



RICE MARKET MONITOR

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ROUND UP

The 2016 season is well advanced along and south of the equator, where producers have already collected the main-crop and are now busy cultivating their offseason crops. In the northern hemisphere, the main paddy crops have only just been planted or are in the process of being planted. Although much will depend on growing conditions in the months ahead, based on current weather and planting indications, FAO has raised its forecast of **world paddy production** in 2016 by 1.3 million tonnes to 746.8 million tonnes (496.0 million tonnes, milled basis). The revision primarily stems from improved crop prospects in India, the Lao People's Democratic Republic, Pakistan and the United States. The outlook was also upgraded for Egypt, the United Republic of Tanzania and Colombia, but was downscaled for Bangladesh, Brazil, China (Mainland), Nicaragua and Sri Lanka.

At 746.9 million tonnes (496.0 million tonnes, milled basis), world paddy production would stand 8.1 million tonnes, or 1.1 percent, over the 2015 depressed level. Much of the expected growth is forecast to stem from more conducive weather conditions, which could foster a recovery in area under paddy. This is especially expected to be the case of **Asia**, where production may stage a 7.6 million tonne upturn to 675.6 million tonnes, as the dissipation of the El Niño anomaly in May raises prospects of more normal rains, after crops in the region were beset by weak rainfall for two successive years. This is even more so as climate forecasts point to a 75 percent likelihood that the anomaly will be followed by a La Niña event. If confirmed, this could boost rainfall performance over parts of Asia even further, providing greater scope for reservoirs to be replenished in time for secondary crop plantings. At a country level, India would be responsible for much of Asia's production upturn, with sizeable gains also expected in China (Mainland), the Philippines and Thailand. Although more contained, increases are also forecast for Cambodia, the Chinese Province of Taiwan, the Islamic Republic of Iran, Iraq, Japan, the Democratic People's Republic of Korea, the Lao People's Democratic Republic and Nepal. By contrast, production is anticipated to decline in Bangladesh, Indonesia, the Republic of Korea, Malaysia, Sri Lanka and Viet Nam, due to un-remunerative prices or unseasonable weather.

Outside of Asia, paddy output in **Africa** is seen expanding by 3 percent in 2016 and approaching the 30.0 million

tonne mark. Much of the region's growth is expected to rest on larger crops in Egypt and West Africa, sustained in Egypt by good price prospects and in the sub-region by sustained assistance from governments. Modest gains are also anticipated in Eastern Africa, where crops benefited from abundant rains. In Southern Africa, various countries that were negatively impacted by belated and weak rainfall early in the season are likely to face a decline in output. In **North America**, the United States is heading towards a record harvest, as poor price prospects for competing crops and easing drought in California and Texas boosted plantings.

Paddy production is also expected to make some inroads in **Europe**, while it may fall to a six-year low of 25.7 million tonnes in **Latin America and the Caribbean**. The deteriorated outlook for the region is mostly imputable to Brazil, but with poor growing conditions, in the form of excess precipitation or drought compounding on prospects of diminished returns, Argentina, Bolivia, Guyana,

GLOBAL RICE MARKET SUMMARY

	2014-15	2015-16	2016-17	2016-17/ 2015-16
		est.	f'cast	Var
	<i>million tonnes, milled eq.</i>			%
Production	494.6	490.6	496.0	1.1
Supply	711.9	708.4	711.2	0.4
Utilization	491.6	495.7	502.9	1.5
Food use	394.9	398.7	403.9	1.3
Feed use	17.8	17.9	18.2	1.3
Other uses	78.9	79.1	80.9	2.2
Trade ^{1/}	44.6	43.9	44.1	0.4
Ending stocks ^{2/}	174.0	169.5	165.5	-2.4
	%			
Global stock-to-use ratio	35.1	33.7	32.3	-
Major exporters' stock-to-disappearance ratio ^{3/}	23.9	18.2	15.5	-

^{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.

Paraguay, Suriname, Uruguay and Venezuela could all see output contract. In **Oceania**, continued constraints in the supply of water for irrigation also triggered a slump in production in Australia.

Since April, FAO has lowered its forecast of **world rice trade in calendar 2016** by 1.0 million tonnes to 43.9 million tonnes. On the import side, the Philippines accounts for much of the revision, although a slow pace of purchases also warranted cuts for Bangladesh, the Islamic Republic of Iran, Nigeria and South Africa. Combined, these more than offset all upward import revisions, the largest of which concerned China (Mainland) and the Lao People's Democratic Republic. On the supply side, these adjustments were mainly met by lowering exports from Viet Nam, although possible contractions of demand from key buyers also called for curbing deliveries from India and Cambodia.

The revised forecast of 43.9 million tonnes for 2016 stands 1 percent, or 650 000 tonnes, short of the 2015 level, suggesting a second successive year of contraction in world rice trade. Much of the projected fall would reflect import reductions in the Far East, where key buyers such as Bangladesh, China (Mainland), the Philippines and Sri Lanka may lower their purchases amid ample availabilities on store and/or increased border protection. Against a backdrop of good local harvests and lingering weak currencies, imports by Africa are also set to stagnate close to 2015 lows. By contrast, supply shortfalls and high local quotations could lift consignments to Latin America and the Caribbean to new heights, with strong local demand also underpinning imports by Europe for a fourth successive year. Among the exporters, India remains forecast to incur the largest annual drop, although a poor seasonal outturn and subdued demand from key buyers are also expected to curb shipments by Viet Nam. Exports by Australia, the United States, Guyana, and the European Union could similarly fall, while large carry-ins may enable Argentina, Pakistan, Paraguay, and Uruguay to increase sales and Thailand to hold them broadly steady.

Global rice utilization is forecast to expand by 1.5 percent in 2016/17 to 502.9 million tonnes. Growing food intake would account for much of this growth, rising 5.2 million tonnes over the year to 403.9 million tonnes. This level would be sufficient to support a 0.1 kilo advance in world per capita food consumption to 54.3 kilos. Volumes destined to feed and other uses (including seeds, non-food industrial and post-harvest losses) are similarly expected to rise to 18.2 million and 80.9 million tonnes, respectively. Official initiatives to dispose of surplus produce in the Far East, especially Japan, the Republic of Korea and Thailand, would sustain much of the increase in feed and industrial uses foreseen for 2016/17.

