production in 2015 is now anticipated to amount to 742.6 million tonnes (493.0 million tonnes, milled basis), down 2.6 million tonnes year-on-year and implying a second consecutive season of little, or negative, production growth. Indeed, the 2015 production outlook has been marred by the emergence of strong El Niño conditions, which climatic agencies predict, with a 95 percent probability, will linger through the northern hemisphere winter and remain strong during early 2016. The weather anomaly has already been linked with the poor performance of the 2015 monsoon over much of Asia. Prospects of its continuance in the coming months moreover raise the potential of off-season crops, the bulk of which grown under irrigated conditions, being hindered by tight water availabilities for irrigation. In Oceania, Australia has already seen 2015 production constrained by lower water allocations, with climatic setbacks and subdued long-grain prices also behind expectations of a sharp production cut in the United States. In Latin America and the Caribbean, overall regional expectations remain positive, thanks to good crops in South America, but a second year of drought is seen cutting production in Central America and the Caribbean to a seven-year low. The outlook is subdued in Africa, due to smaller than expected crops in Egypt and Madagascar, the two leading producers. In Europe, the return to more conducive weather, combined with positive price expectations, are expected to lead to an output recovery in Europe, after three consecutive years of cuts.

Global paddy production and area



Meanwhile, attention is now turning to the 2016 season in the southern hemisphere, where producers are readying to or already engaged in 2016 main crop planting activities. Production prospects in these countries are equally clouded by the climatic uncertainties related to El Niño. In Asia and Southern Africa the weather anomaly is often associated with suppressed rains. In Oceania, expectations of even tighter water availabilities for irrigation are already behind official anticipation of a third successive output cut in Australia. In South America, the phenomenon's association with dryness in northern parts and excessive precipitation in southern parts also remains a concern. These apprehensions add to poor price prospects, particularly in the net-exporting countries, where margins have been squeezed by rising production costs and weaker demand for export.

Asia

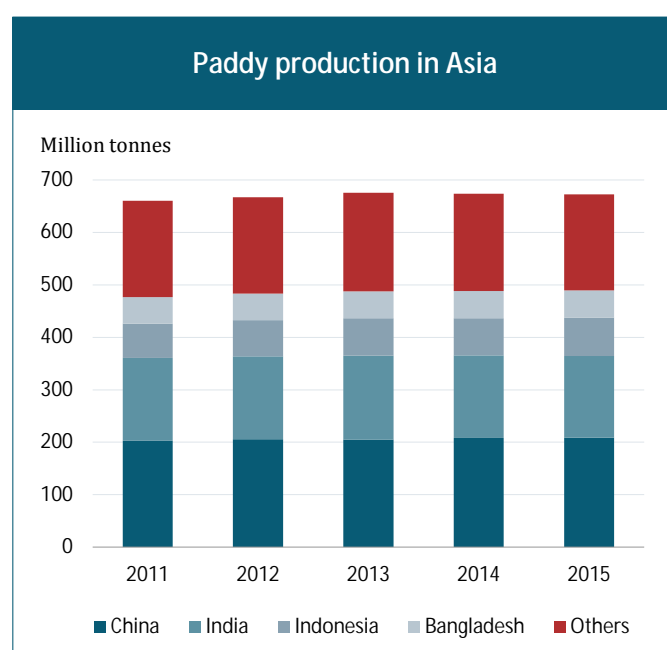
Erratic rains and poor price prospects to undermine production in Asia for the second consecutive year

Following a challenging climatic outset to the season, in particular late and erratic rains, main paddy crops have reached the harvesting stage in northern hemisphere Asia. The poor performing monsoon rains, often associated with the prevailing El Niño conditions, exacerbated a depressed price situation which various important Asian producers encountered at the opening of the campaign. Combined these factors are now envisaged to drive 2015 production in the continent down to 672.3 million tonnes (446.2 million tonnes, milled basis), which is 5.4 million tonnes below July expectations and 1.6 million tonnes below the already reduced 2014 level. At a country level, the largest year-to-year contraction is anticipated to concern **Thailand**, where suppressed rains, following an already uncannily dry 2014, look set to impair both main and off-season crop production. Deficient precipitation is also behind expectations of a second consecutive year of cuts in **India**, with **Cambodia**, the **Chinese Province of Taiwan**, **Japan**, the **Democratic People's Republic of Korea**, the **Republic of Korea**, the **Lao People's Democratic Republic**, **Myanmar**, **Nepal**, **Pakistan** the **Philippines** and **Viet Nam** all similarly poised to gather smaller crops. The 2015 campaign has unfolded more favourably in southern hemisphere Asia, permitting countries such as **Indonesia**, **Malaysia**, **Sri Lanka** and **Timor Leste** to gather good, if not bumper, crops. Together with positive outturns in **Bangladesh**, the **Islamic Republic of Iran**, **Turkey** and, especially, **China (Mainland)**, gains in these countries would partially offset shortfalls elsewhere in the region.

Since July, FAO has revised the manner in which it assesses annual rice production in **Bangladesh**. The new approach entails combining output from the Boro harvest, concluded in June of any given year, with subsequently

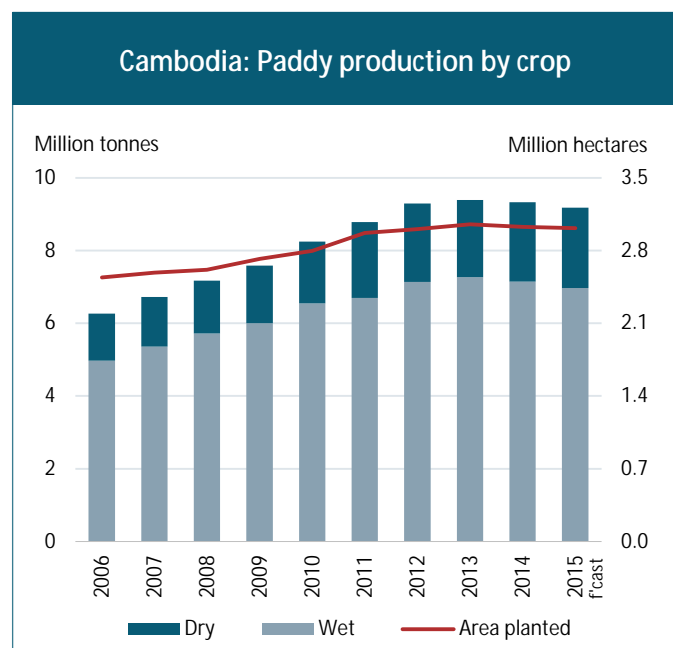
gathered Aus and Aman crops.² The revision is consistent with efforts to monitor the rice supply and demand situation in the country on a marketing year approach. Based on these changes, forecasts of 2015 production in Bangladesh now stand at 51.9 million tonnes (34.6 million tonnes, milled basis), up fractionally from an estimate of 51.8 million tonnes (34.5 million tonnes, milled basis) for 2014 and an all-time record. All of the increase would reflect a larger Boro crop, officially assessed at a high of 28.8 million tonnes (19.2 million tonnes, milled basis), up 1 percent year-on-year. The favourable outcome was sustained by larger plantings, although yields remained close to 2014 highs of 5.95 tonnes per hectare. Prospects are less buoyant for the smaller Aus crop, by now fully collected, and the larger Aman crop, which will be gathered as of November. The downcast outlook for these crops mostly reflects expectations that weaker local prices, following successive large harvests and imports, dissuade farmers from expanding acreage. Losses are moreover reported to have been inflicted by relentless rains since June and ensuing flash floods, including those brought by the 30 July landfall of cyclone Komen over south-western areas of the country.

The pattern of the seasonal rains proved unfavourable in **Cambodia**, which experienced widespread precipitation shortfalls lasting into July. Although a resurgence of the rains that month permitted plantings of the main crop to generally regain pace, by early September close to 190 000 hectares of agricultural land were still reported to be impacted by rainfall deficits, much of which in important western producing provinces, such as Battambang and Banteay Meanchey. The early season dryness and ensuing



² FAO's previous approach to assess production in Bangladesh aggregated output from the Aus and Aman harvests falling in year *t*, to output from the Boro harvest occurring in year *t*+1.

sowing delays have undermined yield prospects for the country, particularly for early planted main crops. This has resulted in FAO lowering its forecast of 2015 production to 9.2 million tonnes (5.5 million tonnes, milled basis), 2 percent less than in 2014, but still an above average performance. The forecast takes into account the still lively pace of sowings officially reported by early September, namely a largely steady year-to-year level of 2.23 million hectares. It also gives room for losses to be compensated with a larger off-season harvest. The latter will however still depend on whether water availability proves sufficient to sustain dry-season cropping activities.



The China National Grains and Oils Information Center has downgraded its semi-official outlook for 2015 production in **China (Mainland)** by 500 000 tonnes, on account of less buoyant area and yield assessments for the early crop harvest, concluded in July. At 33.7 million tonnes (23.1 million tonnes, milled basis), output from this crop is assessed to have fallen 1 percent short of year-earlier levels, on reduced plantings in part attributed to dry conditions during the transplanting period. Good yields of 5.9 tonnes per hectare are assessed to have partly compensated for this cut. With the season otherwise proceeding normally in important north-eastern provinces, the Centre has maintained its favourable outlook for the intermediate crop at 136.8 million tonnes (93.7 million tonnes, milled basis). With excess precipitation and low sunshine conditions likely moderating yields, especially in the lower Yangtze, the late paddy crop is instead seen at 37.0 million tonnes (25.3 million tonnes, milled basis). This would be down 0.6 percent year-on-year, but still an above average crop. Combined, these would lift China's overall production to 207.5 million tonnes (142.1 million tonnes, milled basis) in

2015, up nearly 1.0 million tonnes year-on-year and an all-time record.

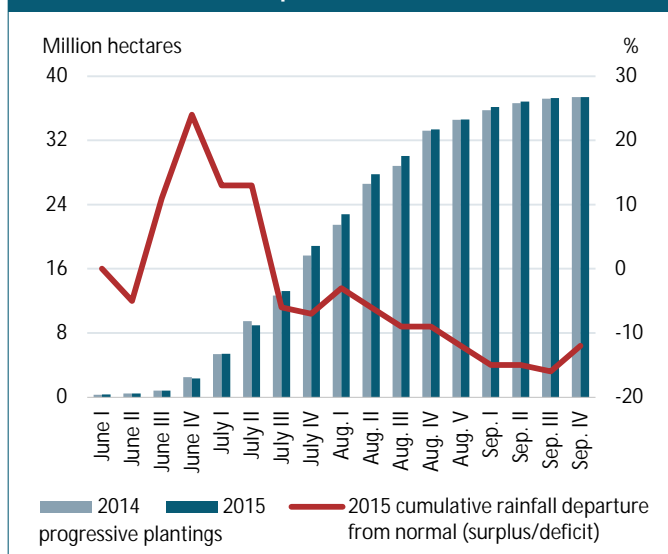
On 17 August, the Government of **India** released its Fourth Advanced Estimates of production, lifting its assessment of 2014/15 output to 157.2 million tonnes (104.8 million tonnes, milled basis), up 3.4 million tonnes from May figures, but 2.8 million tonnes short of the 2013 record outcome. The revised forecast indicates that the 2014 deficient monsoon bore a more limited impact on the main Kharif crop, which is put just 0.7 percent below 2013 highs at 136.3 million tonnes (90.9 million tonnes, milled basis). Instead, constrained by insufficient water supplies, the irrigated Rabi crop is assessed to have fallen by 8 percent to 20.9 million tonnes (13.9 million tonnes, milled basis).

Following a five-day delay in its onset, the 2015 monsoon advanced over India at a brisk pace, covering the country ahead of schedule and bringing a 13 percent surplus in June precipitation. Barring some July intermissions, generally adequate rains in the first half of the monsoon season permitted planting operations of 2015 main Kharif crops to keep at pace with year-earlier levels. Yet, this vigorous first part was followed by deficient rains in August and September, which reduced cumulative precipitation levels for the June-September period to 760.6 mm, down 14 percent from the long period average and its lowest since 2009. From a geographical perspective, worse affected by the monsoon's deficiency was the north-western region, where, however, important producers such as Haryana, Punjab and Uttar Pradesh, could rely on adequate availabilities for irrigation to advance plantings, thanks to abundant pre-monsoon rains. A 15-16 percent precipitation shortfall was registered in southern and central India. Rainfall performance was more favourable in north-eastern parts of the country, closing at a normal level of 92 percent of average. Within the region, however, West Bengal, which alone normally accounts for 12 percent of Kharif crop output, was impacted by excess July and August rains leading to floods, affecting up to 1.2 million hectares of standing crops.

On the whole, officials report that Kharif crop plantings stood at 37.6 million tonnes by 01 October 2015, 0.2 percent above year-earlier levels. Reflective of this, the Government's First Advanced Estimates, released on 16 September, pegged Kharif crop output at 135.9 million tonnes (90.6 million tonnes, milled basis), down just 375 000 tonnes from 2014. The First Advanced Estimates have been traditionally conservative and subject to subsequent upward revisions, yet this year concerns exist over the negative yield repercussions of a poor second half of the monsoon. This would be especially of relevance for important southern producing states such as Andhra Pradesh and Odisha, where transplanting activities were

hindered by uneven rains. Moreover, and although much will still depend in the performance of post-monsoon rains, there appears to be little scope for the Rabi crop to fully make up for potential shortfalls. Indeed, reservoir levels in these same major Rabi producing states and West Bengal stood generally below their year-earlier and 10 year average levels by 30 September. Consequently, FAO's outlook now puts India's production in 2015 at 155.7 million tonnes (103.8 million tonnes, milled basis), 1 percent below the revised 2014 estimate.

India: Planting progress and cumulative rainfall departure from normal



FAO has lowered its forecast of 2015 production in **Indonesia**, where the season is about to be concluded, to 73.0 million tonnes (45.8 million tonnes, milled basis). The downward revision follows the spread of drought conditions over twelve of the country's southern and eastern provinces, under the influence of the on-going El Niño. Although assessed to have affected a limited extension, the dryness has increasingly called into question the buoyant forecasts released by authorities last July. These called for a 7 percent annual output increase to 75.6 million tonnes (47.6 million tonnes, milled basis), sustained by record yields and area under paddy, but have since been acknowledged not to have taken into account the impact of drought on the off-season harvest. Pending official assessments of such damages, FAO's current forecast continues to point to a 3 percent production expansion from 2014's somewhat reduced level. This considers the favourable outcome of main-crop output earlier in the year and Government reports of sustained area expansions in dry-season cultivation, fostered by higher local quotations and promoted by official assistance, including through the expansion of irrigated facilities, seed and fertilizer subsidies. The prevailing dryness and expectations that El Niño will postpone the arrival of the season rains into November have raised further concern for the 2016 season crop, due for planting

as of this month. Such apprehensions would have already been behind the establishment of a more conservative official production target for 2016 of 75.0 million tonnes (47.1 million tonnes, milled basis).

Paddy cultivation has been steadily on the decline in the **Republic of Korea** since 2002, with falls promoted by area diversion programmes, but also by land conversions to non-agricultural uses. This year proved no exception to this trend, with additional pressure applied by lower prices following consecutive large harvests. To these effects, assessments released by the Government indicate that the 799 000 hectares were put under paddy this season, down 2 percent, or 16 000 hectares, from 2014. Based on this extension and on expectations of yields returning to more normal levels relative to 2014's above-average result, FAO forecast the Republic of Korea to produce 5.4 million tonnes (4.1 million tonnes, milled basis) in 2015, down 4 percent year-on-year.

In **Myanmar**, torrential monsoon rains between June and July led to severe floods and landslides, affecting 12 of the country's state and regions. Further to displacing 1.6 million people and causing considerable economic damage, assessments as of early September indicate that 597 000 hectares of farmland were submerged, with close to 60 percent of this extension incurring severe losses. Early indications point to 200 000 hectares of paddies being destroyed by the deluge, which struck at a time when farmers were still busy planting the monsoon crop. The latter normally accounts for over 80 percent of overall output in the country, with the most affected states, in terms of agricultural damage, including the important producing regions of Ayeyarwady, Bago and Rakhine. As the window of opportunity for farmers to sow their crops extended to September, some re-planting has since taken place. Nearly half of the damaged farmland, or 170 000 hectares, was reported re-sown by early that month. Indeed, efforts to avail farmers with needed inputs are ongoing, with officials also announcing that steps to facilitate access to credit and debt relief measures would be put in place to stimulate a recovery in the sector. Additionally, scope exists for losses to be partly compensated by higher output from the secondary, summer crop, to be planted as of October, especially considering the incentive provided by an upsurge in local quotations in the flood's aftermath. Pending final assessments of damages incurred, FAO tentatively forecasts Myanmar to gather 28.4 million tonnes (17.0 million tonnes, milled basis), implying a 500 000 tonne contraction from the previous year's level and down 800 000 tonnes from previous expectations.

After 2014 saw paddy production constrained by subdued rains, transplanting activities of 2015 crops in **Nepal** were again hindered by late and generally poor rains.

Particularly impacted were central and eastern Terai regions, which saw precipitation deficits lasting well into August. While rains proved more conducive in the western parts of the country, transportation difficulties associated with civil unrest in the Terai are reported to have constrained access to fertilizers in these areas. On this backdrop, officials have placed particular emphasis on expanding irrigation coverage in their 2015/16 budgetary allocations. Further to committing NPR 6.1 billion (USD 57 million) for the provision of fertilizers and seeds, these will see NPR 20.22 billion (USD 188 million) go for irrigation programmes, including a plan to expand irrigation over all agricultural lands in the Terai.³ What is more, a three-year programme will aim to boost paddy production by raising yields over 670 000 hectares across 12 districts in the Terai. On the whole, FAO anticipates Nepal to gather 4.6 million tonnes (3.0 million tonnes, milled basis) in 2015, implying a 200 000 tonne retrenchment from the already poor 2014 outcome.

Unlike many countries in the region that saw agricultural activities hampered by unseasonable weather, the 2015 season in **Pakistan** has unfolded under generally conducive climatic conditions. Supply of water for irrigation and fertilizers availability proved adequate and while heavy downpours in July and August led to floods once more, preliminarily assessed indicated that affected paddies were under 50 000 hectares. The 2015 campaign in Pakistan has instead been clouded by economic difficulties associated with a combination of large carry-over stocks, unremunerative prices and mounting production costs. These are reported to be fostering a substitution of rice for other products. This has been the case for instance in Punjab, where first assessments of acreage indicate that, displaced by fodder and maize, paddy area contracted by 5 percent to 1.8 million hectares. The fall concerned all varieties, although in absolute terms basmati plantings were cut the most. Basmati production in Pakistan concentrates in Punjab. Last year the province produced 2.3 million tonnes of basmati over 1.32 million hectares, with planting in 2015 placed at 1.26 million hectares. The depressed price situation, which has similarly concerned crops such as cotton and sugar, has heightened farmer calls for Government intervention through the establishment of support prices. Official assistance has instead come in the form of a PKR 341 billion (USD 3.2 billion) support package to enhance agricultural credit and reduce production costs through, for instance, subsidies on the costs of electricity and fertilizers. The scheme will moreover issue a PKR 5 000 per acre (USD 118 per hectare) direct payment to rice and cotton farmers for up to 12.5 acres (5.1 hectares). Further steps have been taken to lower the costs of importing agricultural machinery, in addition to previously

approved tax exemptions. FAO sees Pakistan gathering 10.3 million tonnes (6.8 million tonnes, milled basis) in 2015, implying a 2 percent area-led contraction from the 2014 record outcome.