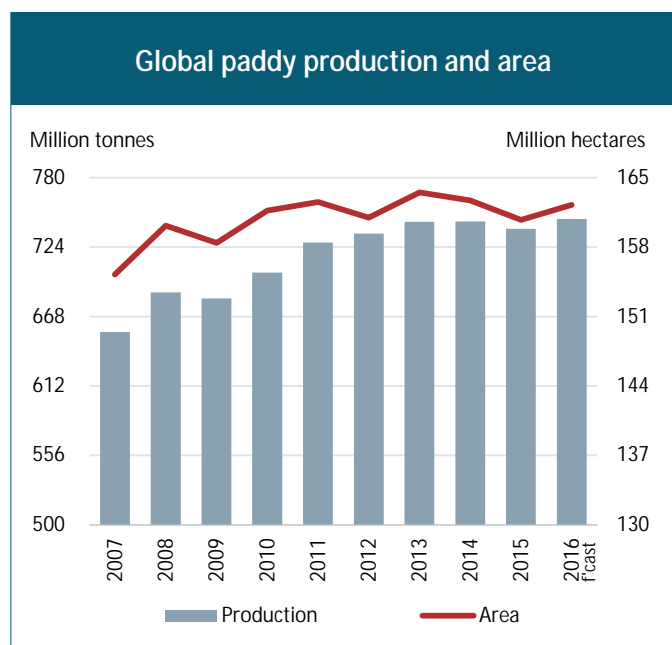
With global rice utilization forecast to outpace production for the second consecutive year, **world rice inventories** at the close of 2016/17 are anticipated to fall 4.0 million tonnes below their opening level to 165.5 million tonnes. This would result in the world stocks-to-use ratio passing from 33.7 percent in 2015/16 to 32.3 percent in 2016/17. Drawdowns are expected to be most pronounced in the major rice exporters, in particular India and Thailand, given sustained efforts to trim government reserves. Out of the five major exporters, only the United States is anticipated to face a build-up, resulting in the groups' stock-to-disappearance ratio falling to its lowest level since 2007/2008, or 15.5 percent. Among importers, Bangladesh, Indonesia, Japan and Nigeria may also close the season with smaller inventories, but part of these falls would be compensated by accumulations in China (Mainland), Colombia, Cuba, the European Union, the Republic of Korea and the Philippines.

The weak sentiment that dominated the international rice market since late 2014 came to abrupt halt in May 2016, when **international rice quotations** reacted to prospects of short export availabilities in the major origins. The FAO All Rice Price Index (2002-2004=100) rose by 3 points that month and has hovered around 199-200 points since then. The strengthening mostly resulted from a firming of Indica quotations, as reflected in a 7 percent increase in the Higher Quality Indica Index to 193 points and a 9 percent rise in the Lower Quality Indica Index to 199 points. Reflecting a brisk pace of sales, the Aromatica Index also recovered, rising by 16 percent to a mid-July value of 166 points. This contrasted with developments in the medium-grain market, where a combination of ample availabilities and tepid buying interest drove the Japonica Index 19 points below its March level, to 223 points.

PRODUCTION

Improved growing conditions in Asia to support a recovery in world paddy production in 2016

With the 2015 season now fully concluded, new assessments of production have been released by a number of countries. Combined, these raised the 2015 world production estimate by 600 000 tonnes. Much of this revision mirrors upgraded figures for Cambodia, the Lao People's Democratic Republic and Pakistan, all of which are assessed to have incurred less severe output shortfalls than previously envisaged. The opposite was the case of India and the Philippines, where insufficient water availabilities for irrigation bore a greater impact on production. Outside of Asia, downward revisions to historical estimates also concerned Nicaragua, while these were raised most notably for the United Republic of Tanzania. Taking these adjustments into account, world paddy production in 2015 is now estimated at 738.8 million tonnes (490.6 million tonnes, milled basis), 0.8 percent below the 2014 subdued outcome. The contraction was driven by a 1.2 percent cut in area under paddy to 160.8 million hectares, while yields advanced somewhat to an average of 4.6 tonnes per hectare.



Turning to the 2016 season, FAO now anticipates world paddy production to amount to 746.8 million tonnes (496.0 million tonnes, milled basis), 1.3 million tonnes more than expected in April. The revision primarily stems from improved crop prospects in India, the Lao People's Democratic Republic, Pakistan and the United States. The outlook was also upgraded for Egypt, the United Republic of Tanzania and Colombia, while it deteriorated for Bangladesh, Brazil, China (Mainland), Nicaragua and Sri Lanka.

At 746.8 million tonnes (496.0 million tonnes, milled basis), global paddy output would be 8.1 million tonnes, or 1 percent, above the 2015 depressed level. Much of the expected growth is forecast stem from more conducive weather conditions, which are expected to foster a recovery of plantings to 162.3 million hectares. Yet, prospects are highly preliminary at this stage, as the season has only just begun across much of the northern hemisphere with the arrival of the seasonal rains.¹ This is especially the case in Asia, where the performance of the monsoon in the months to come will prove critical in determining the final size of crops. In this connection, the dissipation of the El Niño anomaly in May supports prospects of more normal rains facilitating production upturns in Asia, after two consecutive years of insufficient precipitation. This is even more so as climate forecasts point to an increasing likelihood (75 percent) that the anomaly will be followed by a La Niña event. If confirmed, this could boost rainfall performance over parts of Asia even further, providing greater scope for reservoirs to be replenished in time for secondary crop plantings. Yet, uncertainty still surrounds the possible timing of the La Niña emergence and its intensity, factors that will need to be monitored, considering that the weather anomaly can also be associated with reduced sunshine conditions and increased incidence of storms. Outside of Asia, the outlook is also favourable for Africa, Europe and, in particular, for the United States. By contrast, Latin America and the Caribbean could see production fall, as crops in South America were affected by a combination of poor margins and adverse weather. In Oceania, production also slumped in Australia, amid lingering constraints in the supply of water for irrigation.

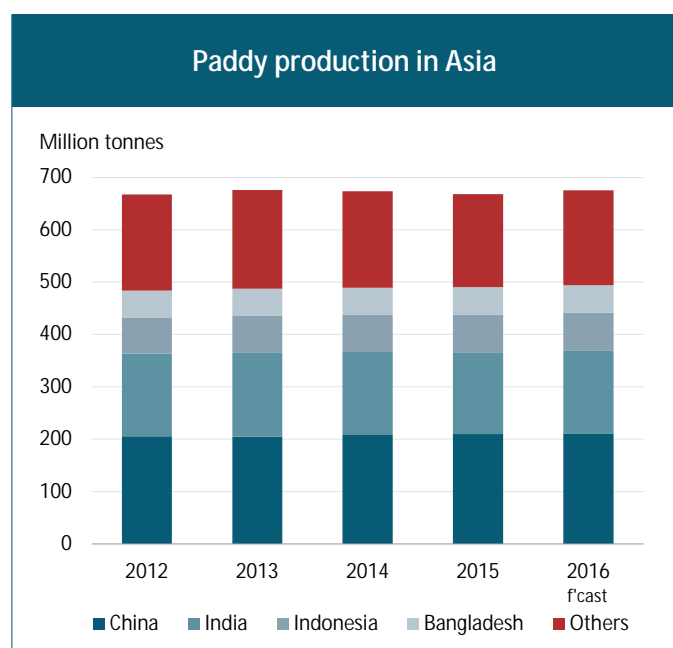
Asia

India to lead Asian production upturn

The 2016 season is still at early stages in northern hemisphere Asia, where many leading rice producers are located and where main-crop planting operations were only launched with the arrivals of the rains in May/June. Although various countries in the region saw early seasonal progress hindered by lingering dryness, the

¹ The 2016 rice production season normally includes rice from the main paddy crops whose harvests fall in 2016, to which rice from all subsequent secondary crops, if any, is added. In the case of northern hemisphere countries, this principle implies that production in 2016 comprises the main rice crop, which is usually collected in the latter part of the year, plus the volume obtained from the successive secondary crops, commonly harvested in the first half of 2017. In the case of southern hemisphere countries, production in 2016 normally comprises rice from the main paddy crops assembled in the first part of 2016, plus rice from the secondary crops, generally gathered in the latter part of 2016. This approach to assess rice production is applicable to any given season.

dissipation of the El Niño weather anomaly in May is expected to bring a more conducive climate, after crops in the region were negatively impacted by weak rainfall for two successive years. Thus, provided average conditions prevail, production in Asia is forecast to stage a 7.6 million tonne recovery in 2016 to 675.6 million tonnes (448.5 million tonnes, milled basis). The upturn is expected to be area-driven, as an improved water situation may allow various countries to reclaim areas abandoned last year to dry weather. This is chiefly expected to be the case of **India**, which, amid unwavering state support, is seen leading the region's production upturn. Nonetheless, **China (Mainland)** looks set to gather another record crop, with marked improvements also seen taking place in the **Philippines** and **Thailand**. **Cambodia**, the **Chinese Province of Taiwan**, the **Islamic Republic of Iran**, **Iraq**, **Japan**, the **Democratic People's Republic of Korea**, the **Lao People's Democratic Republic**, **Myanmar** and **Nepal** may also close the season with positive results. This would more than compensate for a stagnation in **Pakistan** and cuts in **Bangladesh** and the **Republic of Korea**, all linked to poor price prospects, while conflict is also anticipated to undermine output in **Afghanistan** for a second consecutive year. **Indonesia**, **Malaysia**, **Sri Lanka** and **Viet Nam** may also witness a contraction, due to weather vagaries, in most cases associated with the lingering impact of El Niño.



The start of the 2016 season was not promising in **Afghanistan**, due to below average winter rains and low snow cover. Although improved conditions in the spring alleviated concerns over water availability for irrigation, the outlook for the country remains clouded by intensifying conflict and large population displacements in north-eastern provinces. This would be particularly the case of the Kunduz province, which alone normally accounts for almost 40 percent of national production and where output declined sharply already last year because of

conflict. This interrupted a fast expansionary trend in production that had seen Afghani output hit a record of 802 000 tonnes (537 000 tonnes, milled basis) in 2014. As a result, 2016 production in Afghanistan is forecast to remain close to the 2015 depressed levels, at 620 000 tonnes (415 000 tonnes, milled basis).

The 2016 season is well underway in **Bangladesh**, where the Boro crop, the first and largest of three crops cultivated each year, has been fully collected by now. Production forecasts for the country have been downscaled by 650 000 tonnes since April, following Government indications of a lower Boro planting extension. Acreage under this crop declined by 3 percent to 4.7 million hectares this year, as producers reacted to poor prices by replacing rice with more profitable crops. The season has progressed generally well otherwise, with the Boro crop benefiting from favourable weather, barring some flash floods, while abundant rains aided the smaller Aus crop. Although much will still depend on weather conditions through September, Bangladesh is forecast to gather a total of 52.3 million tonnes (34.8 million tonnes, milled basis) in 2016. This level would compare to a revised official estimate of 52.4 million tonnes (35.0 million tonnes, milled basis) for 2015, itself representing an all-time record.

On the policy front, the Bangladeshi government reacted to the poor prices fetched by producers by scaling up direct purchases from farmers. Of the 1.3 million tonne Boro official procurement target set for the year, 700 000 tonnes will be bought in the form of paddy at a price of BDT 23 per kilo (USD 288 per tonne).² This compares to the 100 000 tonnes of paddy purchased in the 2015 Boro procurement drive, which offered BDT 22 per kilo (USD 275 per tonne) of paddy bought. Additional assistance measures announced as part of this year's budgetary allocations include the renewal of subsidies on basic inputs with a budget of BDT 90 billion (USD 1.1 billion), the continuance of research, credit and extension programmes, as well as another hike in import duties levied on rice.

Officials in **Cambodia** indicate that production in 2015 was not significantly impacted by the adverse weather conditions that characterised the 2015 season, namely belated and weak rains, which caused delays in main-crop plantings and reduced water availability for the offseason crop. Although these factors would have contributed to keeping yields at a comparatively subdued level of 3.1 tonnes per hectares, overall output is officially estimated to have remained steady, year-to-year, at 9.3 million tonnes (5.6 million tonnes, milled basis). As to the 2016 season, its onset has also been marked by delays in the

² All exchange rates are as of 1 July 2016.

establishment of the rains, which exacerbated the dry conditions prevailing since last year. However, a resurgence of the rains in late May accelerated planting operations, bringing area under paddy to 1.3 million hectares by the close of June, up 14 percent from progress a year earlier. The planting window for the main crop stretches into late September, which implies that rainfall performance in the months ahead will prove critical. Assuming average conditions prevail, output in Cambodia is forecast to reach 9.4 million tonnes (5.6 million tonnes, milled basis) in 2016, up 1 percent from the revised 2015 level.

In **China (Mainland)**, the 2016 early crop, the first of the three crops grown each year, has reached the harvesting stage. The China National Grains and Oils Information Centre puts output from this crop at 33.0 million tonnes (22.6 million tonnes, milled basis), down 2 percent year-on-year, based on a lower area. The contraction would stem from a combination of continued competition with imports and reduced price incentives, following the 1.5 percent cut of minimum purchases prices for this crop announced in February. Excess precipitation and low sunshine conditions in the Yangtze and southern China have further dampened yield prospects for both the early and late rice crops. Although no significant damage was reported as of June, the less than ideal weather conditions preclude a replication of last year's record yields. The outlook is more favourable for the intermediate crop, especially in north-eastern provinces such as Heilongjiang, which have been behind much of the output gains registered in China in recent years due to steady area expansions. On anticipation that this trend will continue into 2016, the Centre predicts China (Mainland) will gather 209.3 million tonnes (143.4 million tonnes, milled basis) in 2016, implying a 1.1 million tonne expansion and an all-time record.