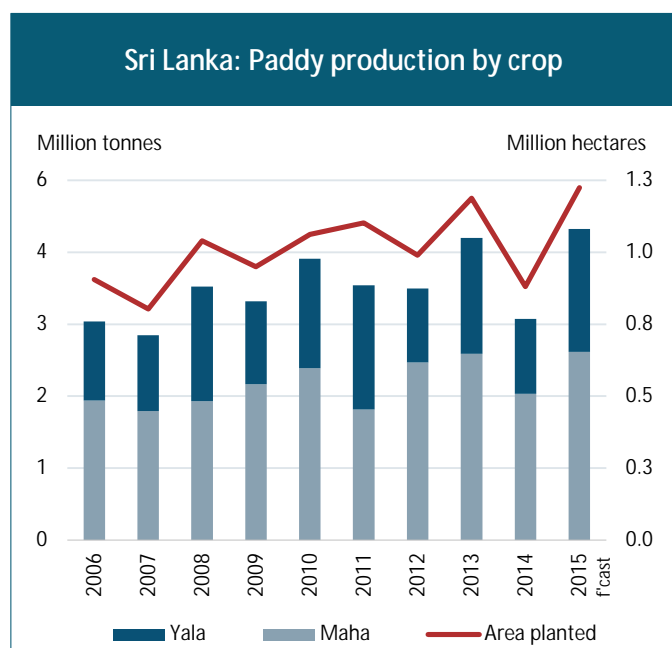
Seasonal progress to date has been unfavourable in the **Philippines**, with officials indicating that area cuts stemming from belated rains and insufficient water for irrigation, combined with some tropical storm damages, triggered a 15 percent contraction in July-September output to 2.6 million tonnes (1.7 million tonnes, milled basis). While dry conditions have persisted over various eastern Luzon provinces and some pest damages been reported, growth prospects for the remainder of the season have been particularly compromised by expectations of an overall weak and early retreating northeast monsoon. Indeed, the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) warns that, under the influence of El Niño, up to 69 percent of the country could experience either dry spells or drought⁴ by the close of 2015. With the phenomenon likely persisting into 2016, this area is expected to extend over 68 of the country's 81 provinces by the end of March 2016. If confirmed, this would especially undermine availability of water for the irrigated off-season crop, due for planting as of the last quarter of 2015. Amid such heightened concerns over the impact of El Niño, official preparations have been to mitigate possible damages on agriculture through the provision of shallow tube wells and cloud seeding operations. Early-maturing and drought resistant varieties are being concurrently promoted, together with other water conservation efforts. The Philippines is currently forecast to gather 18.3 million tonnes (12.0 million tonnes, milled basis) in 2015 (July-June), 3 percent short of year-earlier levels and marking the first output contraction to occur since 2009.

Buoyed by ample availabilities of water for irrigation and positive price expectations, **Sri Lanka's** secondary crop (Yala) plantings staged an impressive rebound. These were officially assessed at 502 000 hectares by the end of August, surging 60 percent over their drought limited extension in 2014. Underpinned by such a rise, officials point to the Yala crop, now fully gathered, rising 800 000 tonnes year-on-year, an impressive turnout that would add to an already excellent main-crop harvest. Indeed, final production estimates released by the Department of Census and Statistics indicate that the 2015 Maha crop, fully collected by March, climbed 29 percent over the 2014 drought reduced level to a high of 2.9 million tonnes (2.0

³ All currency conversions are as of 15 September 2015.

⁴ The agency defines dry spells to be three consecutive months of below average rains (precipitation falling 21 to 60 percent short of normal), whereas drought is defined to be three consecutive months of way below-average precipitation (rains falling more 60 percent short of normal levels).

million tonnes, milled basis). As a result, on the whole, Sri Lanka is now poised to gather 4.8 million tonnes (3.3 million tonnes, milled basis) in 2015, up 1.4 million tonnes from the 2014 dismal harvest and close to 200 000 tonnes over the previous record. Faced with the bumper harvest, the Sri Lankan Government has intensified local procurement activities, allocating LKR 6 billion (USD 42 million) to purchase 120 000 tonnes of Yala paddy. While still accounting for a limited share of overall production, if fully realised and combined with the Maha produce already purchased, these would place intervention purchases in the country at an all-time high of 270 000 tonnes.



The 2015 wet season crop in **Thailand** was affected by an exceptionally poor start to the rainy season. Precipitation shortages lasting over two months into the normal arrival of the rains delayed planting operations, chiefly in central producing provinces. The suppressed rains compounded on an uncannily dry climate already experienced in 2014, preventing storage levels in major reservoirs from being recharged to normal levels. Following calls to farmers to delay sowing activities, the need to conserve water for domestic consumption prompted officials in July to drastically cut its release from reservoirs serving some 240 000 hectares of irrigated paddies in the Chao Praya basin. Although conditions were somewhat salvaged by the arrival of abundant rains in July, which permitted planting activities to progress largely unhampered in important northern and north-eastern producing provinces, (combined these normally account for close to 80 percent of main-season output), deficits were still evident. By the end of September, cumulative rainfall was assessed 17 and 15 percent below average in northern and north-eastern areas, respectively, and 11 percent short of normal in central regions of the country. While already

undermining yield potential for main-season crops, the generally poor rains bode especially badly for irrigated off-season crops, due for planting as of November. A month ahead of the normal end of the rainy season, water levels in major reservoirs stood at even lower levels than in 2014. Forecasts by the Thai Meteorological Department also indicate that rains over much of the country will remain slightly below average through November, likely proving insufficient to recharge reservoirs to levels that would permit a normal unfolding of off-season cultivation. These conditions have again prompted Government calls to farmers, deterring them from planting new crops, with the Ministry of Agriculture even proposing to fully ban dry-season cultivation. A decision to this effect has yet to be announced and while officials have extended various forms of assistance to producers to help them cope with drought, including credit relief and the establishment of alternate work schemes, efforts to restrict plantings to date have only been partially effective. To take account of the area and yield losses fostered by the unfavourable climate, FAO has lowered its forecast of 2015 production in Thailand by 2.5 million tonnes to 32.3 million (21.4 million tonnes, milled basis). This level would fall 6 percent short of the already poor 2014 outcome.

In **Viet Nam**, harvesting activities of 2015 summer-autumn crops are nearing completion, while sowing operations of the winter crop continue. FAO's production outlook for the country remains unchanged at 44.7 million tonnes (29.0 million tonnes, milled basis). This level would represent a small, 0.7 percent, contraction from the 2014 outcome, while still standing out as the second largest on record. Much of this fall concerns the winter-spring harvest, collected by June, as a move towards cultivating lower yielding varieties depressed productivity levels, to which losses incurred as a result of salt-water intrusion and unseasonable dryness were added. These cuts would add to losses of early planted summer-autumn crops, particularly over central and central highland regions, where severe rainfall deficits delayed planting operations and reduced supplies of water for irrigation. This is even as good yield outturns and land expansions are being reported for the latter planted summer-autumn crop, thanks to improving weather conditions. Meanwhile, officials indicate that winter-crop plantings stretched over 1.7 million hectares by mid-September, some 60 000 hectares behind year-earlier progress.

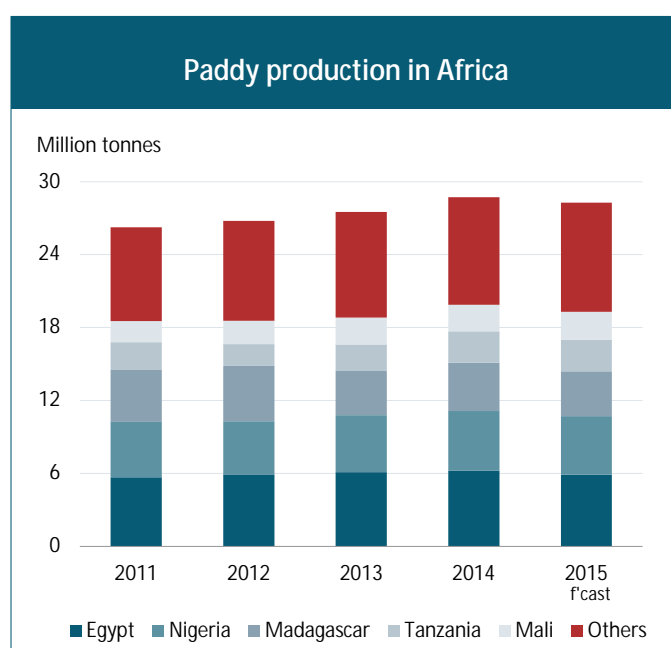
Africa

Smaller crops in Egypt and Madagascar drive a 2 percent contraction in African production in 2015

Main paddy crops have by now reached the harvest stage in Egypt and West Africa. These have already been collected in Eastern and Southern parts of the continent,

where only a few countries are engaged in offseason rice cultivation. The production outlook has deteriorated for Africa since July, much on account of subdued prospects for Egypt and Madagascar, where crops were exposed to unseasonable weather in the form of erratic rains or excessive temperatures. Falls in the two leading producers in the continent are now anticipated to reduce the overall regional outcome to 28.3 million tonnes (18.5 million tonnes, milled basis). This level would imply a 2 percent annual contraction, while still standing as the second largest on record. Indeed further inroads are anticipated to be made elsewhere, especially in Western parts of the continent, where conditions have proved more conducive and where the sector continues to benefit from special Government attention.

In **Northern Africa**, forecasts of 2015 production in **Egypt** point to the ongoing harvest yielding 5.9 million tonnes (4.1 million tonnes, milled basis), down 5 percent from a revised 2014 estimate. The negative outcome is predicted to arise from area cuts promoted by high production costs and low price prospects. These would be compounded by yield losses stemming from soaring temperatures in July and August.



On aggregate, **West African** countries are forecast to collect 14.2 million tonnes (9.0 million tonnes, milled basis) in 2015, implying a 1 percent production expansion relative to the already good 2014 outcome. At a country level, prospects have deteriorated for various Gulf of Guinea countries, where early season dryness hampered planting operations, with generally poorly distributed rains persisting since then. This is the case of **Ghana**, where officials indicate that output is as a result likely to fall 9 percent short of the 2014 record to 551 000 tonnes (331 000 tonnes, milled basis). Similar disruptions were

experienced in **Benin** and **Togo**, with rainfall deficits also compounded by constrained access to basic inputs in the case of the former. Late and below average precipitation are also expected to induce a second consecutive seasons of output cuts in **Chad**, while FAO 2015 production forecasts for **Nigeria** point to a 2 percent annual contraction from the 2014 record to 4.8 million tonnes (2.9 million tonnes, milled basis). The fall reflects a less than ideal climate prevailing this season, including subdued rains lasting into July in important northern producing states. Yet, the forecast does not take into account losses inflicted by floods following heavy September downpours and water releases from dams. Further disruptions are reported to have been posed by a temporary discontinuation of the Growth Enhancement Support Scheme (GESS). A flagship of the previous administration's Agricultural Transformation Agenda, the programme aimed to increase the use of fertilizers and improved-seeds by 5 million small-holders annually, through a voucher-based subsidy delivered through mobile phones. Official indications are that the scheme will be operational for the off-season crop.

The 2015 paddy campaign has unfolded more favourably in the rest of the region, where more copious rains have been received since mid-July, even if these have also led to localized floods. The outlook is particularly buoyant for **Mali**, where notwithstanding slight delays in the rains' establishment, crops have benefitted from their good distribution and an overall adequate water supply situation. Reflective of this, officials indicate that planting operations had well exceeded the extension witnessed in July last year, when belated and poor rains impacted early seasonal progress and depressed yields. Mali is now forecast to gather 2.3 million tonnes (1.6 million tonnes, milled basis) in 2015, up 6 percent year-on-year, with the rebound expected to stem from both area and yield gains. Adequate rains, especially in the important rice producing regions Guinée forestière, have also ensured that crops develop favourably in **Guinea**. Further boosted by Government steps to enhance access to basic inputs, these factors are officially expected to lift 2015 production by 4 percent to 2.05 million tonnes (1.4 million tonnes, milled basis). Both **Liberia** and **Sierra Leone** are similarly set to make-up for losses incurred last year due to the spread of the Ebola virus, as the campaign has been underpinned by average-to-above average rains, combined with recovery efforts. With regular rains received as of mid-July, following up to three-week delays in their onset, crops in eastern and southern **Senegal** were reported to be developing normally in September. The paddy campaign also proceeded favourably in the irrigated swathes, which account for some 50 percent of overall paddy plantings in the country. Accordingly and partly reflecting strong public incentives to expand production under the country's self-sufficiency drive, FAO's outlook for Senegal points to a 4

percent area-led expansion to 580 000 tonnes (406 000 tonnes, milled basis). **Burkina Faso**, **Cote d'Ivoire**, **Gambia** and **Niger** may also end the season with positive results, with **Mauritania** also foreseen to replicate the 2014 record outcome.

There have been no changes to production forecasts for **Eastern Africa** since July. On the whole, the sub-region is seen advancing output slightly to 3.2 million tonnes (2.1 million tonnes, milled basis). Among the individual countries, to date, no major paddy losses are reported to have been inflicted by the precipitation shortages and dry spells affecting central and northern areas of **United Republic of Tanzania** earlier in the year, which were behind heavy losses of other crops such as maize. Accordingly, paddy output in Tanzania is seen marginally above the 2014 outcome at 2.6 million tonnes (1.7 million tonnes, milled basis). Indeed, losses could be recuperated where off-season crops are cultivated, especially if current expectations of normal-to-above normal rains from October onwards are confirmed. These could moreover prove particularly conducive for 2016 crops, which are due for planting late in the year. The production outlook is also favourable for **Rwanda**, which may see output rise to 97 000 tonnes (65 000 tonnes, milled basis), and in **Kenya** at 160 000 tonnes (104 000 tonnes, milled basis).

Madagascar, the largest producer in **Southern Africa**, was affected by an irregular start of the rainy season, with late and poor precipitation levels lasting into January over important northern and central producing areas. Dry conditions were more prolonged in the south, which, however accounts for smaller share of overall output. To these were added damages inflicted by consecutive cyclones and related flooding in January and February. As a result, a FAO/WFP production assessment indicates that 2015 paddy output in the country fell to 3.7 million tonnes (2.5 million tonnes, milled basis), down 7 percent year-on-year and some 400 000 tonnes less than previously envisaged. Output in Madagascar has been consistently kept below the 4.0 million tonne mark since 2013, due to the spread of locusts, low input use and infrastructural constraints. The season also ended negatively for other countries in the sub-region. In **Malawi**, an 18 percent slide in production to 109 000 tonnes (70 000 tonnes, milled basis) was associated with a late onset of the seasonal rains, which was exacerbated by torrential January downpours leading to floods. Recurring flooding problems are also behind an estimated 5 percent retrenchment in output in **Mozambique** to 365 000 tonnes (244 000 tonnes, milled basis), whereas in **Zambia**, paddy production is officially assessed to have been nearly halved to 26 000 tonnes (17 000 tonnes, milled basis) by suppressed rains.

Central America and the Caribbean

Back-to-back droughts to reduce production to a seven-year low

Main-crop harvesting activities are underway in Central America and the Caribbean. The production outlook for the sub-region has deteriorated since July, as persistent precipitation deficits over much of the area, associated with prevailing El Niño conditions, have compromised both area and yield prospects for the season. On the whole, the sub-region is now forecast to gather 2.9 million tonnes (1.9 million tonnes, milled basis) in 2015, which would represent a 4 percent contraction from 2014, a year also characterised by drought-induced production shortfalls. At a country level, the outlook is particularly poor for **Cuba**, where 2015 output is now expected in the order of 520 000 tonnes (350 000 tonnes, milled basis), down 10 percent year-on-year and its lowest since 2010. Planting activities of spring crops in Cuba were constrained by limited supply of water for irrigation, as rainfall deficits affected close to 70 percent of the country, compounding on reduced supplies arising from an already dry 2014 climate. Although the main rice growing regions of Granma and Sancti Spiritus are reported to have been less impacted by the dry climate, area losses would have been incurred in the important producing region of Camaguey and, in particular, in Pinar del Rio.

In **Honduras**, severe precipitation deficits since May have limited water supplies for the predominantly irrigated *primera* crop. The little respite provided by rains through mid-September has also raised prospects of additional cuts in secondary crops, normally planted as of that month. As a result, output in 2015 is now forecast to contract by 9 percent to 77 000 tonnes (51 000 tonnes, milled basis), interrupting four successive years of production expansions in the country. Although more contained, industry assessments in **Nicaragua** also point to dry conditions triggering area cuts, particularly over the central and coastal areas of the country located in the *dry corridor*, although the more normal progress of the off-season crop reported to date could aid compensate for such losses. Nicaragua is currently seen gathering 470 000 tonnes (306 000 tonnes, milled basis) in 2015, unchanged from the 2014 depressed performance.

Meanwhile, FAO has kept its outlook for 2015 production in the **Dominican Republic** steady at 900 000 tonnes (547 000 tonnes, milled basis). Persistent precipitation shortfalls have cut water supplies for irrigation and reduced soil moisture conditions in the country. By August some 10 000 tonnes of paddy were reported lost in the most affected western regions of the country. Still, authorities indicate a particularly favourable first semester outcome, with overall output assessed to have outdone its previous year's level by 18 percent to 312 000 tonnes. The

feat would arise from fewer area losses and measures put in place to combat pests and diseases. Among other countries in the sub-region, production prospects for 2015 are negative for **Mexico**, but also for **Haiti**, **El Salvador** and **Panama**, which have also been affected by unfavourable weather conditions.

South America

Good yield outturns boost production by 3 percent in 2015

Most countries in South America have by now concluded the 2015 season, with offseason crops remaining to be harvested in a few countries only. The paddy campaign is assessed to have been positive overall, with 25.6 million tonnes (17.4 million tonnes, milled basis) predicted to be gathered in the sub-region. The 3 percent annual growth would be driven by yield gains, made possible by conducive weather conditions. This is notwithstanding a somewhat turbulent climatic start to the season, in the form of heavy downpours or lingering drought problems. Singularly, an output increase in **Brazil** accounts for much of the sub-region's growth, but sizeable gains are also foreseen in **Colombia** and **Peru**, which benefited from wetter conditions than in 2014. **Bolivia**, **Chile**, **Ecuador**, **Guyana**, **Paraguay** and **Uruguay** are also assessed to have gathered larger crops in 2015. Put together, gains in these countries look set to more than compensate for shortfalls namely in **Argentina** and **Venezuela**, where plantings were constrained by tight margins, to which some flood related losses were added in the case of the former.

The 2015 season harvest came to a full close in June in **Argentina**. Authorities have released somewhat higher yield estimates since the last issue of the RMM, which have raised the 2015 production estimate to 1.6 million tonnes (1.1 million tonnes, milled basis). At that level, production would be 1 percent lower than in 2014, with the fall triggered by flood-related losses and expectations

of tight returns. Producers in **Argentina** have already launched planting operations for 2016 crops, which will be due for harvest as of February 2016. Climatic forecasts released by local authorities portend above-average precipitation levels in the September through November period, particularly over north-eastern areas where the largest rice producing regions of **Corrientes** and **Entre Rios** lie. Prospects of excess rains would be consistent with the prevailing **El Niño** conditions, aggravating the dire economic conditions faced by the sector, in the form of depressed prices, due to reduced demand for exports, and high production costs of up to USD 1 600 per hectare. Against this backdrop, early industry indications point to potentially pronounced cuts in rice plantings over the forthcoming season, in the order of 30 000 hectares for the whole country, or 15 percent.