In **India**, the southwest monsoon reached the coast of Kerala on 8 June, a week behind its normal onset, bringing an 18 percent cumulative precipitation deficit in its first two weeks of advancement. More vigorous rains since then have reduced the shortfalls, permitting Kharif crop

plantings to regain pace after a rather slow take-off. As a result, by 8 July, 8.2 million hectares had been put under paddy across the country, up 6 percent from progress a year earlier. According to June forecasts by the India Meteorological Department (IMD), cumulative precipitation over the country as a whole during the June-September period is likely to stand at 106 percent of the long-period average ($\pm 4\%$ error), with abundant rains predicted to continue in July and August. Expectations of good performing monsoon rains over this period, when the bulk of paddies are sown, bode well for the campaign, especially after two consecutive years of deficient monsoons. However, much will still depend on their temporal and geographical distribution. Concerning the latter, the IMD indicates that all major geographical regions are likely to see rains in the order of 108-113 percent of the long-period average ($\pm 8\%$ error), with the exception of north-eastern parts. Cumulative precipitation in this area, which includes important producing States such as West Bengal and Bihar, are forecast in the order of 94 percent of average ($\pm 8\%$ error). If confirmed, this would still mark somewhat of an improvement relative to the 92 percent range seen last year.

On the policy front, officials raised minimum support prices for paddy in June by 4 percent to INR 14 700-15 100 (USD 217-223) per tonnes. Although representing a conservative increase compared to the 15-18 percent approved in 2009 and 2012, the move, along with sizeable Government domestic purchases, is expected to continue making paddy an attractive crop for farmers. Indeed, notwithstanding a decline of output in 2015, local procurement by the state continued at a rather brisk pace, reaching 34.1 million tonnes by 1 July, 9 percent more than the year earlier. As a result, and assuming no major setback is incurred, India is forecast to gather 159.0 million tonnes (106.0 million tonnes, milled basis) in 2016. This compares to a reduced official estimate of 155.0 million tonnes (103.4 million tonnes, milled basis) for 2015, which represents a 3.2 million tonne annual contraction imputable to poor performing rains.

CHINA MAINLAND: PADDY PRODUCTION BY CROP

Crop	Area (000 ha)			Yields (Mt/ha)			Production (000 Mt)		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
CHINA	30,310	30,214	30,500	6.8	6.9	6.9	206,508	208,250	209,300
Early	5,795	5,716	5,650	5.9	5.9	5.8	34,012	33,691	33,000
Intermediate	18,333	18,349	18,580	7.4	7.5	7.5	135,281	137,402	139,200
Late	6,182	6,149	6,270	6.0	6.0	5.9	37,215	37,157	37,100

Source: National Bureau of Statistics of China, China National Grain and Oils Information Center

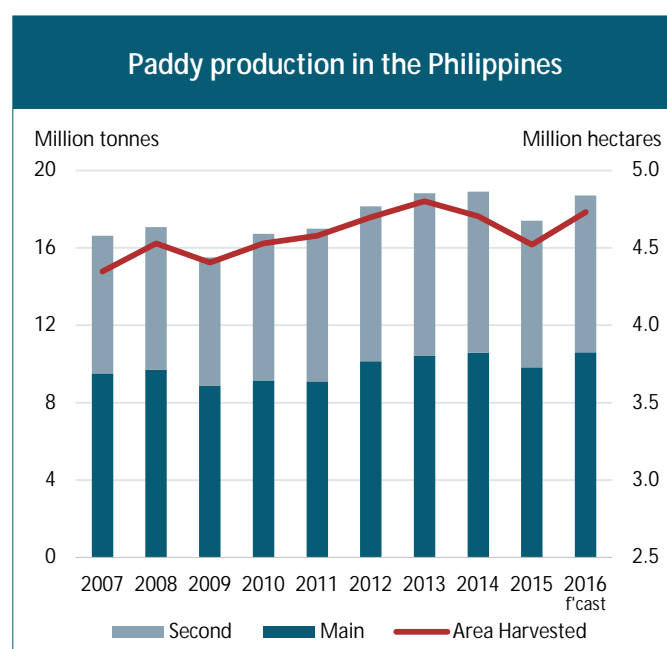
There have been no changes to the production outlook for the **Republic of Korea**, where sowing activities were concluded by June. The country is forecast to gather 5.6 million tonnes (4.2 million tonnes, milled basis) in 2016, down close to 200 000 tonnes year-on-year. The contraction would be imputable to continued cuts in the area under paddy, although yields are also anticipated to come down somewhat from the highs of 7.2 tonnes per hectare reached last year. The expected area retrenchments come amid generally poor price prospects following successive ample harvests, factors that encouraged authorities to launch a new area diversion plan earlier in 2016. The programme targets to convert 88 000 hectares of paddies to other uses by 2018.

The 2016 season has gotten off to a much better start in **Nepal**, if compared to the last two campaigns, when plantings and yields were hindered by poorly distributed and overall weak rains. Even if arriving five days behind its normal onset, the monsoon advanced propitiously over the country giving momentum to ongoing transplanting activities. Expectations are that the June-September period will see normal precipitation levels over the country, which, combined with a reported adequate availability of fertilizers, bolster overall prospects for the season. Officials are seeking to make Nepal self-sufficient in rice in two years' time, channelling credit, input and technical assistance, among others, to smallholders through the establishment of Agricultural Production Areas. Assuming no major setback is incurred, 2016 output in Nepal is seen staging a 13 percent annual recovery to 4.8 million tonnes (3.2 million tonnes, milled basis).

According to June Government assessments, production in **Pakistan** fell by 3 percent in 2015 to 10.2 million tonnes (6.8 million tonnes, milled basis), 300 000 tonnes more than previously reported. The yearly contraction followed cuts in area under paddy, as producer reacted to poor prices. Part of these falls were compensated by yield gains as overall favourable weather conditions lifted average productivity per hectare to a 3.7 tonne high. As to the 2016 season, production in Pakistan is forecast to remain close to the 2015 subdued level, at 10.3 million tonnes (6.9 million tonnes, milled basis). Indeed, the weak local prices prevailing at the start of the campaign would appear to provide little scope for significant paddy area expansions to occur, even though recent gains in rice export quotations may encourage producers to continue favouring paddy over worse performing competing crops, such as cotton. Officials have moreover renewed steps to shore up agricultural growth, in their latest move extending into 2016/17 the fiscal concessions approved last year, while pursuing further cuts in fertilizer, pesticide and electricity costs. Much will also depend on prevailing weather conditions. Forecasts by authorities indicate that above-average rains are likely for the June to September

period, with ample water supplies already facilitating the start of transplanting activities in June.

Officials in the **Philippines** now indicate that the unseasonably dry conditions that marked much of the 2015 season, under the influence of El Niño, resulted in an 8 percent production contraction to 17.4 million tonnes (11.4 million tonnes, milled basis). This level is 500 000 tonnes below previous forecasts, following a more subdued assessment of the offseason harvest. Depressed by insufficient water supplies for irrigation, high temperatures, as well as typhoon related damages, secondary crop output dropped by 9 percent to 7.6 million tonnes (5.0 million tonnes, milled basis).



As to the 2016 season, FAO anticipates production in the Philippines to recover by 7 percent to 18.7 million tonnes (12.2 million tonnes, milled basis). The forecast remains tentative, as the season has just started. Monsoon rains set over the country with some delays in May, but have since progressed bringing abundant rains in June over much of the Philippines. Upbeat by the overall favourable progress after two years of poor seasonal starts, a Government survey indicates that farmers intend to raise rice plantings in June-September by 26 percent to 820 000 hectares. Still, there is much uncertainty regarding the potential impact of a La Niña phenomenon, as this is often associated with excess rains and increased typhoon activity. On the policy front, the new administration has re-positioned self-sufficiency in rice at the centre of its agenda, a goal that is to be attained in two years' time. Details of the plan are still forthcoming, but officials intimate that greater focus would be placed on bolstering small-scale, communal irrigation. Plans would also have cultivation of hybrids promoted and 1.0 million hectares of new land to be brought under paddy.

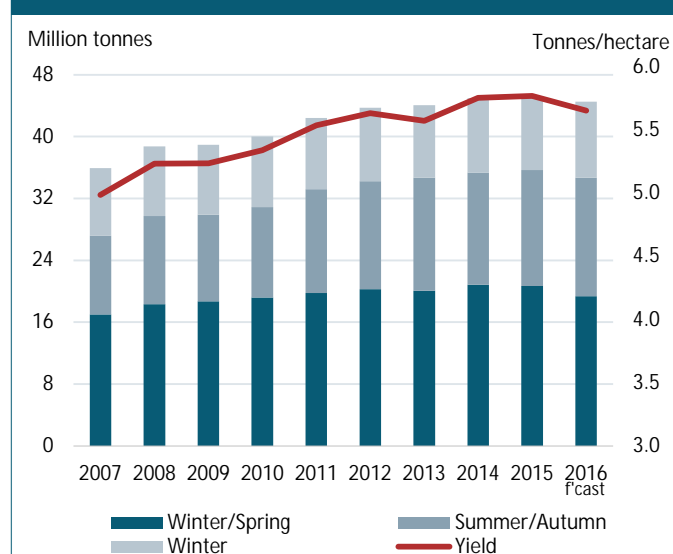
Sri Lanka collected the 2016 Maha crop between February and March. Officials estimate that thanks to a record extension of 800 000 hectares and overall positive growing conditions, main crop output outdid the 2015 record by 3 percent, reaching 3.0 million tonnes (2.0 million tonnes, milled basis). Progress of the secondary (Yala) crop has been more challenging, as early season dryness and above average temperatures were followed in mid-May by heavy downpours that led to floods. In addition to impairing irrigation and drainage infrastructure, the inundations damaged some 20 000 hectares of paddies. Although fields were reported to be in the process of being replanted, by late May these setbacks led the area under the Yala crop to lag by some 130 000 hectares, or 30 percent, behind last year's pace. As a result and pending more information on the final Yala extension, FAO has lowered its production forecasts for Sri Lanka to 4.5 million tonnes (3.1 million tonnes, milled basis). This level would imply a 7 percent year-on-year contraction from the 2015 all-time high, but still stand out as an above-average outturn.

There have been no changes to the production outlook for **Thailand**. Following two years of drought-induced falls, Thai output is seen rising to 30.3 million tonnes (20.1 million tonnes, milled basis) in 2016. This level would imply a 6 percent annual recovery, while falling well short of highs achieved between 2011 and 2014, when producers benefited from much higher price support. Early progress in the current 2016 season has not been without setbacks either. Although the rains were more timely, arriving on the third week of May, successive years of precipitation shortfalls kept water levels in major reservoirs at extreme lows. The tight water supply situation prompted Thai officials to, once again, encourage farmers in irrigated swathes to postpone sowing until July, or until dams receive sufficient recharge from the rains. Conditions have proved more favourable for rainfed paddies, which normally account for three-quarters of the main-crop area. Near average precipitation has facilitated their planting, with yield prospects also bolstered by expectations of near-normal rains through October. If confirmed, these could also serve to improve water availabilities for the largely irrigated off-season crop. However, the size of the latter will also be heavily influenced by the prevailing price and policy environment. The severe contraction in 2015 off-season output have assisted farm-gate prices to recover somewhat in recent months. By May, these stood 5 percent over their year-earlier levels in the case of non-glutinous paddy at Baht 8 074 (USD 229) per tonne. Yet, how far this recovery will stretch remains uncertain, especially as the production shortfalls have concomitantly encouraged officials to hasten the sale of supplies from Government granaries, thus dampening price gains. Moreover, official efforts to encourage a substitution of other products for rice remain

in place, with authorities also striving to contain the area under irrigated off-season paddies.

The 2016 season in **Viet Nam** was hindered from its onset by water shortages arising from poor performing rains in 2015, which led to severe salt-water intrusion problems. Officials estimate that, as a result the winter-spring crop, the first and largest of the three crops cultivated each year, contracted by 6 percent to 19.4 million tonnes (12.6 million tonnes, milled basis). Much of this loss concentrated in the Mekong Delta, which normally accounts for over half of winter-spring output and where yields were depressed by 10 percent to 6.4 tonnes per hectare. Notwithstanding a largely steady level of plantings, the yield losses were sufficient to induce a 1.0 million tonne output cut in the Delta to 10.0 million tonnes (6.5 million tonnes, milled basis). Crops in the northern producing provinces also suffered from unseasonably cold temperatures, but, overall, conditions there proved considerably more positive. As for the summer-autumn crop, which is almost exclusively grown in the south, planting progress was also disrupted by persistent dryness and salinity in the Mekong Delta. However, a pick-up of the rains late in May permitted sowing operations to regain momentum. By mid-June, 1.8 million hectares had been sown to paddy, narrowing lags relative to the year-earlier extension to some 4 percent. Sowing activities of this crop will continue until late August, providing ample room for such delays to be recouped. This would be in addition to possible gains from the winter crop, which is only just being sown in the northern parts of the country, with crops in this area also set to benefit from enhanced rainfall conditions. Accordingly, on anticipation that part of the losses incurred to date will be compensated over successive harvests, overall production in Viet Nam

Viet Nam: paddy production and yields



remains forecast at 44.5 million tonnes (28.9 million tonnes, milled basis) in 2016, down 2 percent year-on-year.