In **Brazil**, CONAB's latest production assessment puts 2015 paddy output at 12.5 million tonnes (8.5 million tonnes, milled basis), 100 000 tonnes lower than anticipated in July, but 3 percent higher than in 2014. The 330 000 tonne annual gain was attributed to record average yields, reflecting the increased share in national production of the high-yielding **Rio Grande do Sul**. These productivity improvements offset sowing cuts, chiefly in north-eastern states, where high production costs and prospects of better margins for alternative crops discouraged producers from opting for paddy. The Brazilian Government has adjusted minimum support prices (MSPs) for paddy, effective from February 2016 to January 2017. In the case of fine long grain paddy, these have been standardized across the major geographical regions at a rate of Reals 593 (USD 153) per tonne, up 8-9 percent year-on-year. The MSP for long-grain paddy was instead raised by 15 percent to Reals 408 (USD 105) per tonne for the Southeast, Northeast, Centre West regions (excepting **Mato Grosso**) and the state of **Paraná**. Despite the upward adjustment, planting activities of 2016 crops have been launched with a somewhat grim undertone. While climatic uncertainties under the ongoing **El Niño** remain, sector

BRAZIL: MINIMUM SUPPORT PRICES IN 2015 AND 2016^{1/}

Commodity	Regions and States covered	Type	2015/16		2016/17 ^{1/}	
			BRL/MT	USD/MT	BRL/MT	USD/MT
Fine long-grain rice in the husk	Southern region (except Paraná)	Type 1-58/10	545	141	593	153
	Southeast, Northeast, Centre West regions (excepting Mato Grosso) and Paraná State		550	142	593	153
	Northern Region and Mato Grosso		545	141	593	153
Long-grain rice in husk	Southern region (except Paraná)	Type 2-55/13	378	98	378	98
	Southeast, Northeast, Centre West regions (excepting Mato Grosso) and Paraná State		355	92	408	105
	Norther Region and Mato Grosso		408	105	408	105

^{1/} For Brazil 2015/16. Effective February 2016 to January 2017.

Source: Ministry of Agriculture.

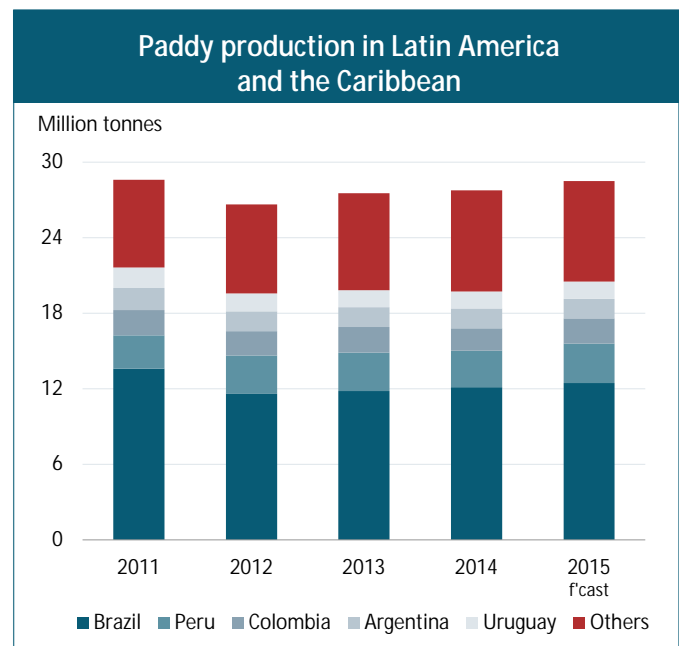
concerns primarily surround surging production costs. Much of the latter would reflect mounting costs for irrigation, associated with hikes to electricity rates and fuel, compounded by more expensive agrochemicals, in the context of a significantly weaker currency (Real).

The latest Government assessments indicate a favourable outcome to the 2015 season in **Chile**. Production is gauged to have staged an exceptional 22 percent year-on-year growth, touching a thirty-year high of 164 000 tonnes (110 000 tonnes, milled basis). This excellent performance was thanks to record yields of 6.9 tonnes per hectare and a 6 percent increase in the area planted, prompted by ample water supplies for irrigation and Government support. Based on an official survey of planting intentions, this expansionary trend could extend into the 2016 season, which just started. Consistent with prospects of favourable margins, area under paddy is seen advancing by a further 5 percent to 25 000 hectares in 2016.

The 2015 season is yet to conclude in **Colombia**, as the bulk of the crop is just now being collected. FAO forecasts the country to harvest 2.0 tonnes (1.4 million tonnes, milled basis) this year, up 13 percent from the 2014 drought reduced level. In the first half of 2015, producers raised acreage under mechanised paddy by 65 000 hectares, in response to strong local quotations. Particularly large increases were registered in the main producing eastern plains, where growing conditions have been favourable to date. These gains are expected to compensate for losses caused by unseasonable dryness early in the year. Drought concerns continue to linger however, especially in central and coastal regions, where the 2016 crops, soon to be planted, could also be negatively impacted. Meanwhile, the Colombian Government has approved a new round of the storage incentive programme. The scheme will guarantee participating producers prices of Pesos 125-154 per 125 kilos (USD 327-402 per tonne), covering up to 350 000 tonnes of paddy collected by year's end.

The 2015 season is well over in **Paraguay**, where crops were fully collected by March. FAO estimates of production remain at an all-time high of 900 000 tonnes (634 000 tonnes, milled basis), or 12 percent more than in 2014. Much of the increase was due to an area expansion, in response to a strong demand for export. The 2016 season has opened under less auspicious circumstances. The local sector, which destines close to 80 percent of its output to foreign markets, has been heavily impacted by a drop in quotations, in part due to changing economic conditions in Brazil, its main trading partner. Amid concerns that the resulting financial constraints would force a large extension to remain fallow next season, thus arresting a seven-year long expansionary trend, the

industry has called on Government assistance to face its accumulated debt problem.



FAO has upgraded its forecast of 2015 production in **Peru** by 160 000 tonnes, since July. The revision stems from higher estimates of area under paddy, as improved supplies of water for irrigation facilitated a brisk pace in paddy plantings. Authorities report that area coverage up to June was 18 percent ahead of progress a year-earlier, with particularly good crops collected in the main producing regions of Piura and Lambayeque. A survey of planting intentions moreover indicates a likely further 1 percent growth in area under paddy in the year ending in June 2016 to 412 000 hectares, amid still attractive producer prices. This is notwithstanding apprehensions concerning possible excess rains brought about by El Niño phenomenon. As a result, and although much will still depend on the outcome of offseason crops now being gathered, Peru is envisaged to gather 3.1 million tonnes in 2015 (2.1 million tonnes, milled basis), implying an 8 percent recovery from the poor 2014 outcome.

Despite a difficult start to the season, characterized by sowing disruptions caused by untimely rains, the 2015 campaign in **Uruguay** is assessed to have closed with a 1 percent production expansion to 1.4 million tonnes (950 000 tonnes, milled basis). The advancement was made possible by record yields of 8.5 tonnes per hectare, the result of good sunshine conditions and adequate temperatures during key stages of crop development. The productivity gains more than compensated for reduced plantings ensuing from prospects of tight returns. As other regional rice exporters, Uruguay has opened the 2016 season under expectations of reduced profitability, squeezed by a combination of weaker quotations and high production costs of around USD 2 200 per hectare. These have given rise to industry expectations that area under

paddy will contract. If confirmed, this would mark the fifth straight season of cuts in paddy area, since the all-time high of 190 000 hectares was reached in 2011.

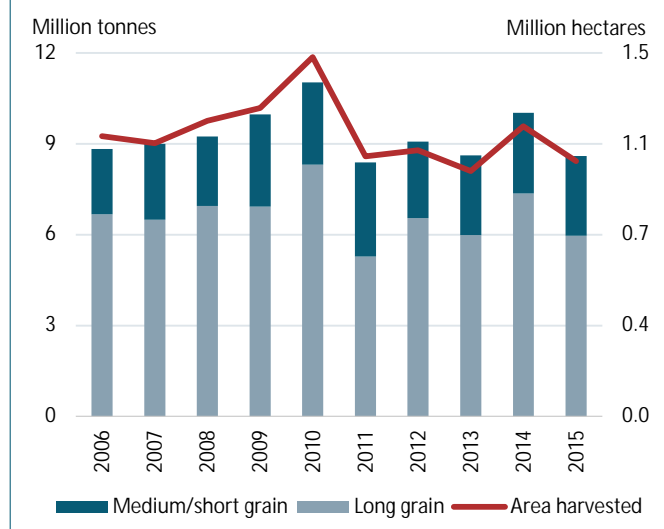
The winter harvest is underway in **Venezuela**. The production outlook for the country remains unchanged at 1.1 million tonnes (750 000 tonnes, milled basis), 16 percent less than the good 2014 outcome. The fall would be imputable to cuts in area, resulting from prospects of low returns, aggravated by a reported short supply of basic inputs and agricultural machinery due to scarce foreign exchange. In this connection, The Government approved in October a Bolívares 16.4 subsidy per kilo subsidy to be granted on top of official producer price of Bolívares 8.6 per kilo. The local industry had earlier issued calls for producer prices to be raised to up to Bolívares 31.9 per kilo, a level it sustained was needed to ensure a margin of profitability and cover the Bolívares 24.5 per kilo cost of producing the winter crop now been gathered. Meanwhile, the authorities hope to stimulate growth in the sector through a three-year cooperation agreement with Viet Nam signed in August. Under a rice-specific component, the deal would see the Asian producer provide technical assistance to rice farmers in the western and central areas of the country.

North America, Europe and Oceania

Unseasonable weather and poor price prospects to depress output in the United States by 14 percent

In **North America**, the USDA's September assessment of production downgraded the outlook for the **United States** by 800 000 tonnes, based on a combination of lower yields and area under paddy. At 1.04 million hectares, plantings in the country are assessed to have fallen by 12 percent compared to 2014, pressured by poor long-grain price prospects and water restrictions in drought-stricken California and Texas. Average yields are instead put at close to 8.27 tonnes per hectare, down 3 percent from 2014, depressed by wet and cool conditions in the South, which hampered planting operations, and subsequent excessive summer temperatures. As a result, 8.6 million tonnes (6.0 million tonnes, milled basis) are predicted to be gathered in the United States in 2015, 14 percent less than in 2014 and a four-year low. The fall is primarily expected to concern long-grain varieties, which are put at 6.0 million tonnes (4.2 million tonnes, milled basis), down 19 percent year-on-year. Nonetheless, with area expansions in southern producing states not fully compensating for cuts in California arising from water restrictions, medium/short grain output is also seen falling 1 percent below 2014 levels at 2.6 million tonnes (1.8 million tonnes, milled basis).

Paddy production in the United States



In **Europe**, production prospects have improved in the **European Union**, where 2015 harvests are ongoing. This is especially the case of Italy, the EU's largest producer, where industry assessments indicate that plantings recovered by 4 percent to 227 000 hectares. The upturn reflects larger cultivation of Japonica varieties, amid favourable price prospects. These more than compensated for a contraction of Indica plantings, on account of import competition. Combined with good yield expectations, especially compared to the depressed levels of 2014, a season characterized by unseasonable weather and pest attacks, this extension is now expected to drive a 7 percent recovery in Italian production to 1.5 million tonnes (887 000 tonnes, milled basis). The outlook is similarly positive for Spain and Portugal, as above-average summer temperatures experienced this season are not reported to have negatively impacted crops. Buoyant yield prospects are instead behind official expectations of 3-5 percent production expansions in both countries, respectively, to 891 000 and 176 000 tonnes (534 000 and 105 000 tonnes, milled basis). Together with favourable expected outturns in Bulgaria and Romania, these would more than compensate for cuts in France. As a result, on aggregate, 3.0 million tonnes are forecast to be produced in the EU in 2015 (1.8 million tonnes, milled basis), up 4 percent year-on-year and the first expansion to occur since 2011.

In **Oceania**, the 2015 season ended with negative results in **Australia**. Limited and costly supplies of water for irrigation prompted a 4 000 hectare area cut, to which a yield decline to 10.2 tonnes per hectare was added. Combined these brought 2015 production down by 12 percent year-on-year to 724 000 tonnes (483 000 tonnes, milled basis). Australian producers are now engaged in 2016 planting operations. The setting is little changed from last year, as strong price incentives for producers, arising from a favourable medium-grain trade environment, are

outweighed by continuing constraints in the availability of water for irrigation. ABARES indicates that these factors will translate into a 7 percent cut in 2016 plantings to 66 000 hectares, driving a third successive annual retreat in Australian production to 665 000 tonnes (437 000 tonnes, milled basis). Meanwhile, industry efforts to diversify its production base outside of the Riverina, given the difficult water supply situation there, are said to have targeted up to 1 200 hectares for planting in North Queensland this year. Rice production is being encouraged in this area, as a complement to sugar cultivation.

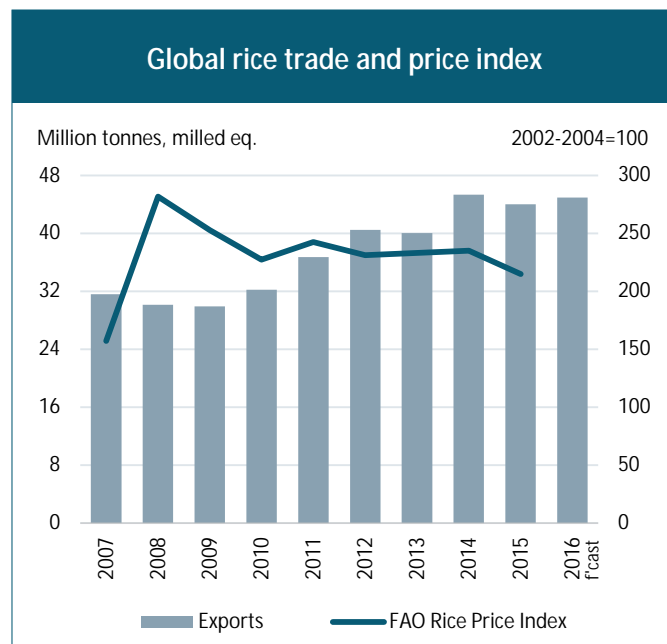
INTERNATIONAL TRADE

Faltering import demand depresses world rice trade in 2015, but global deliveries expected to recover during 2016

FAO's July forecast of world rice trade in calendar **2015** has been raised by 2.0 million tonnes to 44.0 million tonnes (milled basis). The revision primarily results from upward adjustments to historical estimates of imports by China (Mainland) and, to a lesser extent Nigeria, which seek to take into account the large quantities making their way to the countries unrecorded. A fast pace of deliveries to date also warranted upgrading import forecasts for Saudi Arabia, Sri Lanka and the United States, which more than compensated for lower figures mostly for Brazil, the Islamic Republic of Iran and the Philippines. On the supply side, these revisions were mainly met by upgrading export forecasts for India, consistent with the country's strong export performance to date, although estimates were also raised for both Myanmar and Viet Nam, now also incorporating cross-border outflows. By contrast, Argentina, the United States and, especially, Thailand are anticipated to export less relative to July expectations.

Taking these changes into account, global trade in rice in calendar 2015 is predicted to fall 3 percent, or 1.3 million tonnes, short of the 2014 record. The contraction is forecast to be demand-driven, as good crops and refurbished stockpiles, often the result of very high purchases conducted in 2014, are forecast to keep world imports below last year's high. This is especially expected to be the case of the Far East, but under similar conditions and further pressured by weak local currencies, deliveries to West Africa are also set to falter. Purchases in the other regions are predicted to remain comparatively robust, if not at record levels, especially those by the European Union, the United States and various Latin America and Caribbean countries. From an exporter angle, the 2015 contraction in world trade could impact Thailand the most, although softer demand from traditional outlets could also undermine Viet Nam's exports. Shipments by Argentina, Australia, Brazil, Paraguay and Uruguay are also predicted to fall, with tight supply availabilities combined with

official steps to contain inflationary pressure also curtailing deliveries by Myanmar. On the other hand, deliveries by India, which has been able to keep export prices attractive in an increasingly fierce competitive environment, are expected to remain at near-record levels. Among the other exporters, Cambodia, China (Mainland), Pakistan, the United States and the Russian Federation are all set to advance their export positions over the year.



Meanwhile and largely based on current expectations for 2015 production in northern hemisphere countries and for 2016 crops south of the equator, FAO forecasts world rice trade in calendar **2016** to stage a 2 percent year-on-year recovery to 45.0 million tonnes. The expected upturn is in line with prospects of poor seasonal outcomes, primarily in Asia and in Africa, where many countries were beset by adverse weather conditions, which will require them to step up their purchases. Yet, the trade rebound is predicted to be only partial, as many countries remain strongly committed to rice self-sufficiency and several continue to face foreign exchange constraints. In the Americas, larger imports to Central America and the Caribbean, where various countries are experiencing consecutive output shortfalls, are expected to keep inflows to the continent at record levels, with the United States and the EU also set to buy more. Among exporters, the still large availabilities in Government granaries should enable Thailand to respond to the resurgence of world import demand by stepping up sales abroad. Strong demand from traditional markets should also underpin deliveries by Viet Nam, with competitive prices also boosting shipments by Cambodia, Myanmar and Pakistan. By contrast, tighter availabilities could result in higher quotations in India, undermining somewhat its export performance in 2016, as is also expected to be the case of Egypt, the United States and Australia.

Imports

Falling imports in the Far East and West Africa to depress global rice trade in 2015

The expected contraction in global rice trade in calendar **2015** would be mostly on account of reduced purchases by **Asian countries**. All combined, these could amount to 22.3 million tonnes, 4 percent less than in 2014. Most of the decline is expected to concern countries in the Far East. This is especially expected to be the case of **Bangladesh**, which is envisaged to import 1.0 million tonnes in 2015, or 23 percent less year-on-year. The cut would follow a record harvest and the piling up of sizeable reserves, replenished in 2014 through a spate of imports. Despite a still brisk pace of imports in the first part of the year, **Sri Lanka** is likewise predicted to cut rice consignments by half relative to 2014, when a record of 600 000 tonnes were purchased to mitigate crop losses arising from drought. In both countries, the projected import declines also ensue from the imposition of greater border protective measures earlier this year, encouraged by good harvest results and easing local quotations.

Historical estimates of imports by **China (Mainland)** have been revisited to take account of the large volumes making their way to the country unrecorded, and unaccounted for in the official customs data previously reported. Unrecorded inflows to the country have become especially relevant since 2012, coinciding with China's emergence as a major international rice buyer on the official front. The surge was fuelled by high domestic prices, promoted by the high producer price policy pursued by the Government. The adjustment in trade figures has primarily entailed incorporating estimates of cross-border inflows through southern frontiers with Viet

Nam and Myanmar. These flows mostly consist of lower and medium quality rice, a portion of which reportedly destined for processing. Chiefly finding entryway in border points in Yunnan and Guangxi provinces, where local prices were reportedly around 30 percent higher, these cross-border purchases are estimated to have surged to 1.1 million tonnes in 2012, more than doubling in 2013, and hitting a 2.7 million tonne mark in 2014. These volumes would be further to a consistent 600 000-700 000 tonne discrepancy between Vietnamese formal exports to China, as reported by Viet Nam's customs department, and Chinese official import data, an incongruence which, given its sheer size, is unlikely to be explained by mere shipping time lags. This is while un-documented inflows from other nearby origins remain unaccounted for, including those originated in Laos, through which Vietnamese supplies are also said to be transiting now. Since 2012, the above adjustments have lifted estimates of overall imports by China (Mainland) by up to 3.4 million tonnes, positioning the country as the largest single global destination for rice, absorbing more than 10 percent of world rice imports.

Prior to 2012, China's rice imports were mostly confined to high quality and specialty rice and primarily sourced from Thailand. Yet, large undocumented inflows are not solely confined to rice and have not been without Government attention. In 2014, these led to Chinese steps to officialise trade with Myanmar and the launch of the "Green Wind" campaign. Targeting rice along with other smuggled produce, the latter is reported to have intercepted some 200 000 tonnes of rice in its first year of implementation. This is while in the official front, Chinese authorities have concurrently strived to relieve pressure from large public granaries, accumulated through domestic purchases. These efforts have entailed offering subsidies to cover the cost of transporting supplies to net-consuming provinces and tying the allocation of private sector import quotas to purchases of rice from public reserves via special auctions earlier this year. More rigid controls along borders have also been extended into 2015, with flows from Viet Nam most notably held-up in the year to date, to which Myanmar's August ban on rice exports have been added. Reflective of these disruptions to unofficial deliveries, even if these are inherently highly unpredictable, imports by China (Mainland) are envisaged to reach 5.7 million tonnes in 2015, down 4 percent year-on-year.