Africa

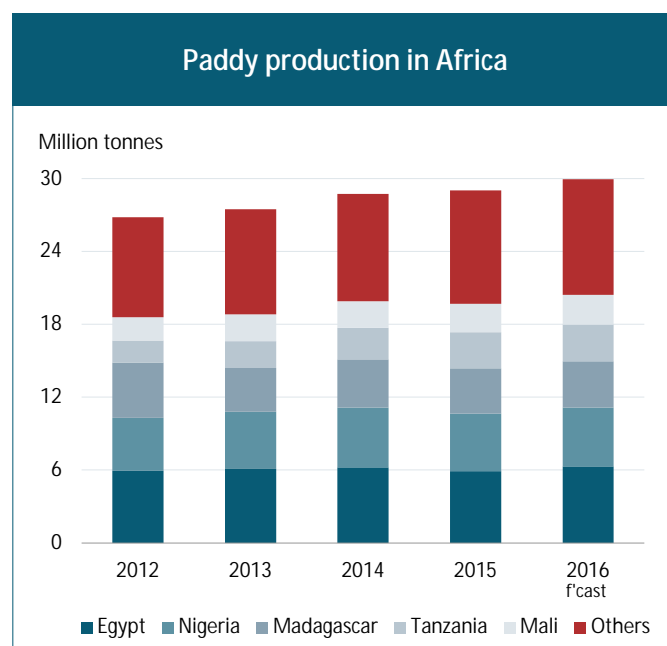
African paddy production to near the 30.0 million tonne mark in 2016, sustained by gains in Egypt and West Africa

The 2016 season is still at early stages in Egypt and West Africa, while main crop harvests are underway or have already been concluded in eastern and southern parts of the continent. Prospects for production in the region have improved since April and now point to output this season exceeding last year's excellent harvest by 3 percent and approaching the 30.0 million tonne mark (19.6 million tonnes milled basis) for the first time. The improved outlook comes amid more buoyant expectations for crops in Egypt and the Eastern Africa, on a combination of overall conducive weather and attractive prices. Gains there, together with anticipated headway in West Africa, where government assistance remains staunch, would prove more than sufficient to offset losses across much of Southern Africa, where crops were negatively impacted by precipitation deficits associated with the El Niño anomaly earlier this year.

In **Northern Africa**, 2016 sowing operations were concluded by May in **Egypt**. FAO's production forecast for the country now stands at 6.3 million tonnes (4.3 million tonnes, milled basis), 200 000 tonnes more than expected in April and 7 percent above the 2015 depressed level. The annual growth is forecast to rest on area expansions, the result of price hikes registered earlier in the year, but also of a shift away from cotton cultivation in favour of paddy. The latter was instigated by difficulties in placing cotton in outside markets and uncertainties over the official support granted to this sector. This could cause the area under paddy to rise to some 650 000 hectares, exceeding the 1.1 million feddan (462 000 hectares) limit maintained by officials to preserve water resources, which has been recurrently infringed.

The production outlook for **West Africa** has changed only marginally since April, as most countries are still engaged in main-crop planting activities. Reflecting expectations of further area gains in part linked to strong government assistance to the sector, the sub-region is forecast to garner 15.0 million tonnes (9.5 million tonnes, milled basis). This level would exceed the 2015 excellent performance by 3 percent. At a country level, the expansion would be sustained by further headway in **Cote d'Ivoire**, **Gambia**, **Ghana**, **Guinea**, **Mali** and **Senegal**, with output in **Benin**, **Burkina Faso**, **Chad**, **Mauritania** and **Nigeria** also recuperating losses incurred last season.

However, much will depend on weather conditions in the next few months, given the predominantly rainfed nature of rice cultivation in the area. This would be especially so for countries along the Gulf of Guinea, which, according to regional climate forecasting centres, could receive below average rains through August.

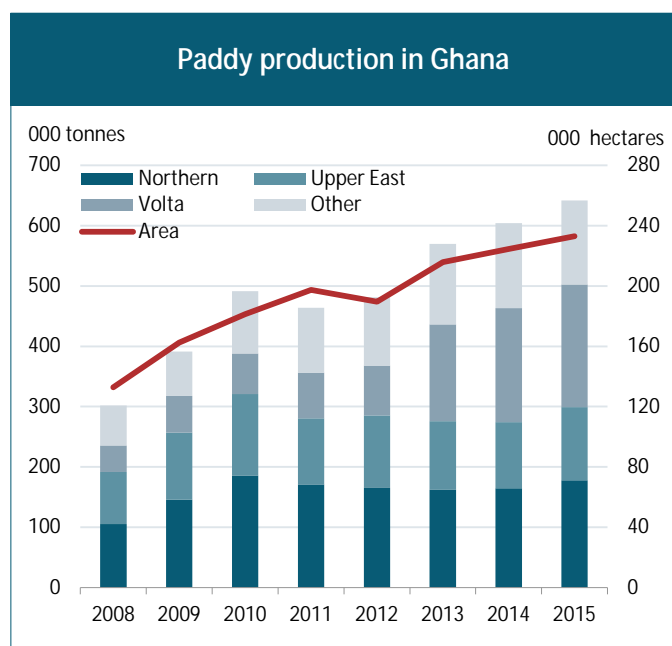


Liberia and **Sierra Leone** and parts of **Guinea** were already beset by early season dryness, with deficits persisting into June in the former two. Last year, all three countries benefited from abundant precipitation, which, coupled with state and donor assistance, enabled output to recover from the lows associated with the spread of the Ebola virus. State interventions remain in place in **Guinea**, for instance, entailing the distribution of agro-chemicals and machinery to producers. In promoting further area gains, such moves are expected to help offset a decline of yields to more normal levels, thus permitting output in Guinea to reach some 2.1 million tonnes (1.4 million tonnes, milled basis) in 2016. In the case of **Sierra Leone**, authorities have also continued efforts to attract private investment in the sector. The latest of such initiatives would see an agreement with a private company to bring up to 20 000 hectares under paddy in the Southern province over a five-year span. In light of the planting delays incurred as a result of the unfavourable climate, Sierra Leone's output is expected to return to a more normal level in 2016, in the order of 1.3 million tonnes (750 000 tonnes, milled basis).

By contrast, the 2016 season got off to a good start in **Burkina Faso**. Early arriving rains have permitted field operations to proceed in a timely manner. Expectations that precipitation levels will remain within average to slightly above average bounds through August raise prospects of yields recoveries in the country. This is after productivity levels were depressed last year by belated

and poorly distributed rains, as well as floods. On the policy front, officials have also renewed input assistance programmes that will see fertilisers, seeds and agricultural equipment distributed to producers. In addition, a new initiative targets to raise rice production in the country by 100 000 tonnes by expanding irrigation coverage over 20 000 hectares in 2016 and 2017. Provided growing conditions remain normal, such efforts could help 2016 production in Burkina Faso rebound by 8 percent to 350 000 tonnes (231 000 tonnes, milled basis).

Early seasonal progress was less propitious in **Ghana**, although precipitation deficits lasting into May concerned mostly the southern parts of the country, which account for only a small share of national rice production. Seasonal forecasts point to a more positive performance of the rains over the important Northern, Upper East and Volta producing regions, which could help offset potential production losses in southern areas. Paddy output in Ghana has expanded by nearly 40 percent over the past five years alone, with much of this growth sustained by gains in the Volta region. Plantings in the latter, which houses commercial farms cultivating rice under irrigation, have essentially doubled since 2010 to some 45 000 hectares. Overall, Ghana is currently forecast to gather 660 000 tonnes (396 000 tonnes, milled basis) in 2016, up 3 percent from the 2015 positive result.



In **Mali**, sowing activities of 2016 crops will come to a close by August. The outlook for the country has improved somewhat relative to April, with 2.5 million tonnes (1.7 million tonnes, milled basis) expected to be harvested, up 5 percent from 2015. The expansion assumes that growing conditions remain normal throughout the season, as predicted by climate monitoring agencies, which see the country receiving average-to-above average rains this year. If confirmed, yields could recover further, after being

depressed by poor rains in 2014 and a difficult seasonal start in 2015. Meanwhile, in order to sustain the 2016 paddy campaign and raise plantings to an all-time high of 947 000 hectares, officials in Mali have announced that they will seek to expand irrigation coverage, including by bringing an extra 11 600 hectares under cultivation. This would be further to promoting improved growing practices and availing improved seeds, fertilisers and machinery at subsidised rates.

The 2016 production outlook also remains positive for **Nigeria**, at 4.85 million tonnes (2.9 million tonnes, milled basis), up 2 percent year-on-year. This is even if it remains to be seen to what extent farmers in the country will be able to expand plantings and capitalise on the current high price environment, promoted by a slump in imports, in light of sustained difficulties in accessing basic inputs. Such difficulties concern fuel, but even more so fertilisers, the movement of which has been barred to impede their use as explosives in areas plagued by insecurity. Nigerian officials have however clarified that they do not intend to discontinue fertiliser subsidies previously availed under the Growth Enhancement Support Scheme (GESS), while credit assistance to purchase inputs for rice farming under the Anchor Borrowers' Programme has been extended into the 2016 season. Indeed, the Nigerian Government remains steadfast in its ambition of achieving rice self-sufficiency, in its latest move, also availing machinery at subsidized rates to producers across twelve states. Numerous interventions geared at raising paddy production have been similarly declared by state-level authorities.

Senegal remains forecast to collect 950 000 tonnes (665 000 tonnes, milled basis) in 2016, up 5 percent from the 2015 record. The forecast assumes that growing conditions remain conducive, a key factor considering that much of last season's marked rise in output was sustained by rain-fed area expansions in the Kolda and Sedhiou regions. Nonetheless, the Senegalese Government is still targeting to raise irrigated cultivation as part of its self-sufficiency drive, with expectations that 20 000 hectares will soon be rehabilitated with Indian assistance. This would be in addition to the debt-relief measures approved earlier and ongoing assistance to facilitate access to seeds and machinery. On the other hand, paddy prices at the producer level are reported to have remained largely unaffected by the 2015 bumper harvest, with their stability likely attributable to official steps taken last year to tie the issuance of import licences to the acquisition of local produce.

In **Eastern Africa**, historical production estimates have been revisited for **Kenya**, which is now estimated to have harvested 140 000 tonnes (91 000 tonnes, milled basis) in 2015. The adjusted figure would represent a 30 000 tonne

gain over the weather-depressed outcome of 2014, an expansion facilitated by abundant water availabilities. Rice is predominantly grown under irrigation in Kenya, with the greater part cultivated in the Mwea and Ahero schemes. Government interventions in favour of the sector focus on boosting irrigation coverage and promoting the adoption of improved seeds and growing practices. Additional assistance to the sector involves subsidised input and machinery distribution, as well as efforts to attract investment in the processing sector. Combined with an overall positive climate, such initiatives are expected to boost output in 2016 to 145 000 tonnes (94 000 tonnes, milled basis). The expansion would be notwithstanding sustained competition with imports and some flooding problems caused by abundant rains received under the influence of the El Niño phenomenon.

Estimates of 2015 production in the **United Republic of Tanzania** have also been up-scaled, on official indications that close to a record of 3.0 million tonnes (1.9 million tonnes, milled basis) were gathered. The 14 percent output increase was sustained by expanded plantings, as a rather mixed performance of the rains depressed yields last season relative to the records attained in 2014. As to the 2016 season, the main crop has reached the harvesting stage after progressing favourably, barring some flooding episodes. The latter mostly concerned the smaller of the two crops planted each season, and particularly affected the Morogoro region. Considering the scope for losses to be recuperated through greater main-crop output and on expectations that the above-average rains received this season will boost overall yields, Africa's fourth largest rice producer is forecast to gather 3.0 million tonnes (2.0 million tonnes, milled basis) in 2016. On the policy front, officials have announced plans to engage some 31 000 smallholders in Morogoro and Zanzibar in a five-year project that will promote the adoption of improved seed varieties and agronomic practices, further to rehabilitating irrigation schemes and storage infrastructure, among others. Elsewhere in the sub-region, the outlook remains favourable for **Uganda**, whereas paddy output in **Burundi** is anticipated to remain broadly steady at 90 000 tonnes (60 000 tonnes, milled basis), as growth prospects were somewhat dampened by flooding problems and conflict-related disruptions.