Among other buyers in the region, the 2015 import forecast have been lowered for the **Islamic Republic of Iran** by 200 000 tonnes since July, to take account of the slow pace of deliveries witnessed to date. These now point to a 150 000 tonne decline in purchases relative to 2014, to 1.2 million tonnes. This would mark a second successive year of subdued purchases by the country, made possible by large stockpiles accumulated through sizeable imports



in previous years and successive favourable harvests. Likewise, improved domestic supplies are expected to curb shipments to **Turkey** to 300 000 tonnes in 2015. Imports by **Viet Nam**, consisting mainly of paddy from Cambodia, are expected to fall to some 500 000 tonnes, reflecting a more subdued demand for export.

By contrast, various countries facing local supply shortfalls are anticipated to step up purchases in 2015. This is primarily the case of the **Philippines**, which is seen buying 1.9 million tonnes in 2015, up 6 percent year-on-year, as officials move to refurbish stockpiles amid concerns over the impact of the El Niño on production. To this end, 1.0 million tonnes have been purchased by the National Food Authority since April. Import forecasts for the country, however, stand some 100 000 tonne lower than last predicted, reflecting the July outcome of WTO Minimum Access quota allocations to the private sector. At 600 000 tonnes, these fell 200 000 short of the total allowed volume. These quantities are subject to a 35 percent import duty and are to arrive in the country no later than 30 November 2015. Among other buyers in the region, a drought-impaired crop is expected to boost the volume delivered to the **Democratic People's Republic of Korea** to 130 000 tonnes. Deliveries to the **Republic of Korea** are likewise expected to rise by 80 000 tonne year-to-year to 460 000 tonnes, as a portion of the 2014 minimum access quota is anticipated to reach the country in calendar 2015. In the aftermath of an output shortfall, **Nepal** is also expected to increase its imports, so as to meet its consumption needs. Purchases by **Saudi Arabia** are also seen rising to 1.6 million tonnes, buoyed by attractive prices.

Largely based on the subdued outlook for 2015 crops in the region, FAO anticipates aggregate deliveries to Asian countries to hover around 22.3 million tonnes in calendar **2016**, 300 000 tonnes above current 2015 expectations. At a country level, the largest year-to-year gain is expected to concern **Indonesia**, which is provisionally predicted to import 1.3 million tonnes, or 400 000 tonnes more than currently expected for 2015. Underlying the increase are prospects of a poor start to the 2016 season in the country, given the prevailing drought conditions, which unfolded on the backdrop of already firm local quotations. This is even as the Indonesian Government remains staunchly committed to achieving rice self-sufficiency. This objective has been behind a preclusion of official imports to date this year, even if this has entailed that government held reserves fall short of the 2.0 million tonne floor desired in previous years. Under prevailing regulations, the state enterprise Bulog retains the sole right to import medium-quality rice, provided it does so outside the main crop harvest and subject to authorization by the Ministry of Trade. Other rice qualities imported by the private sector, including specialty rice and rice used as raw

material for processing, are subject to approval / recommendation by authorities. In this connection, officials have however announced that this last provision would be relaxed, in line with the de-regulatory measures announced as part of the economic stimulus package unveiled on 9 September 2015.

Next to Indonesia, import demand is also expected to remain firm in the **Philippines**, given prospects of El Niño related output losses. These have indeed already prompted officials in the country to source 500 000 tonnes through a September tender, to be delivered by the first quarter of 2016. On the whole, 2.1 million tonnes are envisaged to be consigned to the Philippines in 2016, 200 000 tonnes more than currently forecast for 2015. Faced with consecutive poor harvests, imports by the **Democratic People's Republic of Korea** and **Nepal** are similarly envisaged to rise to 250 000 tonnes and 610 000 tonnes, respectively. Smaller year-to-year increases are anticipated for various Near Eastern countries, including **Oman**, **Jordan**, the **United Arab Emirates** and, especially, the **Islamic Republic of Iran**, which may need to bring in 1.3 million tonnes to meet consumption needs and refurbish depleting reserves.

By contrast, several nations with more favourable seasonal turnouts or relying on ample inventories are expected to reduce their imports in 2016. For instance, another record harvest could enable **Bangladesh** to cut deliveries further next year, to some 700 000 tonnes. Bangladesh has in the past imported as little as 50 000 tonnes and the large volumes imported in recent years were mostly the result of wide price differentials with outside offerings, mostly from India. **Sri Lanka** too is envisaged to count on sufficient local availabilities to slash imports to 100 000 tonnes, although much will depend on the outcome of the 2016 season about to be launched. Sri Lanka has traditionally been self-sufficient in rice, recurring to large foreign purchases only in recent years and following severe output shortfalls. In the case of **China (Mainland)**, imports are forecast to be curtailed to 5.5 million tonnes, a reduction solely linked to official steps to rein in unofficial cross-border inflows. Indeed, considering the sustained strength of local quotations, imports are likely to remain an attractive option to local traders, a tendency that is also likely to underpin large formal imports into the country. In this connection, Thai officials report that China has already agreed to buy 1.0 million tonnes of Thai rice on a government-to-government basis, for shipment as of late 2015. The deal falls part of the memorandum of understanding reached between the two countries in late 2014, under which up to 2.0 million tonnes of rice would be purchased. Chinese authorities have meanwhile left the WTO agreed tariff-rate import quota for 2016 unchanged at 5.32 million tonnes, half of which is reserved to state-owned enterprises. On the other hand, purchases by

Japan are foreseen to hover close to 700 000 tonnes, in line with its commitment to the WTO, which in the case of the **Republic of Korea** stands at 410 000 tonnes.

All combined, countries in **Africa** are now envisaged to import a total of 14.1 million tonnes in calendar **2015**, 5 percent less than the record purchased the previous year. Singularly, **Nigeria** accounts for much of this contraction, with purchases now forecast at 3.0 million tonnes, 12 percent below a revised 2014 level. The fall comes amid difficulties posed by the slide of the Naira vis-à-vis the US dollar and policy measures put in place to shore up its currency value and encourage greater local production. The latter have come in the form of ban on foreign exchange access to rice importers. Moreover, controversy persists over duty payment arrears for imports conducted over quotas set under a dual tariff regime instituted by Nigeria's government in July 2014. The framework envisages up to 1.3 million tonnes worth of imports for the year ending in March 2016, granting a lower tariff of 30 percent to traders possessing processing facilities and backward linkages. This compares to a 70 percent rate levied on importers not invested in local production or processing. The regime is assessed to have facilitated greater direct rice deliveries to Nigeria in 2014. The country is a prime destination for parboiled rice, mostly originated from Thailand and India, but the bulk of its imports continue to be conducted unofficially through porous borders with neighbours with more lenient tariff regimes.

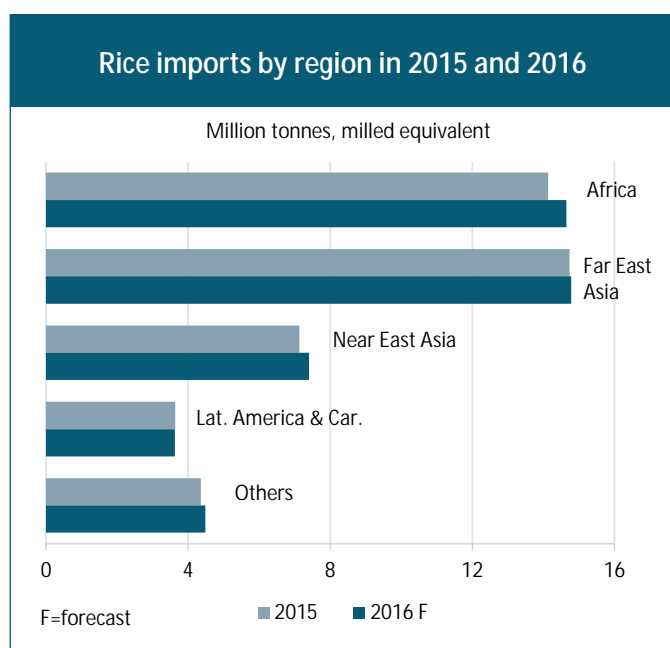
Next to Nigeria, the largest year-to-year import cut is forecast to take place in **Guinea**, where large consignments last year are estimated to have helped replenish stocks sufficiently to weather the combined shocks of output cuts stemming from the spread of the

Ebola virus and a weaker Franc. On these basis, forecast deliveries to the country are set at 400 000 tonnes, down 115 000 tonnes from the 2014 all-time high. In the case of the **United Republic of Tanzania**, a drop in purchases to 80 000 tonnes is associated with a bumper 2014 harvest. The latter has indeed encouraged the country to look increasingly outwards to place surplus produce. The move has however been tempered by the loss of preferential access to fellow East African Community (EAC) markets, namely Rwanda and Uganda, who assert since 2013 that these supplies constitute imports from Asian countries transiting through Tanzania, or being mixed with local supplies. Reduced imports are similarly envisaged to concern **Benin**, **Burkina Faso**, **Mauritania** and **Togo**, in the wake of good local crops. These would more than offset larger deliveries namely to **Liberia** and **Sierra Leone**, needed to compensate for Ebola related output shortfalls, and to **South Africa**, where up to 1.1 million tonnes are expected to be bought to replenish inventories in the context of firm maize quotations.

Volumes delivered to Africa are seen climbing to 14.7 million tonnes over the course of calendar **2016**, up 4 percent from current 2015 expectations. Underlying the forecast recovery are expectations of **Nigeria** stepping up purchases on the backdrop of output shortfalls and depleting rice reserves. Still, much uncertainty continues to cloud the country's policy environment, given the above stated controversy surrounding duty payment arrears, and the new administration's commitment to rice self-sufficiency, which included an electoral promise to fully ban rice imports. In the past, such measures have not served to inhibit imports, instead diverting more trade to unofficial channels. Nonetheless, barring a significant upturn and shift in foreign exchange policy, economic conditions in the country may not permit a very strong return of Nigeria to the international market. As a result, Nigeria's imports are forecast at 3.2 million tonnes, up 200 000 tonnes year-on-year, but well below the record 3.6 million tonnes taken in 2012. The import outlook for other African countries is also dampened by continuing Government resolves to cut reliance on imports. For instance, in **Senegal**, the authorities announced earlier this year that rice imports would be subjected to quantitative limits as of 2016, with import permits further linked to local purchases. With the same intent and encouraged by successive large crops, officials in **Mauritania** have more recently presaged steps to raise duties on rice to unspecified levels. Considering the favourable expectations for 2015 crops in both countries, 2016 imports by Senegal are seen falling by 5 percent to 1.1 million tonnes, while in the case of Mauritania these are set at a low of 90 000 tonnes. Beset by poor harvest results, both **Ghana** and **Cameroon** may nonetheless need to lift purchases over the year, with smaller year-to-year gains also envisaged for **Benin**, **Burkina Faso** and **Togo**. In



the absence of any substantial volume of local production, expectations are that import demand will also remain strong in **South Africa**, which may advance purchases to 1.2 million tonnes. In **Angola**, 470 000 tonnes are forecast to be needed to meet consumption needs. The Angolan Government has also launched steps to shore up domestic output, a move that will likely entail the maintenance of the import quota regime in 2016. The measure was instituted early this year, as a means to reduce reliance on oil revenue on the backdrop of falling world petroleum prices.



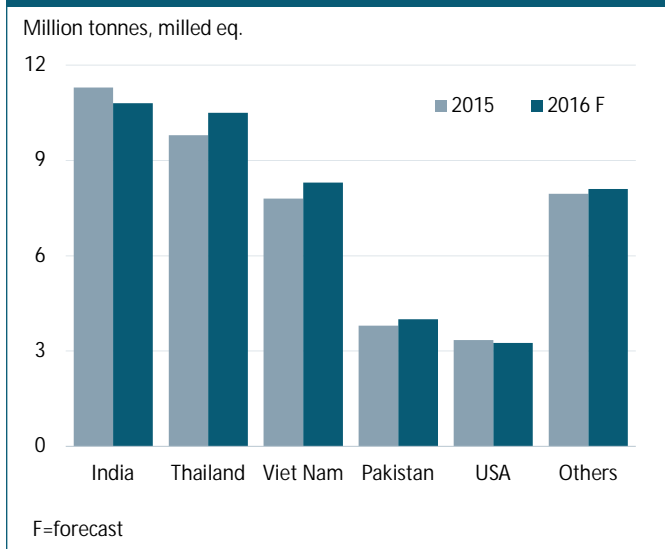
Countries in **Latin America and the Caribbean** are forecast to import 3.6 million tonnes in 2015, up 5 percent year-on-year, but 150 000 tonnes short of July expectations. The downgraded outlook stems from prospects of smaller purchases by **Brazil**, which has seen a combination of a good crop and a depreciating Real drive a 42 percent slump in cumulative deliveries by August to 230 000 tonnes. Based on this progress and assuming that seasonal tightness stimulates a pick up in the pace of inflows in the latter part of the year, imports by Brazil are accordingly forecast to slide 32 percent below 2014 levels, to 400 000 tonnes. The steep decline in the region's largest buyer looks set to be more than compensated by a surge of imports by **Colombia** to 330 000 tonnes, a volume needed to compensate for drought-related output losses. Smaller crops are also seen driving year-to-year increases in deliveries to various Central American and Caribbean countries, especially **Cuba**, **Haiti** and **Panama**, more than compensating for cuts associated with better production turnouts and greater protective measures, namely in **Costa Rica** and **Mexico**.

As for prospects in **2016**, import demand by Latin America and the Caribbean is expected to remain strong, with

volumes delivered largely steady at 3.6 million tonnes. At a sub-regional level, however, trade is likely to shift towards Central American and Caribbean countries, where supplies would be needed to compensate for drought induced output shortfalls. On these basis, imports by **Cuba** are expected to approach the 500 000 tonne mark, while shipments to **Haiti** could see a 4 percent year-on-year rise to 415 000 tonnes. A poorer production outcome may also entail an upturn in purchases by **Mexico** to some 670 000 tonnes. Yet, these gains would stand against prospects of cuts in South America. This is particularly the case of **Colombia**, which having refurbished stockpiles, may find itself in a position to cut imports to 200 000 tonnes. The forecast level would, however, still represent an above-average volume for the country, amid concerns over the impact of ongoing dry conditions on 2016 crops currently being planted. Given the deteriorating economic environment, purchases by **Brazil** are also seen weaker at 380 000 tonnes, a drop that is likely to hinder its ability to ship supplies abroad, especially if under the prevailing weakness of the Real domestic consumers favour rice over more expensive imported products. Barring major production setbacks, **Bolivia** and **Chile** may also see imports sliding to 20 000 and 125 000 tonnes, respectively. Instead, these are predicted to surge by 20 percent in the case of **Venezuela** to 360 000 tonnes, consistent with the downcast production outlook for the country. Imports by Venezuela, all conducted by the Government, have been primarily sourced from Guyana since 2011 under the PetroCaribe agreement. Close to 135 000 tonnes (milled basis) worth of shipments were negotiated as part of the accord this year. Yet, on the backdrop of territorial disputes between the two countries, it appears that the rice-for-oil accord will not be renewed with Guyana beyond 2015. Venezuela has instead moved to secure a similar rice-for-oil agreement with Uruguay this year, adding to a deal with Suriname conducted in 2014 within the PetroCaribe framework. Meanwhile, it remains to be seen whether the July approval of duty and charge exemptions on parboiled rice and paddy will translate into private sector purchases, given the foreign exchange problems besetting Venezuela.

In **Europe**, the **European Union** and Viet Nam concluded negotiations on a free trade agreement in early August. The agreed package envisages the establishment of a duty-free tariff rate quota for Vietnamese rice in the EU. While technical discussions and the final legal text remain to be finalized, industry sources indicate that this volume would consist of 30 000 tonnes of non-fragrant (milled), 30 000 tonnes of fragrant rice, and a further 20 000 tonnes of husked rice. The accord would further envisage a 50 percent reduction on the Euro 65 per tonne duty levied on broken rice, which would be progressively cut until it is fully removed over a five-year period following the implementation of the agreement. News of the accord

Rice exports by major exporters



have not been well received by the local rice industry, even if the reported size of the quota remains comparatively small, considering Viet Nam's export capacity. The discontent of the sector comes on the backdrop of unyielding growth in imports from Cambodia and Myanmar, under the Everything-But-Arms Agreement (EBA), and of pending negotiations between the EU and other major rice suppliers, namely India, Thailand and the United States. In the year ending in August 2015, EBA imports of semi/wholly milled rice amounted to 339 000 tonnes, up 23 percent year-on-year, with a further 157 500 tonnes of broken rice also received, mostly of which from Myanmar. Strong local demand is currently envisaged to lift overall imports by the European Union in 2015 to an all-time high of 1.7 million tonnes, with current expectations that this trend will continue into 2016, with 1.8 million tonnes delivered to the region. Meanwhile, official forecasts for 2015 import by the **United States** have been raised by 100 000 tonnes since July to an all-time-high of 800 000 tonnes, a level that is predicted to grow by 2 percent in 2016.

Exports

Thailand and Viet Nam to meet revival in global demand in 2016

FAO's revised **2015** export outlook points to global rice deliveries falling 1.3 million tonnes short of the 2014 all-time high to 44.0 million tonnes (milled basis). Among the major buyers, low buying interest is foreseen to impact Thailand the most, although more subdued import demand from its traditional buyers has also undermined Viet Nam's export performance. Prospects similarly point to negative results in Argentina, Australia, Brazil, Paraguay and Uruguay, with output losses and export restrictions

also expected to reduce deliveries by Myanmar. Meanwhile, attractive offerings in an even more fiercely competitive trade environment are ensuring that India's exports remain close to record levels, with Cambodia, China (Mainland), Pakistan, the United States and the Russian Federation all set to ship more than in 2014.

Based on the latest figures, global trade in rice will regain pace over the course of calendar **2016**, with internationally exchanged volumes expected to reach 45.0 million tonnes. Notwithstanding prospects of an even smaller crop, the larger availabilities still held in Government inventories mean that Thailand would be well placed to meet the resurgence in global demand. Larger needs by its traditional outlets should also enable deliveries by Viet Nam to rebound, with competitive prices also expected to boost shipments by Cambodia, Myanmar and Pakistan, along with those of the European Union and the Russian Federation. The opposite may be the case for India, which could see somewhat tighter availabilities erode its competitive edge, with Australia, Brazil, Egypt, Guyana, the United States and Uruguay all also seen shipping less, amid a combination of short supplies and/or less attractive prices.

Forecasts of 2015 shipments by **Cambodia** are set at 1.2 million tonnes, up 6 percent year-on-year. The year's growth is envisaged to be underpinned by growing direct milled rice deliveries, which would more than compensate for subdued demand for paddy by Thailand and Viet Nam, its two prime cross border destinations. In this connection, officials indicate that direct rice deliveries reached 342 000 tonnes in the first eight months of the year, up 46 percent year-on-year, buoyed by strong sales to China and the European Union. Although production is predicted to fall during the ongoing season, Cambodia is expected to rely on a large enough surplus to lift its purchases to 1.3 million tonnes in 2016.

In **India**, strong sales for parboiled rice to West African nations and of basmati to the Near East have more than compensated for a more subdued performance in the white rice sector this year. Thus, and although progressively weakening as the 2015 main season harvest nears, cumulative consignments in the first seven months of the year surpassed year-earlier progress by 850 000 tonnes, approaching the 7.0 million tonne mark. In line with this pace, FAO has raised its export forecast for 2015 Indian shipments to 11.3 million tonnes, implying an only small year-to-year contraction relative to the 2014 record. India has consistently defied all expectations of export retrenchments arising from tighter availabilities, as still above average crops and large stockpiles relative to pre-2011 levels have enabled it to offer supplies at consistently attractive prices. These same factors are behind expectations of Indian exports remaining large in 2016,

even if at smaller year-to-year levels of close to 10.8 million tonnes. The fall would be in line with prospects of weaker import demand in India's traditional white rice outlets, together with declining reserves, which could somewhat undermine its competitiveness, especially in the first part of 2016.

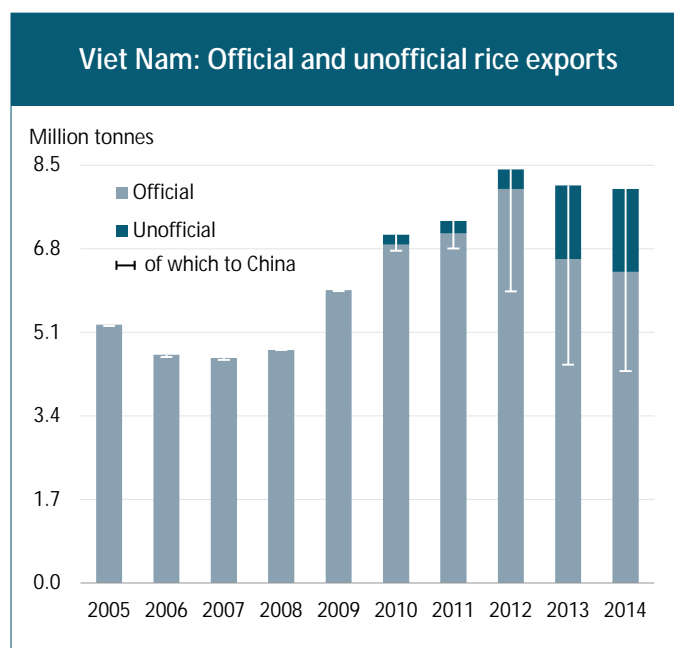
Exports by **Myanmar** witnessed a stellar rise in 2012, in tandem with China's emergence as a major global rice buyer, to which it has destined between 50 and 60 percent of its shipments since then, essentially all through cross-border trade. In 2014 alone, Myanmar delivered an all-time high of 1.7 million tonnes, of which close to 1.0 million tonnes to its north-western neighbour. Further buoyed by headway in the European Union, thanks to duty and quota free access provided by the Everything-but-Arms initiative, Myanmar's pace of outflows remained substantial into the first half of 2015, when cumulative deliveries approached the 1.0 million tonne mark. The outlook has since deteriorated, under the combined effects of China's clamp down on border trade and the August imposition of a ban on rice exports. The prohibition lasted into mid-September for seaborne shipments, but will continue until 15 October 2015 in the case of overland deliveries. The move was designed to avert further pressure on domestic quotations, which had registered steady gains in the aftermath of the widespread floods in July/August. Reflective of these disruptions, FAO anticipates shipments by Myanmar to decline to 1.6 million tonnes in 2015. Yet, provided supply availabilities are not further impinged, and considering expectations of still strong demand for its competitively priced supplies, exports by Myanmar are provisionally forecast to stage a 6 percent annual recovery in 2016 to 1.7 million tonnes.

Pakistan's pace of deliveries has also remained buoyant to date, with a total 2.5 million tonnes shipped by August 2015. This would be 5 percent ahead of progress a year earlier, with all of the gain sustained by greater exports of non-basmati rice. Indeed, fragrant sales continue to be challenged by competition with India. Yet, the sector has received a boost by news of a potential resumption of sales to the Islamic Republic of Iran, including under a resuscitated barter agreement plan. The latter would have rice shipped as payment for Pakistan's electricity arrears to the Near Eastern nation. Iran once accounted for up to 330 000 tonnes of Pakistani exports, a share that progressively declined to just 6 000 tonnes in 2014, amid difficulties in completing payments due to financial sanctions on Iran. On the whole, Pakistan is still expected to ship 3.8 million tonnes in 2015, up from a revised estimate of 3.6 million tonnes for the previous year. Considering expectations of ample availabilities at hand, which would permit it to maintain its competitive edge, this volume is predicted to rise to 4.0 million tonnes in 2016.

Of all the major rice suppliers, the projected contraction in 2015 world trade in rice is anticipated to impact **Thailand** the most. The country has to-date shouldered much of the retreat of important West African buyers from the international market. This is mostly so in the parboiled and broken segments, where price-sensitive African buyers have turned towards India for supplies. Greater sales to Asian outlets via Government-to-Government channels, including to the Philippines and China (Mainland), have only partially compensated for loss of this African market, thus keeping progress of Thai deliveries in the first eight-months of the year 11 percent behind year-earlier levels. Although large volumes are still being held in public granaries, these have provided little relief. Indeed, Thai officials continue to face competing priorities: liquidating the stockpiles swiftly in order to avoid further financial losses, while also not negatively impacting prices, already depressed by subdued global demand. As a result of these factors, Thailand is now envisaged to see 2015 shipments fall to 9.8 million tonnes. FAO's outlook for 2016 Thai shipments is more positive, pointing to a 7 percent year-on-year recovery to 10.5 million tonnes. The upturn is consistent with expectations of even greater needs by Asian buyers, including China (Mainland), following indications of a further 1.0 million tonne G-to-G sale to be shipped starting in the latter months of 2015. Provided that the contraction in 2015 Thai output does not again hinder its competitiveness and considering the expected tightening of availabilities in competing India, scope would also exist for part of the African market losses to be recuperated in 2016.

Historical figures of rice shipments by **Viet Nam** have been revisited since July, in order to incorporate estimates of unofficial cross-border outflows, which were unaccounted for in data previously reported. Rising demand for more affordable low and medium quality supplies by China (Mainland) stimulated a divide in the structure of Vietnamese rice shipments in 2010, when a new front of unrecorded deliveries across northern borders with China emerged. Yet, it was only in 2013, when weak buying interest from other major Asian outlets and growing rivalry for shipments to African countries, encouraged traders to destine considerable volumes, up to 1.5 million tonnes, to China across borders. Notwithstanding the inherently precarious nature of these flows, exposed to limited financial instruments and intermittent border closures, in part due to geo-political factors, unrecorded outflows are assessed to have grown to 1.7 million tonnes in 2014, adding to the 2.0 million tonnes of official shipments to China registered that year. These developments underscore the importance of China as a Vietnamese outlet for rice at a time, however, when China's efforts to clamp down on smuggling, and more recently adverse currency movements, have tended to slow the pace of unofficial deliveries. While smaller shipments from

Myanmar may provide some room for Vietnamese cross-border outflows to regain lost ground, on the official front, 2015 has also seen Viet Nam's foothold in China challenged by Thailand and Cambodia. Increased competition has also been behind trailing deliveries to the Philippines, once nearly solely supplied by Viet Nam. As a result, FAO's forecast of 2015 total exports by the country is now set at 7.8 million tonnes, down 3 percent from 2014 and representing a three-year low.



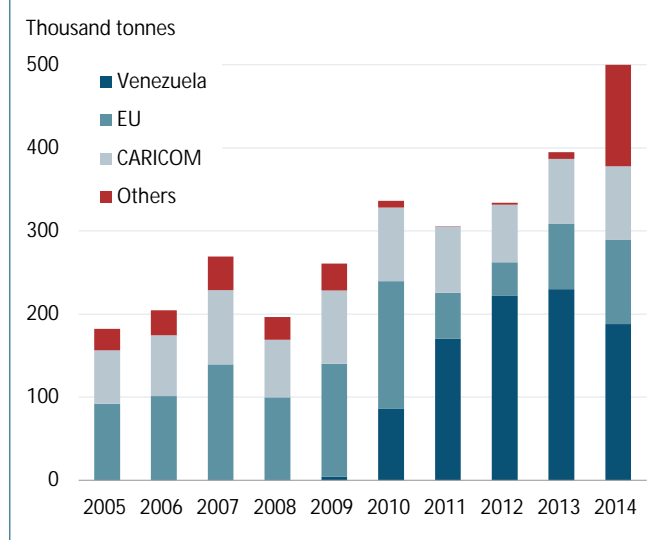
As to prospects for 2016 deliveries by Viet Nam, these remain rather tentative, given that much will depend on the size of 2016 crops, just being planted. Assuming a normal unfolding of the season, which should enable Viet Nam to remain a competitive origin, 2016 exports are seen rebounding to 8.3 million tonnes. The 6 percent year-on-year recovery is expected to be sustained by an upturn in official deliveries to traditional Asian markets, such as the Philippines and Indonesia, although further inroads are expected to be made in African outlets, especially those requiring fragrant varieties. These would be necessary to offset cuts in unofficial outflows resulting from Chinese efforts to rein-in cross-border trade.

In the Americas, officials have trimmed forecast of 2015 exports by the **United States** by 100 000 tonnes to 3.35 million tonnes. The revised level would continue to suggest a 12 percent year-on-year upturn, facilitated by easing export prices and particularly strong sales to Latin American and Caribbean markets. Official expectations are less positive for 2016, at 3.25 million tonnes, consistent with prospects of tighter supply availabilities, which may once more hinder its ability to compete with Asian suppliers in the long-grain segment. Following progress towards normalizing relations with Cuba this year, the US rice industry has been encouraged by recent news of an

imminent conclusion to a 15-year long process geared at securing the phytosanitary protocol necessary to begin shipments to China. The sector would be positive about its ability to tap into Chinese demand for high-quality rice, even at a premium over other Asian suppliers that enjoy an advantage in China's market due to proximity and well established commercial ties.

Export prospects have deteriorated for a number of South American origins. This has been especially the case of **Argentina, Paraguay and Uruguay**, which have seen sales to date tumble in the wake of deteriorating economic conditions in the region's largest single market, Brazil, and heightened competition in the Near East. Rice shipments by Argentina are accordingly now seen sliding to an 11-year low of 300 000 tonnes in 2015, whereas these are placed in the order of 380 000 tonnes for Paraguay and at 850 000 tonnes for Uruguay. Current expectations are also that **Brazil** will see 2015 shipments fall, although by a less pronounced margin of 4 percent to 800 000 tonnes, owing to a steep currency fall of the Real, which has enabled it to continue performing well in markets such as Cuba, Senegal, and in particular Iraq. Looking further ahead, the export outlook for most of these suppliers is dampened by early indications of potential output cuts under the combined effects of tight margins and unfavourable weather conditions. While **Argentina** could count on sufficient availabilities on store to shoulder such a cut, **Brazil, Paraguay and Uruguay** could all see a second year of export retrenchments, should their competitiveness be further undermined by tight supplies. Prospects are also negative for **Guyana**, especially if news of the lack of renewal of the PetroCaribe rice-for-oil barter agreement with Venezuela beyond 2015 are confirmed. This would indeed represent quite a loss, as although Guyana has made progress in recovering ground in the EU and in expanding sales in Central America in recent years, Venezuela has alone accounted for over half of Guyanese deliveries since 2011. Assuming efforts to find alternative markets, including Cuba and African countries, are partly successful, Guyana's shipments are currently seen incurring a 14 percent year-on-year shortfall to 450 000 tonnes in 2016.

Guyana: Exports by main destination



Among other suppliers, most of which engaged in Japonica trading, good crops and favourable currency movements should aid the **European Union** and the **Russian Federation** to advance their export positions further in 2016. The opposite is expected to be the case of both **Australia** and **Egypt**, given expectations of poor output results in both nations. In the case of the latter, it also remains unclear whether milled rice exports will continue to be limited by stringent conditions. Indeed, news that an export ban would be restored as of 1 September 2015 were followed by official statements that would instead have up to 1.0 million tonnes allowed to be shipped abroad. These volumes would be free of the previously applicable obligation to furnish the General Authority for Supply Commodities with a tonne of rice for every tonne exported, but still subject to an export tax that is yet to be determined. Egyptian milled rice exports have been kept well below the 1.2 million tonne record attained in 2007 by intermittent bans and/or onerous conditions, as authorities strive to ensure sufficient supplies are available for domestic consumption, while concomitantly discouraging production due to water scarcity. Large volumes have nonetheless continued to make their way out of the country unrecorded.

RICE UTILIZATION AND DOMESTIC PRICES

A 5.3 million tonne rise in global food intake sustains expansion in world rice utilisation

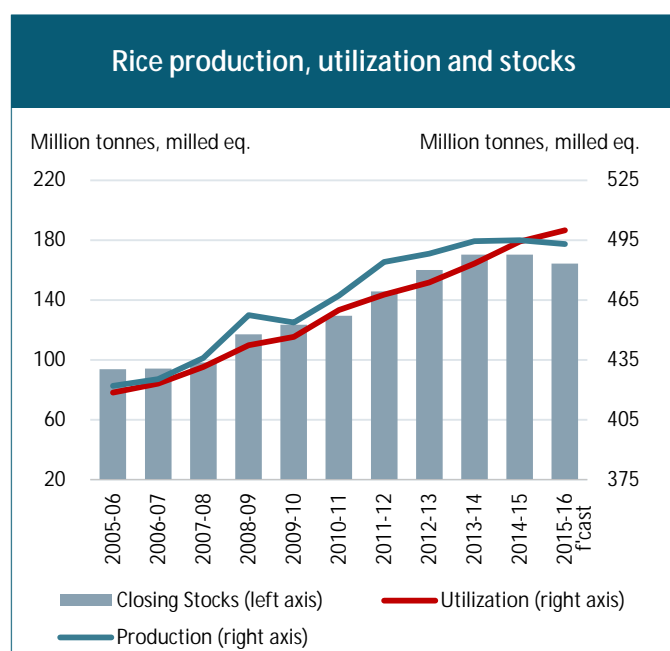
Since the July issue of the RMM, FAO has revisited its estimates of rice utilization in key global players, consistent with efforts to improve global supply and demand assessments under the Agricultural Market

Information System (AMIS) initiative.⁵ These have included adjustments to the definition of national marketing years and respective trade figures, but also a re-assessment of parameters underlying national domestic utilization estimates. These amendments coincided with a revision in the world's forecast population, assessed at 7.3 billion as of mid-2015 by the UN's 2015 Revision of World Population Prospects. As a result of these changes, global rice utilization in 2015/16 is now pegged at 499.9 million tonnes (milled basis), 5.6 million tonnes over the year-earlier estimate and an all-time record. Looking at the individual use components, FAO's estimate of quantities consumed as **food** has passed from a 2014/2015 level of 397.0 million tonnes to 402.3 million tonnes this year. Combined with said revision in the world's projected population, this has positioned the **global per capita food use** estimate at 54.7 kilos per person, up slightly from a revised figure for 2014/15 of 54.6 kilos, suggesting that global food intake is likely to keep slightly ahead of population growth this year.

Global estimates of quantities used as animal **feed** have been raised to 18.6 million tonnes. Yet, rice feed use in 2015/16 is still assessed to account for less than 4 percent of global rice utilization, underscoring the predominant use of rice as food, which often stands as an uneconomical feed ingredient, particularly for commercial operators. At a country level, estimates were lifted for Bangladesh to close to 650 000 tonnes based on results of a 2010 survey. This volume would nonetheless account for less than 2 percent of overall production and be mostly confined to smallholder on-farm use. Estimates of feed were also lifted somewhat for China (Mainland) and placed stable year-on-year at 11.0 million tonnes. Use of rice for feed in China predominantly occurs in the south and the lower Yangtze, concerning mostly lower quality Indica crops fed to pork and poultry. Feed use in China is assessed to account for an only modest share of domestic utilization, less than 8 percent, after having steadily declined since the early 2000's, especially in the context of the high producer price policy pursued by Government. A more recent pickup in feed use in the country is mostly linked to the large inflows of more affordable supplies entering from Viet Nam and Myanmar. In the case of Japan, up to 1.2 million tonnes of rice are now expected to be destined to animal feed in 2016. This would be consistent with an official push to promote the substitution of table rice production with rice specifically cultivated for feed, further to official stock releases to this sector. The move is designed to alleviate pressure arising from steady declines in per capita food use and a shrinking population, while concurrently cutting reliance on imported feedstuffs, especially maize. Such efforts are stimulating greater feed rice cultivation in the country. In 2014, feed rice output was placed at 162 000

⁵ For more information concerning the Agricultural Market Information System (AMIS) visit: www.amis-outlook.org.

tonnes, up from a mere 7 000 tonnes in 2008, with the Japanese Government targeting it to reach close to 1.0 million tonnes by the fiscal year ending in March 2026 through targeted subsidies. In the case of Thailand, feed use in 2016 is now placed at 2.2 million tonnes, considering the declines in domestic quotations witnessed in the two most recent years which, aided by Government stocks releases, have considerably narrowed the price differential of broken rice relative to maize quotations in the country.



As for **other uses**, namely seed, non-food industrial and post-harvest losses, forecasts for 2015/16 now stand at 79.0 million tonnes, up marginally from 2014. Historical figures were also revisited for China (Mainland), with other uses combined expected to absorb 22.9 million tonnes, up 4 percent from the previous year. The revision seeks to account for a faster pace of growth in non-food industrial uses than previously envisaged. Although rice liquor accounts for the bulk of industrial uses in China, production of rice based starch and protein concentrate has witnessed a rapid growth. Industry assessments indicate that close to 3.0 million tonnes were destined to this purpose alone in 2012, a near five-fold increase from ten years earlier, as by-products of the milling industry, in this case broken, become an increasingly competitive alternative to more expensive sugar and maize inputs. Officials in Viet Nam also report an upbeat expansion in the use of rice for liquor production, with nearly 1.6 million tonnes expected to be absorbed for these purposes in 2016. In the case of Thailand, estimates of other uses were raised to close to 7.4 million tonnes, to account for higher expected post-harvest losses and use of rice for ethanol production. As with feed use, the Government's push to liquidate the hefty stockpiles accumulated in previous years through the paddy pledging program is

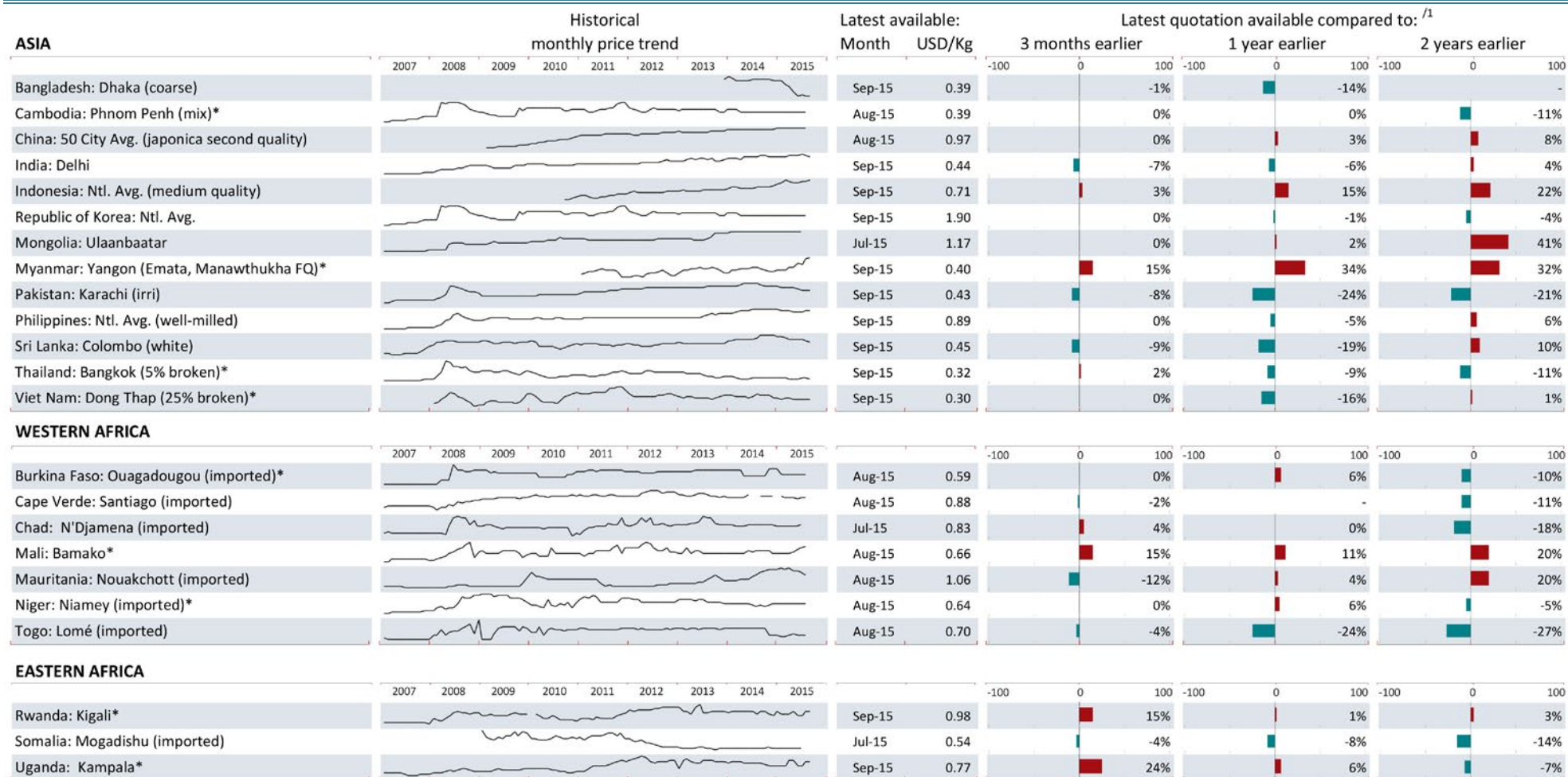
expected to aid such an increase, a portion of which no longer fit for human consumption. This is even as efforts to ensure that supplies are not re-diverted to food uses have recently entailed the postponement of plans to release 1.29 million tonnes of deteriorated rice from Government stockpiles for use in these two sectors.

Turning to **retail/wholesale** price developments in recent months, quotations were steady to weaker across much of **Asia**. The tendency for prices to subside relative to levels registered three months earlier was especially evident in India, where the arrival of a better than expected Rabi crop, together with a recent ebbing of export demand, exerted some downward pressure on prices. Large carry-overs from a record 2014 harvest, compounded by weak buying interest abroad, was similarly behind steady falls in Pakistan. Quotations in Sri Lanka also maintained their downward trajectory, consistent with the arrival of bumper Yala harvest and Government steps to enhance access to supplies to vulnerable groups through a cut in the price of subsidized rice sold in public outlets. Myanmar was the most notable exception to this regional tendency, with a spike in local quotations registered in the aftermath of damages inflicted by extensive floods in July and August, adding to pre-existing upward pressure applied by large outflows mostly to China (Mainland). Although less pronounced, quotations in Indonesia also remained strong, actually regaining part of the strength shed in the aftermath of the 2015 main crop harvest. The strength comes amid concerns over the impact of unseasonable dryness on the offseason season crop, just being gathered. These added to gains registered earlier in the year under the combined effects of low carry-overs, harvest delays, and general inflationary pressure associated with this year's removal of fuel subsidies and a weaker Rupiah. Against this backdrop, officials have announced that, in an effort to assist vulnerable groups, two extra rations of rice would be distributed in 2015 to the 15.5 million beneficiary households of the state's rice-for-the-poor (Raskin) program. This would be further to open market sales of state inventories being conducted.

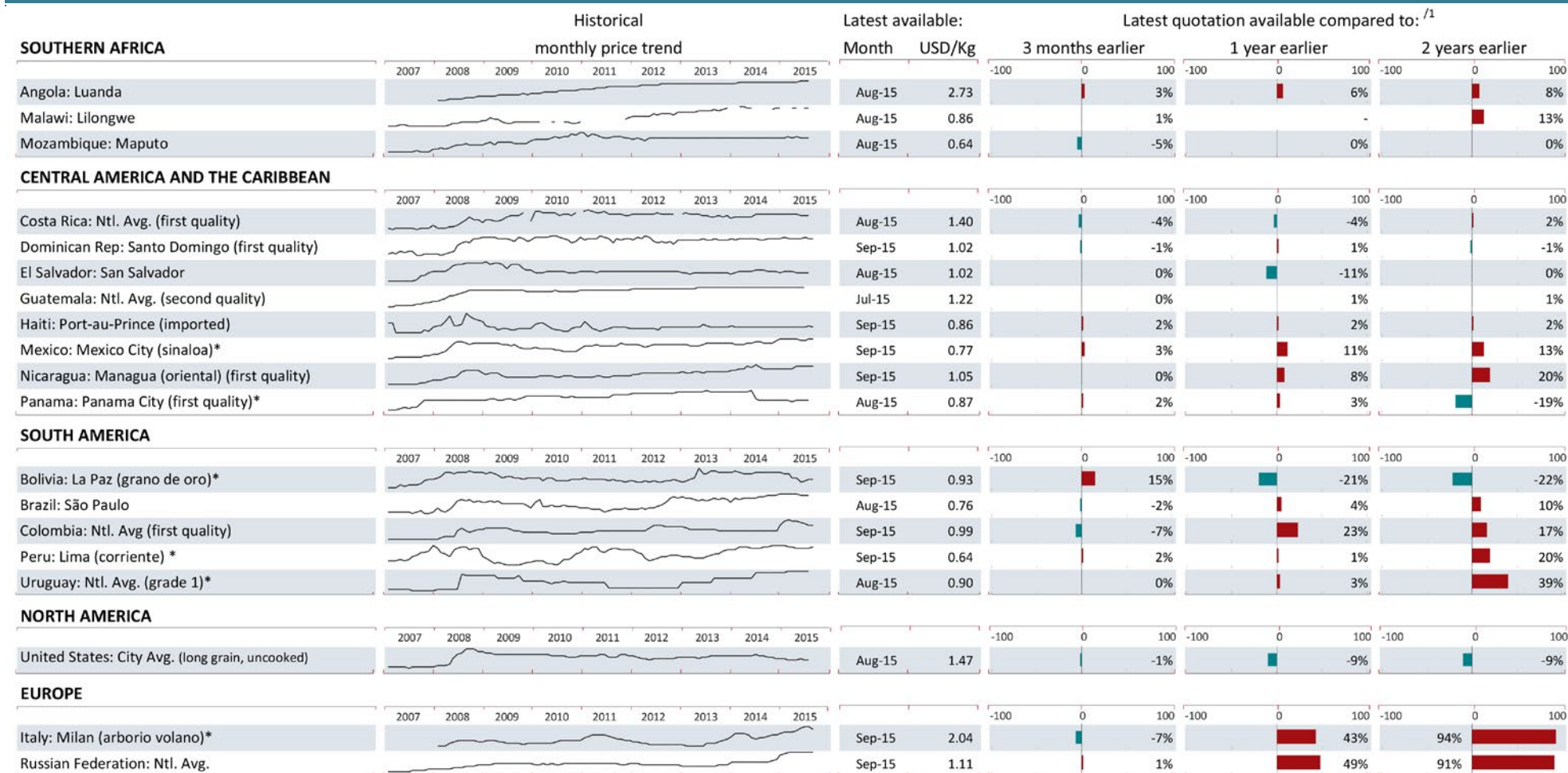
Domestic price trends were more mixed in **Africa**. A reduction in local supply availabilities tended to support quotations in Chad and Malawi, but gains were particularly pronounced in Mali, Rwanda and Uganda. In the case of Mali, the rise came during the traditional lean period, in preparation of which authorities had approved trade facilitating measures, including the exemption of duties on 120 000 tonnes of imported rice. As for Rwanda and Uganda, the upswings were likely underpinned by seasonal tightness, with pressure added in Rwanda by higher fuel costs and a weaker local currency. Meanwhile, a bumper harvest was behind easing quotations in Mauritania, while in Mozambique the weakness came amid steady purchases from abroad. In **Latin America and the**

Caribbean, quotations tended to subside mostly in Colombia, aided by an improved local supply situation and large imports. Seasonal tightness instead lent support to quotations in Bolivia, which reverted part of the heavy losses registered earlier in the year due to a good harvest and large imports. *Elsewhere in the world*, quotations in the Russian Federation stabilised around highs reached in earlier months, with harvest pressure instead leading to easing prices in Italy.

DOMESTIC RICE PRICES IN SELECTED COUNTRIES



DOMESTIC RICE PRICES IN SELECTED COUNTRIES



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

* Wholesale prices.

Sources: FAO/GIEWS GIEWS Food Price Data and Analysis Tool; Korea Agricultural Marketing Information Service (KAMIS); Japan Ministry of Agriculture, Forestry and Fisheries; U.S. Bureau of Labor Statistics (BLS); Associazione Industrie Risiere Italiane (AIRI). Please note that prices shown are comparable over time, but not across countries, as they may refer to different stages of the marketing chain (e.g. retail versus wholesale prices), different rice types (e.g. aromatic versus non-aromatic) or different qualities of rice (e.g. fully broken versus 5% broken).

CLOSING STOCKS

Poor crops to trim rice carry-overs in the major exporters by 10.6 million tonnes in 2016

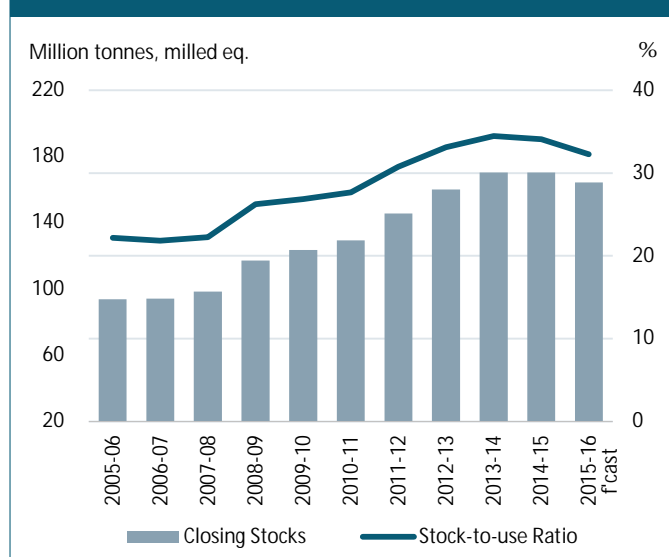
FAO's forecast of global rice inventories at the close of marketing years ending in 2016 has undergone a 5.1 million tonne downward revision since July. The adjustment stems from a combination of poorer expected crops, as in the case of Cambodia, the Lao People's Democratic Republic and the United States, and prospects of more subdued purchases from abroad, namely in Brazil and the Islamic Republic of Iran. More buoyant export forecasts also led to downscaled figures for India, more than offsetting upward revisions owing to expectations of fewer deliveries by Argentina and Thailand, and in Sri Lanka due to a larger than expected crop. Some stock adjustments were also rooted in changes to underlying parameters used by FAO to draw supply and demand assessments. For instance, a 3.8 million tonne cut in forecasts for China (Mainland) derived from higher estimates of non-food industrial uses, whereas the adoption of lower official milling rate, together with the inclusion of unofficial cross-border outflows in export estimates lowered carry-overs in Viet Nam. Smaller revisions concerned Bangladesh, the Republic of Korea, Myanmar, Nigeria and Pakistan, much of which due to amendments to national marketing year definitions and related trade figures. Instead, estimates were raised for Japan based on official indications concerning volumes held in Government store.

As a result of these amendments, world rice carry-overs in 2016 are now envisaged to end 5.9 million tonnes, or 3.5 percent, below their opening level at 164.3 million tonnes (milled basis). This would position the global **stocks-to-use**

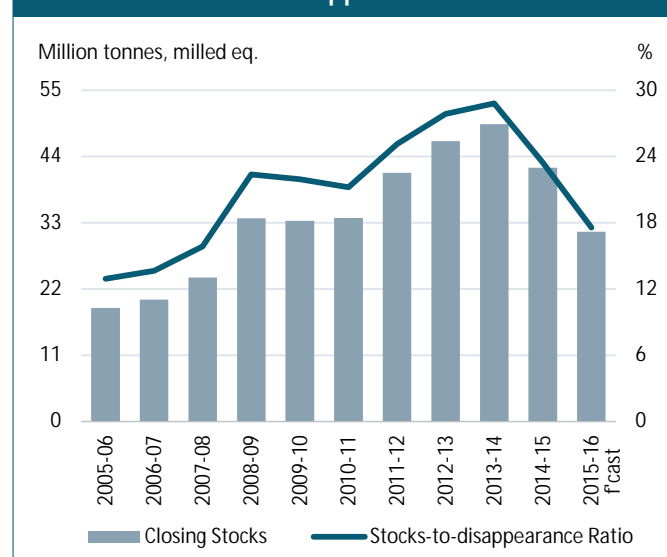
ratio at 32.3 percent, down from an estimate of 34.1 percent for 2015. The draw-down remains projected to concentrate in **developing countries**, which combined may close the season holding 3 percent less in store, or 158.5 million tonnes. Nevertheless, rice carry-overs in **developed countries** are now seen staging a more pronounced retrenchment, passing from an estimate of 6.2 million tonnes in 2015 to 5.9 million tonnes in 2016.

Given current expectations that much of 2015's production cut will concern this group, the **five major rice exporters**⁶ look set to lead the season's global stock draw-down. Combined the group is predicted to trim reserves by 10.6 million tonnes to 31.5 million tonnes. This would represent the lowest amount held by the group since 2007/08, while still standing nearly 8.0 million tonnes over the level recorded at the close of that year. This would reflect to a large extent the still sizeable state reserves held by both India and Thailand. At a country level, much of this cut would reflect expectations of smaller inventories in **India**, consistent with two consecutive output reductions and large exports. Forecasts of 2016 rice reserves held by the country are set at 14.5 million tonnes, down 6.0 million tonnes year-on-year, with the cut expected to concern both private and public sector reserves. The latter considers the large releases conducted under state welfare programs, which are helping trim down public reserves, even if these are still likely to stand over the mandated floor of 10.2 million tonnes. Indeed, officials aim to absorb up to 30.0 million tonnes of local supplies in the year ending in October 2016 to meet these program needs. Whilst 5.0 million tonnes less than the 2014-15 objective, if fully realized, this level would still account for close to 30 percent of projected 2015 output. Amid prospects of an even poorer crop, a 4.5 million tonne

Global closing stocks and stocks-to-use ratio



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



⁶ India, Pakistan, Thailand, the United States and Viet Nam.

reduction in rice reserves is also envisaged to take place in **Thailand** to 11.7 million tonnes. This level compares to the 6.3 million tonne assessed for 2011, ahead of the paddy-pledging program's implementation, with the volume expected to remain large especially if less competitive prices relative to other origins continue to curb Thailand's export performance. Supplies held in state granaries in Thailand were still placed at 13.5 million tonnes by early September, as official release plans were slowed by low domestic and global quotations, combined with concerns that degraded supplies meant for industrial purposes would be re-diverted to food markets. Among other countries in the group, expectations are that **Pakistan** will count on sufficient supplies to meet export commitments without tapping into its still comparatively large stockpile of 900 000 tonnes, while in **Viet Nam** a small, 2 percent, gain is associated with a poor export performance. Officials in the **United States**, meanwhile, indicate that on the backdrop of a weather reduced crop, rice closing stocks in the country are likely to end at 1.3 million tonnes in 2016, down from a record of 1.6 million tonnes in 2015. Based on these tendencies, the major exporter's **stock-to-disappearance ratio**⁷ is predicted to pass from 17.6 percent in 2015/16, down from 23.4 percent a year earlier.

Rice carry-overs by rice **importing countries** remain projected to contract by 4 percent to 30.7 million tonnes in 2016. Among the major buyers in this group, **Bangladesh** may see the largest drop, considering the hefty reserve accumulated through large imports and a sizeable crop the previous year, which may enable it to meet consumption needs while importing less. Forecasts of rice reserves in the country are accordingly pegged at 6.7 million tonnes, down from a 2015 high of 7.3 million tonnes. In the case of the **Democratic People's Republic of Korea** and **Nepal**, forecast inventory cuts are instead associated with poor production outturns, while even smaller purchases from abroad may entail that the **Islamic Republic of Iran** also continue cutting its reserves down for the third straight year. Based on prospects of reduced imports, combined with still substantial deliveries abroad, officials in **Brazil** point to an even lower rice carry-out of 456 000 tonnes. This would stand 18 percent below the 2015 level and represent less than a third of the reserve held just four years prior. To a large extent, this decline reflects progressive cuts in government held stockpiles. These passed from an eleven-year high of 1.2 million in February 2012, when depressed prices led to large official domestic purchases, to just 90 000 tonnes by the close of February 2015. Current indications are also that a reduced crop and low imports will require that **Nigeria** draw its reserves down in order to meet consumption needs of a fast expanding population. Assuming a pick-up in imports over the course of 2016, rice closing stocks in the country

are seen falling 30 percent below their opening level to 700 000 tonnes.

Meanwhile, inventories by **Indonesia** are seen ending at 6.5 million tonnes, somewhat over the 2014 reduced level of 6.3 million tonnes, but pointing to a much less comfortable reserve than envisaged last July. This is primarily so given the deterioration in crop prospects in the country owing to drought, but also expectations of falling state reserves, given official decisions to expand distribution under the public welfare program in the last months of 2015. Notwithstanding forecast output cuts, a declining trend in local rice consumption is expected to entail a third successive year of stock re-building in the **Republic of Korea**, whereas in **Japan** efforts to divert supplies to non-food uses may help compensate for a similar tendency. Thus, reserves in Japan are seen steady year-on-year at 3.7 million tonnes. A bumper crop is instead likely to boost carry-overs in **Sri Lanka** to an all-time high of 700 000 tonnes, whereas official efforts to compensate for drought induced output cuts through imports may keep inventories in the **Philippines** largely unvaried at 2.6 million tonnes.

INTERNATIONAL PRICES

Downward pressure on international rice prices unabated as demand lapses

International rice export prices have continued to soften since June, even as the 2015 season in the northern hemisphere began to unfold under considerable climatic uncertainties. The bearish tone came amid a lapse in import demand, which was exacerbated by currency depreciations in key global rice suppliers. This resulted in the FAO All Rice Price Index touching 206 points in September, down 3 percent from values recorded last June and marking the thirteenth month of uninterrupted falls. With large carry-overs adding pressure, low quality Indica and aromatic prices were particularly impacted by reduced buying interest, as reflected in their sub-indices shedding 7 percentage points each to 176 and 168 points respectively since June. Only japonica varieties remained unaffected by the market weakness, with some support lent in this segment by prospects of even tighter supply availabilities owing to drought in Australia and California. From an annual perspective, the January-September value of the FAO All Rice Price Index is down 9 percent year-on-year, with the fall reflecting weak Indica and Aromatic rice quotations.

In **Thailand**, export prices drew some support in July from concerns over the impact of unseasonable dryness on main-crops. But this tendency proved short-lived, with a lack of fresh sales, coupled with a depreciating Baht, causing rice export quotations to reverse all gains the

⁷ Defined as the sum of the five major exporters' stocks divided by the sum of the five countries' domestic utilization plus exports.

following month. The downward streak was extended into September, when the award of a 300 000 tonnes tender by the Philippines failed to prop-up prices. Benchmark 100% B rice is as a result quoted at USD 367 per tonne, down 5 percent from June values and at its lowest since November 2007. The weak undertone was also evident in the parboiled segment, which, barring a brief July interlude, saw a retreat of important West African buyers and intense competition with India drive steady falls in quotations since the earlier part of the year. On the backdrop of sluggish demand, interest in supplies held in public granaries also waned. The Government's sixth auction of 2015, conducted in September, secured the sale of only 34 percent of volumes offered. This latest tender brought cumulative volumes released by Thai authorities into the market since January 2015 to 3.9 million tonnes, out of a total of 5.9 million tonnes put to auction.

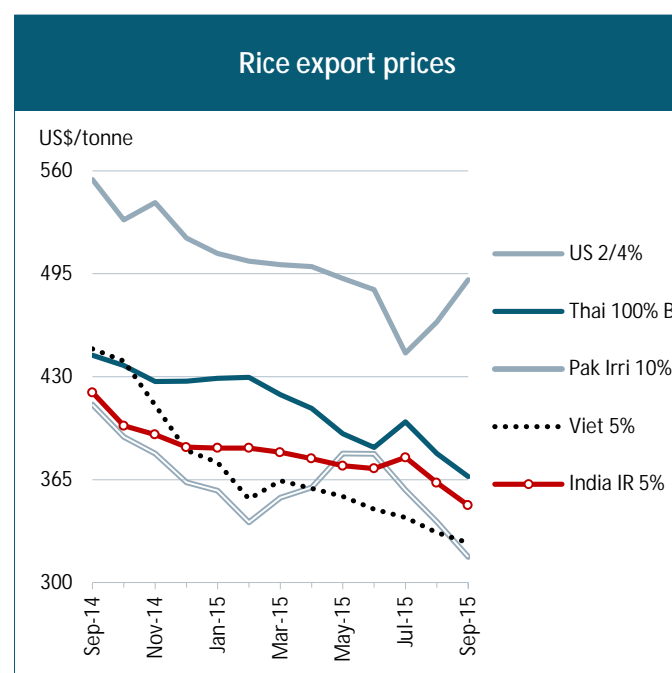
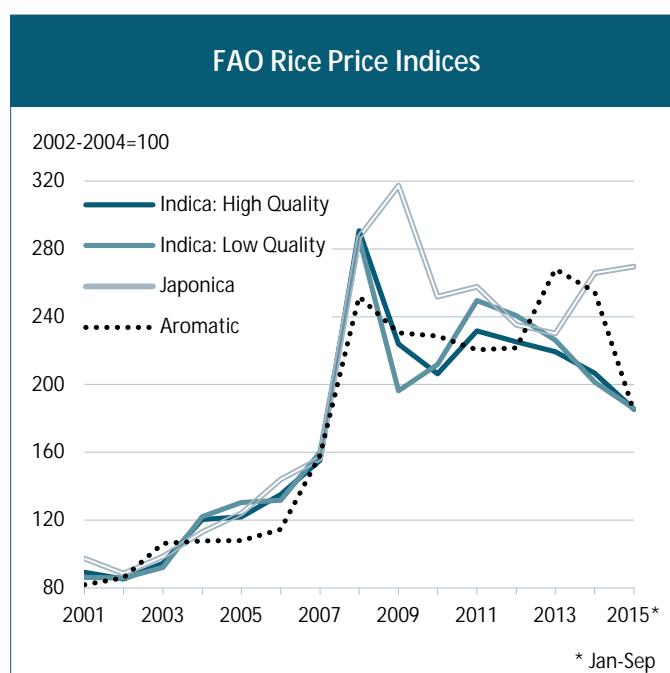
Contrary to trends in all other major origins, long-grain prices tended to strengthen in **United States**. US N.2 4% edged up to USD 491 per tonne by September, reverting previous months' easing, as yield expectations deteriorated on growing evidence of the impact of an unseasonable spring climate and excessive summer temperatures on crops. Regular sales to Latin American and Caribbean markets and to the Islamic Republic of Iran lent further support to quotations in this segment. This tendency, along with the concurrent easing of Thai quotations, widened the gap between the two countries' offers, with US N.2 4% now carrying a USD 124 premium over the comparable Thai 100% B quality. This compares to a USD 44 premium recorded just two months earlier, itself representing a 28-month low. The medium-grain market was less eventful, with US N.1/4 ruling largely steady at USD 840 per tonne, amid generally slow trading

activity.

Rice export quotations have fallen steadily in **Viet Nam**, depressed by a combination of thin buying interest, summer-autumn crop harvests and a third Dong devaluation in August. Offers were also influenced by a sluggish pace of unofficial exports across borders with China through August, given setbacks associated with China's efforts to clamp down on smuggling and the Yuan's unexpected August devaluation. As in Thailand, the partial award of a 450 000 tonne delivery to the Philippines in September lent little support to Vietnamese quotations. It did, however, encourage a re-establishment of minimum export prices of 25% broken to July's level of USD 340 tonne, after these were adjusted downward by 3 percent in mid-August.

Despite large deliveries abroad and ongoing government procurement activities, **India** was not fully immune to the generally bearish market sentiment. In the Indica segment, 25% broken rice shed 6 percent of its June value to arrive at USD 325 per tonne. Declines were most evident since August, when demand for export ebbed and the Rupee slid to multi-year lows. Owing to firmer buying interest from West African buyers, offers held more ground in the parboiled segment, where IR64 PB5% was just 1 percent down from June at USD 360 per tonne. In the fragrant segment, quotations actually regained ground, underpinned by strong demand from Near Eastern buyers. Pusa Basmati stands 3 percent over June quotes at USD 1 238 per tonne, comparable to its value at the start of the year, but still well under the USD 1 925 per tonne recorded in January 2014.

Among the major rice origins, **Pakistan** witnessed the



steepest price declines, as sales to traditional African buyers proved insufficient to offset pressure mostly from large carry-overs. Offers of 25% broken have accordingly slid 12 percent below June levels to USD 303. The fall was in the order of 17 percent for IRRI 10%, now quoted at its lowest since June 2007, at USD 316 per tonne. Basmati quotations instead ruled steady through August, edging down somewhat only in September to USD 855 per tonne instead, as a result of low buying interest.

As to prospects in the coming months, international rice export prices could come under further pressure from the arrival into the market of main-crop harvests in northern hemisphere countries. Yet, demand side factors are likely to continue to prove key in shaping price developments. While a return of important traditional importers to the market due to output reductions, in part associated to ongoing El Niño conditions, could lend support to international prices, these prospects will need to be weighed against the concurrent potential of sustained restraint from traditional large buyers with continuing self-sufficiency resolves or whose ability to source supplies from abroad has been checked by deteriorating economic conditions and related currency depreciations. Foreign exchange developments will also remain influential on the supply side, as weaker currencies could help cap pressure on prices applied by an otherwise tighter supply situation. In this connection, policy developments concerning the disposal of the stocks held by Thailand and India will also need to be watched as, albeit declining, these remain sizeable thus continuing to influence market sentiment.

FAO Rice Price Indices					
	All	Indica		Japonica	Aromatic
		Higher quality	Lower quality		
	2002-2004 = 100				
2011	242	232	250	258	220
2012	231	225	241	235	222
2013	233	219	226	230	268
2014	235	207	201	266	255
2014 September	239	207	208	265	272
October	235	203	204	260	268
November	233	199	200	289	211
December	224	195	191	283	187
2015 January	222	194	189	279	189
February	220	189	186	276	196
March	219	189	187	272	194
April	218	188	189	271	193
May	215	186	190	266	185
June	213	184	188	265	180
July	211	182	185	265	175
August	210	179	182	267	175
September	206	176	176	266	168
2014 Jan.-Sep.	237	209	202	262	266
2015 Jan.-Sep.	215	185	186	270	184
% Change	-9.2	-11.5	-8.2	2.9	-30.8

Source: FAO

N.B. - The FAO Rice Price Index is based on 16 rice export quotations. "Quality" is defined by the percentage of broken kernels, with high (low) quality referring to rice with less (equal to or more) than 20 percent broken. The Sub-Index for Aromatic Rice follows movements in prices of Basmati and Fragrant rice.

EXPORT PRICES FOR RICE

	Thai White 100% B Second grade	Thai Parboiled 100%	U.S. Long Grain #2, 4%	Thai 5%	Viet 5%	Uru 5% 1/	India 25%	Pak 25%	Thai 25%	Viet 25%	Thai A1 Super 2/	U.S. California Medium Grain #1, 4%	Pak Basmati 3/	Thai Fragrant 4/
<i>(US \$/tonne, f.o.b.)</i>														
2010	518	532	510	492	416	559	...	372	444	387	386	737	881	1 045
2011	565	563	577	549	505	546	409	433	511	467	464	821	1 060	1 054
2012	588	594	567	573	432	584	391	396	560	397	540	718	1 137	1 091
2013	534	530	628	518	391	598	402	371	504	363	483	692	1 372	1 180
2014	435	435	571	423	410	599	377	366	382	377	322	1 007	1 324	1 150
2014														
September	444	436	554	432	448	598	384	359	410	408	336	1 019	1 450	1 178
October	437	430	529	428	440	597	371	345	409	403	345	1 000	1 435	1 167
November	427	420	540	418	412	600	362	352	400	379	338	1 000	1 181	1 062
December	427	418	518	418	384	600	350	331	398	355	332	945	885	1 058
2015														
January	429	424	508	420	376	595	349	326	400	349	330	930	876	1 078
February	430	430	503	420	353	593	350	316	400	334	331	904	978	1 083
March	419	416	501	410	364	585	348	318	392	345	330	896	985	1 082
April	410	402	500	401	360	568	348	332	385	340	333	880	980	1 087
May	394	388	492	385	354	550	347	353	372	333	326	852	895	1 057
June	385	382	485	376	346	538	344	346	365	333	327	845	871	1 048
July	401	399	445	392	341	526	351	332	376	323	321	845	868	1 031
August	382	387	464	373	332	510	339	324	362	316	324	845	888	997
September	367	367	491	358	325	510	325	303	348	314	316	840	855	980
2014 Jan.-Sep.	436	439	585	423	409	599	382	374	375	376	317	1 015	1 376	1 168
2015 Jan.-Sep.	402	399	488	393	350	553	345	328	378	332	326	871	911	1 049
% Change	-7.9	-8.9	-16.7	-7.1	-14.5	-7.7	-9.8	-12.5	0.8	-11.7	2.9	-14.2	-33.8	-10.2

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

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

4/ Hom Mali rice, grade A.

... = unquoted

RICE POLICY DEVELOPMENTS

Area	Date	Policy Instrument	Description
Argentina	Jul-15	Export taxes	Lowered the export tax levied on non-parboiled rice, unpolished and not glazed (MERCOSUR Common Nomenclature code 10063029) to 5 percent, down from 10 percent previously. The measure was effective 11 August 2015.
Bangladesh	Aug-15	Export ban	Extended the ban on non-aromatic rice exports until 31 December 2015. Exports of aromatic varieties are to remain exempted from the prohibition over the period.
Bilateral/Multilateral	Jul-15	Trade agreement	Reached a government-to-government agreement – between Venezuela and Uruguay – under which the Uruguay will export five staples to Venezuela, having its payment deducted from its oil arrears to Venezuela. The accord, formally concluded in September, includes 90 000 tonnes of rice and paddy to be shipped to Venezuela by year's end.
Bilateral/Multilateral	Jul-15	Trade agreement	Guyanese officials announced that Venezuelan authorities had informed them that they did not intend to renew the PetroCaribe rice-for-oil barter agreement with Guyana beyond 2015.
Brazil	Jul-15	Minimum support prices	Adjusted minimum support prices (MSPs) for the 2016/17 season (2015/16 season for Brazil) to be effective from February 2016 to January 2017. In the case of fine long grain paddy, these were raised to a standardized rate of Reals 593 (USD 153) per tonne for all regions, representing a year-on-year increase of 7.9 percent–8.9 percent. MSPs for long-grain paddy were raised by 14.8 percent to Reals 408 (USD 105) per tonne for the Southeast, Northeast, and Centre West regions (excepting Mato Grosso) and the state of Paraná, and left unchanged for both the Northern Region and Mato Grosso at Reals 408 (USD 105) per tonne and at Reals 378 (USD 98) per tonne for the Southern region (except Paraná).
China (Mainland)	Sep-15	Import agreement	Agreed to import 1.0 million tonnes of white and fragrant rice from Thailand on a government-to-government basis, according to Thai officials. The deal, to be finalized in September, falls under the memorandum of understanding for China's purchase of up to 2.0 million tonnes of rice from the Thai Government signed in late 2014. Shipments are to begin in December 2015.
China (Mainland)	Sep-15	Import quota	Left the tariff-rate import quota for 2016 unchanged at 5.32 million tonnes.
Colombia	Sep-15	Support prices, warehouse receipts program	Decided to implement the storage incentive programme for second semester crops. The programme will run from 4 September to 30 December 2015 and cover up to 350 000 tonnes of paddy during the period. Reference paddy prices paid to producers under the scheme will range between COP 125 000–154 000 per 125 kgs (USD 327–402 per tonne) depending on the producing regions.
Colombia	Oct-15	Production support	Launched the "Colombia Siembra" plan with the aim of putting an additional 1.0 million hectares of land under cultivation of various crops, including rice, in three years and cutting reliance on imports. The plan will see Pesos 1.6 trillion (USD 528 million) invested infrastructural improvements, research and development, as well as inputs and machinery through 2018.
Egypt	Aug-15	Export ban, export licenses	Announced that, effective 1 September 2015, the ban on milled rice exports would be re-introduced so as to ensure sufficient availabilities for domestic needs. Export licenses issued prior to this decision would remain valid, provided

Area	Date	Policy Instrument	Description
			export commitments are met within a 3-month period.
Egypt	Sep-15	Export ban, export tax	Based on statements issued by officials of the Agricultural Export Council, a Cabinet decision rescinded an earlier decision to re-introduce the ban on milled rice exports, as of 1 September 2015. Instead, up to 1.0 million tonnes of rice would be allowed to be shipped abroad, free of the previously applicable obligation to furnish the General Authority for Supply Commodities with a tonne of rice for every tonne exported, but still subject to an export tax, yet to be determined.
Guyana	Aug-15	Budgetary allocations, export promotion	Announced that GYD 23 billion (USD 107 million) had been set aside to settle outstanding payments to rice farmers, as part of its 2015 budgetary allocations. Further to pursuing new markets abroad, officials would also sustain the development and use of new varieties and technology, and provide incentives for value addition.
India	Aug-15	Production support	Decided to implement the diesel subsidy scheme and raise ceilings on seed subsidies, as part of its efforts to aid farmers coping with damages incurred as a result of rainfall deficits. According to the decision, INR 1 billion (USD 15 million) are to be allocated to provide a 50 percent subsidy on diesel costs to farmers in areas affected by unseasonable dryness, for up to 2 ha per farmer and until 30 September 2015. Ceilings on seed subsidies will instead be raised by 50 percent to Rupees 1 500–7 500 (USD 23–113) per 100 kilograms, valid through 31 December 2015.
Indonesia	Sep-15	Food subsidies	Announced that the State Logistics Agency (Bulog) would distribute two additional monthly rations of rice to 15.5 million beneficiary households of the state's rice-for-the-poor (Raskin) programme in 2015. The initiative forms part of an economic stimulus package announced on 9 September 2015 and is meant to ease the impact of drought conditions on vulnerable groups.
Mali	Jul-15	Import tariff	Suspended import duties and charges on 120 000 tonnes of rice, effective for a 3-month period ending on 24 September 2015. The measure is geared at ensuring a stable supply of rice during the traditional lean months.
Mauritania	Aug-15	Production support	Announced that, as part of its efforts to stimulate continued growth in the local rice industry, it planned to put in place a crop insurance programme, purchase 40 000 tonnes of rice from the local market, or an equivalent paddy amount, and re-habilitate 1 500 hectares for cultivation. These efforts would be further to ongoing support programmes and a planned imposition of greater border protective measures.
Myanmar	Aug-15	Export ban	Announced that, in order to avert further increases in domestic quotations in the aftermath of damages inflicted by floods, the Myanmar Rice Federation and member companies would halt all rice exports with immediate effect. Shipments abroad are not expected to be resumed until mid-September, or when new supplies arrive into the market from main-crop harvests.
Myanmar	Aug-15	Export ban	Decided to resume rice exports in mid-September, as originally foreseen. The Myanmar Rice Federation made the decision, given that pressure on domestic quotations had eased. Subsequent official statements to the press confirmed that the suspension would be lifted, but that restrictions on overland shipments would not be rescinded until mid-October 2015. Moreover, exporters would be required to keep the equivalent of 2 percent of shipments on reserve until that date in order to meet any foreseeable domestic need.

Area	Date	Policy Instrument	Description
Nepal	Jul-15	Budgetary allocations, production support	Allotted NPR 26.68 billion (USD 248 million) to the agricultural sector, as part of its 2015/16 budgetary allocations. Further support to the sector would come in the form of investments in rural infrastructure, steps to enhance access to credit, agricultural extension services and research, with NPR 6.1 billion (USD 57 million) for the provision of fertilizers and seeds. NPR 20.22 billion (USD 188 million) were set aside for irrigation programmes, including a plan to expand irrigation over all agricultural lands in the Terai over a 5-year period. A 3-year programme to boost paddy production over 670 000 hectares across 12 districts in the Terai would also be launched, with the aim of raising productivity and reducing reliance on imports.
Pakistan	Sep-15	Production support	Announced that it would extend a PKR 341 billion (USD 3.2 billion) support package to the agricultural sector. The initiative will include PKR 194 billion (USD 1.8 billion) to enhance agricultural credit, with the remainder of the funds going towards direct payments to producers and measures to lower production costs. The latter would include PKR 40 billion (USD 381 million) to issue a PKR 5 000 per acre direct payment to rice and cotton farmers for up to 12.5 acres (USD 118 per hectare) and be further to steps taken to lower the costs of importing agricultural machinery as well as approved tax exemptions. Additional funds will go to cut the costs of phosphate and potassium fertilizers, extend crop insurance to farmers, subsidize the cost of electricity associated with running tubewells and promote the use of solar tubewells.
Panama	Jun-15	Import quota	Extended the period until which 45 360 tonnes of paddy are permitted to arrive in the country to 31 December 2015. The volume had been approved as a shortage import quota in June 2015.
Philippines	Sep-15	Import quota	Decided to import 750 000 tonnes of rice, on a government-to-government basis, through a tender held on 17 September 2015. The import drive is meant to mitigate potential supply shortages arising from ongoing El Niño conditions. Of the total import volume to be imported, 250 000 tonnes are to be delivered by the year's end, with remaining quantities to arrive by the end of the first quarter of 2016.
Sri Lanka	Jul-15	Consumer prices	Announced that, effective 15 July 2015, Lak Sathosa outlets would sell rice at lower rates of LKR 69 (USD 0.5) per kilo in the case of Samba varieties, and LKR 60 (USD 0.4) per kilo of Nadu rice.
Sri Lanka	Jul-15	Government procurement	Announced that it had allocated LKR 6 billion (USD 42 million) to purchase 120 000 tonnes of paddy from the 2015 Yala harvest. Under the procurement programme, farmers will receive Rupees 50 per kilo of Samba paddy (USD 352 per tonne) and Rupees 45 per kilo (USD 317 per tonne) of Nadu paddy sold to the Paddy Marketing Board.
Thailand	Jul-15	Stock release	Sold 1.1 million tonnes of rice from Government stocks, out of a total of 1.4 million tonnes of white rice offered from public stocks through a tender held on 7 July 2015.
Thailand	Jul-15	Production support	Approved a budget of THB 60 billion (USD 1.7 billion) to assist one million drought-hit farmers. The funds will be disbursed through the Bank of Agriculture and Agricultural Cooperatives (BAAC) as short-term credit for emergency and drought rehabilitation needs and as longer term credit facility to aid farmers raise productivity levels. The terms of repayment of existing loans from the BAAC is to also be extended for up to 12 months.
Thailand	Jul-15	Water rationing	Decided to cut the discharge of water from dams serving the Chao Phraya Basin from 28 million cubic meters to 18 million cubic meters per day, effective 16 July 2015. The move comes in light of the critically low supply of water in

Area	Date	Policy Instrument	Description
			major reservoirs and is meant to preserve supplies for household consumption, until rainfall performance improves.
Thailand	Jul-15	Stock release	Announced that it would put off plans to release 1.29 million tonnes of deteriorated rice from Government stocks for use as feed and industrial purposes, in order to allow time for inspections needed to ascertain that supplies released do not include food-grade rice that could eventually be resold to consumers.
Thailand	Aug-15	Stock release	Sold 427 000 tonnes of rice from Government stocks, out of a total of 668 000 tonnes of white, broken and fragrant rice offered from public stocks through a tender held on 10 August 2015.
Thailand	Sep-15	Stock release	Sold 247 000 tonnes of rice from Government stocks, out of a total of 733 000 tonnes of white, fragrant and glutinous rice put to auction on 8 September 2015.
Thailand	Sep-15	Stock release	Put 445 500 tonnes of rice from Government stocks to auction on 28 September 2015.
Thailand	Sep-15	Production support	Approved an interest compensation programme to encourage the storage of 3.0 million tonnes of 2015 main-crop paddy between 1 October 2015 and 30 June 2016, with an eye to supporting producer prices.
Venezuela	Jul-15	Import tariff	Decided to exempt 46 goods designated as basic necessities, including non-parboiled paddy and parboiled rice, from customs duties, valid for a year starting from 1 July 2015. Entities seeking to import these products will need to secure a certificate of non-production or insufficient production and provide information concerning the origin and purpose of the intended purchases, among others, to benefit from the suspension.
Venezuela	Oct-15	Production support, support prices	Approved a Bolívares 16.4 subsidy per kg of paddy to be granted on top of official producer price of Bolívares 8.6 per kilo.
Vietnam	Aug-15	Minimum export prices	Lowered minimum export prices for 25% broken rice by USD 10 to USD 330 per tonne, effective 12 August 2015.
Vietnam	Sep-15	Minimum export prices	Re-established minimum export prices for 25% broken rice at USD 340 per tonne, effective 25 September 2015.

* The full collection starting in January 2011 is available at: http://www.fao.org/economic/est/est_commodities/commodity_policy_archive/en/?groupANDcommodity=rice

TABLE 1: WORLD PADDY PRODUCTION

	2010-2012	2013	2014	2015	Annual Change		2015	
	Average		Estimate	Forecast	2015 / 2014		Previous	Revision
	<i>million tonnes</i>					%	<i>million tonnes</i>	
WORLD	722.7	744.6	745.2	742.6	-2.6	-0.4	749.1	-6.5
Developing countries	696.7	719.1	718.8	717.5	-1.2	-0.2	723.5	-6.0
Developed countries	26.0	25.5	26.5	25.0	-1.4	-5.4	25.6	-0.5
ASIA	654.8	675.7	673.9	672.3	-1.6	-0.2	677.7	-5.4
Bangladesh	50.3	51.2 G	51.8 G	51.9	0.1	0.2	52.0	-0.1
Cambodia	8.8	9.4 G	9.3 G	9.2	-0.1	-1.5	9.4	-0.2
China	201.9	205.2	208.2	209.0	0.8	0.4	209.5	-0.5
of which China (Mainland)	200.3	203.6 G	206.5 G	207.5 G	1.0	0.5	208.0 G	-0.5
India	153.3	160.0 G	157.2 G	155.7	-1.5	-0.9	155.2	0.5
Indonesia	67.1	71.3 G	70.8 G	73.0	2.2	3.0	75.6 G	-2.6
Iran, Islamic Rep. of	2.7	2.5 G	2.6	2.7	0.0	1.9	2.7	-
Japan	10.8	10.9 G	10.8 G	10.7	-0.1	-0.5	10.5	0.2
Korea Rep. of	5.6	5.6 G	5.6 G	5.4	-0.2	-4.2	5.5	-0.1
Lao PDR	3.2	3.3	3.4	3.3	-0.1	-1.6	3.4	-0.1
Malaysia	2.5	2.6 G	2.6 G	2.7	0.0	0.6	2.7	-
Myanmar	29.8	28.3 G	28.9	28.4	-0.5	-1.7	29.2	-0.8
Nepal	4.7	5.0 G	4.8 G	4.6	-0.2	-3.9	4.6	-
Pakistan	8.3	10.2 G	10.5 G	10.3	-0.2	-2.4	10.3	-
Philippines	17.3	18.8 G	18.9 G	18.3	-0.6	-3.1	18.4	-0.1
Sri Lanka	4.0	4.6 G	3.4 G	4.8	1.4	40.7	4.1	0.7
Thailand	37.4	36.8 G	34.3	32.3	-2.1	-6.0	34.7	-2.5
Viet Nam	42.0	44.0 G	45.0 G	44.7	-0.3	-0.7	44.7	-
AFRICA	26.4	27.5	28.7	28.3	-0.4	-1.5	28.7	-0.4
North Africa	5.4	6.1	6.3	6.0	-0.3	-5.3	6.0	-
Egypt	5.3	6.1	6.2 G	5.9	-0.3	-5.3	5.9	-
Western Africa	12.6	13.8	14.0	14.2	0.2	1.5	14.2	0.0
Côte d'Ivoire	0.7	0.8 G	0.8	0.8	0.0	4.3	0.8	-
Guinea	1.8	2.1 G	2.0 G	2.0 G	0.1	3.9	2.0	0.0
Mali	2.0	2.2 G	2.2 G	2.3	0.1	6.1	2.3	0.1
Nigeria	4.5	4.7	4.9	4.8	-0.1	-2.0	4.8	-
Sierra Leone	1.1	1.3 G	1.2	1.2	0.0	3.9	1.2	-
Central Africa	0.5	0.5	0.6	0.5	0.0	-1.5	0.5	-
Eastern Africa	2.8	2.8	3.2	3.2	0.0	1.3	3.2	-
Tanzania	2.2	2.2 G	2.6 G	2.6	0.0	0.5	2.6	-
Southern Africa	5.0	4.2	4.6	4.2	-0.3	-7.5	4.7	-0.4
Madagascar	4.5	3.6 G	4.0 G	3.7 G	-0.3	-7.0	4.1	-0.4
Mozambique	0.3	0.3 G	0.4 G	0.4	0.0	-4.7	0.4	-
CENTRAL AMERICA & CAR.	3.0	3.2	3.0	2.9	-0.1	-3.6	3.0	-0.1
Cuba	0.6	0.7 G	0.6 G	0.5	-0.1	-9.8	0.5	0.0
Dominican Rep.	0.9	0.9 G	0.9 G	0.9	0.0	0.1	0.9	0.0
SOUTH AMERICA	24.0	24.3	24.8	25.6	0.8	3.4	25.4	0.2
Argentina	1.5	1.6 G	1.6 G	1.6 G	0.0	-1.3	1.6 G	0.0
Brazil	12.3	11.8 G	12.1 G	12.4 G	0.3	2.7	12.5 G	-0.1
Colombia	2.0	2.0 G	1.8	2.0	0.2	13.0	2.0	0.1
Ecuador	1.3	1.2 G	1.2	1.2	0.0	3.4	1.2	-
Peru	2.8	3.0 G	2.9 G	3.1	0.2	8.3	3.0	0.2
Uruguay	1.4	1.4 G	1.3 G	1.4	0.0	0.9	1.4	-
NORTH AMERICA	9.5	8.6	10.0	8.6	-1.4	-14.3	9.4	-0.8
United States	9.5	8.6 G	10.0 G	8.6 G	-1.4	-14.3	9.4	-0.8
EUROPE	4.4	4.1	4.0	4.2	0.1	3.5	4.1	0.1
EU	3.2	2.9 G	2.9 G	3.0	0.1	4.5	2.9	0.1
Russian Federation	1.1	0.9 G	1.0 G	1.1 G	0.0	0.3	1.1	0.0
OCEANIA	0.6	1.2	0.8	0.7	-0.1	-11.3	0.7	-
Australia	0.6	1.2 G	0.8 G	0.7 G	-0.1	-11.6	0.7 G	-

NOTES:

The 2015 paddy production season normally includes rice from the main paddy crops whose harvests fall in 2015, 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

	2011-2013	2014	2015	2016	Annual Change		2015	
	Average		Estimate	Forecast	2016 / 2015		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
WORLD	38.9	45.3	44.0	45.0	0.9	2.2	42.0	2.0
Developing countries	33.6	39.8	38.2	38.9	0.8	2.0	36.4	1.8
Developed countries	5.2	5.5	5.8	6.0	0.2	3.3	5.6	0.3
ASIA	18.5	23.2	22.3	22.6	0.3	1.4	20.1	2.2
Bangladesh	0.6	1.3	1.0	0.7	-0.3	-30.0	1.0	-
China	3.8	6.4	6.2	6.0	-0.2	-2.8	3.2	3.0
of which China (Mainland)	3.3	6.0	5.7	5.5	-0.2	-3.5	2.7	3.0
Indonesia	1.7	1.0	0.9	1.3	0.4	44.4	0.9	-
Iran, Islamic Rep. of	1.5	1.4 G	1.2	1.3	0.1	8.3	1.4	-0.2
Iraq	1.4	1.4	1.5	1.5	0.1	3.4	1.5	-
Japan	0.7	0.7 G	0.7	0.7	0.0	2.9	0.7	0.0
Malaysia	1.0	1.1	1.2	1.2	0.1	4.3	1.2	-
Philippines	1.1	1.8	1.9	2.1	0.2	10.5	2.0	-0.1
Saudi Arabia	1.2	1.4	1.6	1.6	0.1	3.2	1.5	0.1
United Arab Emirates	0.7	0.8	0.8	0.8	0.1	6.7	0.8	0.0
AFRICA	13.6	14.8	14.1	14.7	0.5	3.7	14.4	-0.3
Côte d'Ivoire	1.3	1.2	1.2	1.2	0.0	0.0	1.2	-
Nigeria	3.0	3.4	3.0	3.2	0.2	6.7	2.8	0.2
Senegal	1.1	1.3	1.2	1.1	-0.1	-5.2	1.2	-
South Africa	1.1	0.9 G	1.1	1.2	0.0	4.5	1.1	-
CENTRAL AMERICA & CAR.	2.1	2.1	2.2	2.3	0.1	5.7	2.2	0.0
Cuba	0.4	0.4	0.4	0.5	0.0	8.0	0.4	-
Mexico	0.6	0.7 G	0.6	0.7	0.0	3.9	0.6	-
SOUTH AMERICA	1.4	1.4	1.4	1.3	-0.1	-9.0	1.6	-0.2
Brazil	0.7	0.6 G	0.4	0.4	0.0	-5.0	0.6	-0.2
NORTH AMERICA	1.0	1.1	1.2	1.3	0.1	4.2	1.1	0.1
United States	0.6	0.8 G	0.8 G	0.8 G	0.0	2.5	0.7 G	0.1
EUROPE	1.8	2.2	2.2	2.3	0.1	3.0	2.1	0.2
EU 1/	1.4	1.6 G	1.7	1.8	0.1	5.9	1.5 G	0.2
Russian Federation	0.2	0.3 G	0.3	0.2	0.0	-4.0	0.3	0.0
OCEANIA	0.5	0.5	0.5	0.6	0.0	3.5	0.5	-

NOTES:

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.

TABLE 3: WORLD RICE EXPORTS

	2011-2013	2014	2015	2016	Annual Change		2015	
	Average		Estimate	Forecast	2016 / 2015		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
WORLD	39.1	45.3	44.0	45.0	1.0	2.2	42.0	2.0
Developing countries	34.8	41.4	39.6	40.7	1.0	2.6	37.6	2.1
Developed countries	4.3	4.0	4.4	4.3	-0.1	-2.2	4.5	-0.1
ASIA	31.0	37.5	36.2	37.2	1.1	3.0	33.7	2.5
Cambodia	1.1	1.1	1.2	1.3	0.1	8.3	1.2	0.1
China	0.4	0.4	0.5	0.5	0.0	7.5	0.5	0.0
of which China (Mainland)	0.4	0.4 G	0.4	0.5	0.0	7.1	0.5	0.0
India	8.6	11.5 G	11.3	10.8	-0.5	-4.4	10.0	1.3
Myanmar	1.1	1.7 G	1.6	1.7	0.1	5.8	0.8	0.8
Pakistan	3.6	3.6 G	3.8	4.0	0.2	5.3	3.8	-
Thailand	8.0	11.0 G	9.8	10.5	0.7	7.1	10.9	-1.1
Viet Nam	8.0	8.0	7.8	8.3	0.5	6.4	6.3	1.5
AFRICA	0.5	0.6	0.5	0.5	-0.1	-10.0	0.6	-0.1
Egypt	0.3	0.4	0.4	0.4	-0.1	-12.5	0.5	-0.1
SOUTH AMERICA	3.4	3.2	3.0	3.0	0.0	0.4	3.3	-0.3
Argentina	0.6	0.5 G	0.3	0.5	0.2	50.0	0.5	-0.2
Brazil	1.1	0.8 G	0.8	0.8	-0.1	-6.3	0.8	-
Guyana	0.3	0.5 G	0.5	0.5	-0.1	-14.3	0.6	0.0
Uruguay	0.9	0.9 G	0.9	0.8	0.0	-5.9	0.9	0.0
NORTH AMERICA	3.3	3.0	3.4	3.3	-0.1	-3.0	3.5	-0.1
United States	3.3	3.0 G	3.4 G	3.3 G	-0.1	-3.0	3.5 G	-0.1
EUROPE	0.4	0.5	0.5	0.5	0.0	7.1	0.5	0.0
EU 1/	0.2	0.3 G	0.3	0.3	0.0	5.8	0.3 G	-0.1
Russian Federation	0.2	0.2 G	0.2	0.3	0.0	8.3	0.2	0.0
OCEANIA	0.4	0.4	0.4	0.4	0.0	-5.0	0.4	0.0
Australia	0.4	0.4	0.4	0.4	0.0	-5.0	0.4	0.0

NOTES:

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.

TABLE 4: END OF SEASON STOCKS 1/

	2011-2013	2014	2015	2016	Annual Change		2016	
	Average		Estimate	Forecast	2016 / 2015		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
WORLD	145.1	170.3	170.3	164.3	-5.9	-3.5	169.4	-5.1
Developing countries	139.5	164.4	164.1	158.5	-5.6	-3.4	164.5	-6.0
Developed countries	5.6	5.8	6.2	5.9	-0.3	-5.1	4.9	0.9
ASIA	135.5	161.6	161.3	156.4	-4.9	-3.0	162.3	-5.8
Bangladesh	6.6	6.9	7.3	6.7	-0.6	-8.2	6.5	0.2
Cambodia	1.3	1.6	1.6	1.5	-0.1	-7.4	2.3	-0.8
China	68.4	85.4	92.7	99.0	6.3	6.8	102.8	-3.8
of which China (Mainland)	68.2	85.2	92.5	98.9	6.4	6.9	102.7	-3.8
India	24.3	25.5	20.5	14.5	-6.0	-29.3	15.0	-0.5
Indonesia	6.9	6.8	6.3	6.5	0.2	3.2	6.5	-
Iran, Islamic Rep. of	0.4	0.5	0.3	0.1	-0.2	-61.5	0.3	-0.2
Japan	3.4	3.6 G	3.7	3.7	0.0	0.3	2.8	0.9
Korea Rep. of	1.1	1.0	1.2	1.3	0.1	9.9	1.8	-0.5
Lao PDR	0.3	0.4	0.4	0.4	-0.1	-16.3	0.5	-0.1
Malaysia	0.3	0.2	0.2	0.3	0.1	28.3	0.3	-
Myanmar	3.2	2.7	2.3	2.0	-0.3	-13.0	1.5	0.5
Nepal	0.3	0.5	0.4	0.3	-0.1	-30.6	0.3	-
Pakistan	0.3	0.6	0.9	0.9	0.0	3.3	0.7	0.2
Philippines	2.4	2.0 G	2.6 G	2.6	0.0	1.2	2.2	0.4
Sri Lanka	0.3	0.3	0.4	0.7	0.3	84.2	0.5	0.3
Thailand	11.8	19.5	16.2	11.7	-4.5	-27.9	10.6	1.1
Viet Nam	2.8	2.8	3.0	3.1	0.1	2.2	6.3	-3.2
AFRICA	4.3	4.5	4.5	3.5	-1.0	-22.4	3.1	0.4
Egypt	0.6	0.6	0.5	0.3	-0.2	-42.3	0.2	0.1
Nigeria	1.0	0.7	1.0	0.7	-0.3	-32.0	0.4	0.3
CENTRAL AMERICA & CAR.	0.5	0.5	0.5	0.4	0.0	-8.7	0.4	0.0
Dominican Rep.	0.1	0.1	0.1	0.0	0.0	-13.5	0.1	0.0
SOUTH AMERICA	2.6	1.6	1.6	1.9	0.3	19.5	1.6	0.3
Argentina	0.0	0.1	0.2	0.4	0.2	133.3	0.2	0.2
Brazil	1.6	0.7 G	0.6 G	0.5 G	-0.1	-18.4	0.6 G	-0.2
Ecuador	0.1	0.1	0.1	0.0	0.0	-63.6	0.0	-
Peru	0.3	0.4	0.3	0.3	0.0	-3.0	0.3	0.0
NORTH AMERICA	1.4	1.1	1.6	1.4	-0.2	-13.7	1.5	-0.1
United States	1.3	1.0 G	1.6 G	1.3 G	-0.2	-15.0	1.4	-0.1
EUROPE	0.6	0.7	0.6	0.5	0.0	-8.8	0.5	-
EU	0.5	0.5 G	0.4 G	0.4 G	0.0	0.0	0.4 G	-
Russian Federation	0.1	0.1	0.1	0.0	0.0	-50.0	0.0	-
OCEANIA	0.1	0.2	0.2	0.2	0.0	-15.5	0.1	0.1
Australia	0.1	0.2	0.2	0.2	0.0	-15.4	0.0	0.1
GOVERNMENT STOCKS								
Bangladesh	0.8	0.8 G	0.9 G	0.9	0.0	1.6	0.9	0.0
India	22.3	18.6 G	15.0	11.5	-3.5	-23.3	12.0	-0.5
Japan	1.6	1.6 G	1.6	1.6	0.0	0.3	0.8	0.8
Philippines	0.9	0.5 G	0.8 G	0.8	0.1	7.2	0.6	0.2

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>							
INDIA							
2013-14	25 000	106 650 G	2 G	131 652	95 566	10 586 G	25 500
2014-15 est.	25 500	104 800 G	1	130 301	97 801	12 000	20 500
2015-16 f'cast	20 500	103 810	1	124 311	99 281	10 530	14 500
PAKISTAN							
2013-14	200	6 798 G	40	7 038	2 760	3 678 G	600
2014-15 est.	600	7 005 G	40	7 645	2 885	3 860	900
2015-16 f'cast	900	6 840	40	7 780	2 950	3 900	930
THAILAND							
2013-14	17 500	24 336 G	340	42 177	14 073	8 604 G	19 500
2014-15 est.	19 500	22 716	266	42 482	15 806	10 526 G	16 150
2015-16 f'cast	16 150	21 350	296	37 796	16 646	9 500	11 650
UNITED STATES							
2013-14	1 156 G	6 117 G	734 G	8 007 G	3 977 G	3 005 G	1 025 G
2014-15 est.	1 025 G	7 068 G	783 G	8 876 G	4 117 G	3 207 G	1 552 G
2015-16 f'cast	1 552 G	6 017 G	810 G	8 379 G	3 980 G	3 080 G	1 319 G
VIET NAM							
2013-14	2 700	28 625 G	551	31 876	21 036	8 090 G	2 750
2014-15 est.	2 750	29 234 G	550	32 534	21 485	8 015	3 034
2015-16 f'cast	3 034	29 042	500	32 576	21 676	7 800	3 100

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>.

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

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