The season has been considerably less propitious in **Southern Africa**, where the 2016 main crops, by now fully collected, have been impacted by severe dry conditions under the El Niño anomaly. In **Malawi**, the authorities report that the unseasonable dryness precipitated a 20 percent cut in output to its lowest level in a decade, or 87 000 tonnes (57 000 tonnes, milled basis). Notwithstanding delays in the establishment of the rains, shortfalls in **Mozambique** were partly attenuated by more favourable growing conditions in the northern areas and in

parts of the central producing provinces. However, with the precipitation anomalies undermining overall plantings by some 24 percent year-to-year, production in 2016 is officially assessed to have fallen to a five-year low of 333 000 tonnes (222 000 tonnes, milled basis). Rains were similarly mixed in **Madagascar**, where southern and western areas faced severe precipitation deficits, while the rainfall performance was considerably better in the more important rice producing central and northern areas. As a result, and pending field assessments of the impact of the weather anomalies, FAO has left its 2016 production forecast for Madagascar at 3.8 million tonnes (2.5 million tonnes, milled basis), close to the 2015 depressed level. Like most countries in the sub-region, the paddy campaign in **Zambia** was hindered by delayed and overall weak precipitation for the second successive year. With more vigorous rains as of February providing only partial reprieve, officials indicate that the 2016 season harvest only slightly exceeded the previous year's dismal result. A total of 27 000 tonnes (18 000 tonnes, milled basis) would have been harvested in the country, or nearly half the output level achieved in 2014. A more buoyant turnout is reported by authorities in **Angola**, amid growing investments in a sector that has been targeted for growth, as part of the Government import substitution programme. The 2016 season harvest is pegged at 61 000 tonnes (41 000 tonnes, milled basis), which would imply a 34 percent year-on-year increase and a new record.

Central America and the Caribbean

Improved growing conditions to sustain a 6 percent annual recovery

Various countries in Central America and the Caribbean were in the process of planting 2016 main crops when the El Niño weather anomaly finally dissipated in June. The return to ENSO neutral conditions boosted prospects for the 2016 paddy campaign, since both plantings and yields in the sub-region have been considerably undermined by consecutive years of drought under its influence. Reflective of this, Central America and the Caribbean is now forecast to gather 2.8 million tonnes (1.8 million tonnes, milled basis) in 2016, up 6 percent from the 2015 poor performance. Yet, the outlook remains preliminary, considering that June also marks the beginning of the Atlantic hurricane season and that crops in the sub-region remain susceptible to storm damages. Forecasts by the National Oceanic and Atmospheric Administration (NOAA) Climate Prediction Center (CPC) indicate that 2016 has a 45 percent probability to see near-normal hurricane activity, and a 30 percent probability of above-average activity. Underlying the latter is the possible emergence of a La Niña weather anomaly, which historically tends to be associated with a greater incidence of storms over the Atlantic.

Yet, assuming no major setback is incurred, a more positive growing climate could allow **Costa Rica**, **Honduras** and **Mexico** to recuperate losses endured in 2015. This is also expected be the case of **Cuba**, which is seen gathering 500 000 tonnes (334 000 tonnes, milled basis). The outlook comes amid enhanced rainfall performance, especially as of June, which is gradually improving water supplies in the country. Major reservoirs in the isle were reported to be at 54 percent of capacity by early July, with maintenance and repair efforts to conserve water resources also ongoing. Last year, Cuba stood amongst those worst hit by the prevailing drought, with three-quarters of the isle being affected. The severe limits to the use of water for irrigation that ensued are officially assessed to have caused a 27 percent fall in output to an ten-year low of 418 000 tonnes (279 000 tonnes, milled basis).

Production forecasts for the **Dominican Republic** remain at a positive level of 920 000 tonnes (552 000 tonnes, milled basis), as abundant rains since April have eased concerns over water availability for irrigation. Moreover, paddy producers in the country continue to benefit from assistance under the state-sponsored warehouse receipts programme, for which a budget of RD 6.0 billion (USD 129 million) has been set aside this year.

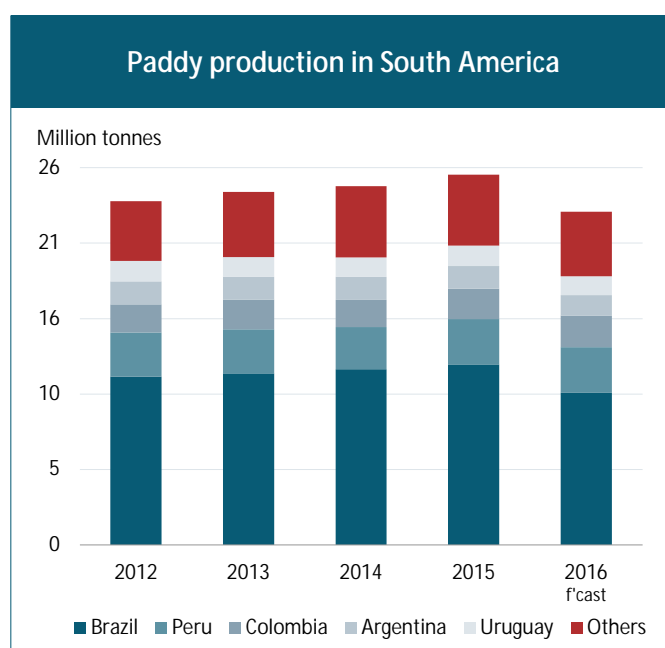
The outlook is more subdued for **Haiti**, at 130 000 tonnes (87 000 tonnes, milled basis), mirroring the impact of lingering water shortages on the spring crop, by now fully gathered. This is even as improved rains since April/May have raised prospects for the summer/autumn crops, which account for the bulk of paddy production in the country. Rice cultivation in Haiti concentrates in Artibonite Valley, where the sector has recently issued vocal calls for the government to address factors hindering its performance, including the disrepair of irrigation and drainage canals or the limited access to basic inputs and credit. Proposals put forward for the purpose include raising import tariffs on rice from 3 to 15 percent and using the accrued revenue to fund interventions in favour of the local industry.

Production forecast for the 2016 season in **Nicaragua** have been lowered to 335 000 tonnes (218 000 tonnes, milled basis) since April, following revisions to the country's historical production data. The revised level continues to suggest a 6 percent year-on-year expansion. The forecast gain comes amid expectations of a rebound in rainfed production, which was hindered last year by precipitation shortages. Smallholders in Nicaragua are also set to receive credit assistance from the Government, following the May passage of the *Ley de Fomento a la Producción de Granos Básicos y Ajonjolí*.

South America

Weather vagaries and prospects of poor margins depress 2016 production to a five-year low

The 2016 season is more advanced in South America, where only a few countries have still to gather their main-crops. Production prospects have deteriorated since April, as more evidence emerges of the impact of the weather disruptions on crops. Overall, 23.0 million tonnes (15.6 million tonnes, milled basis) are now expected to be gathered in South America in 2016, representing a 10 percent annual contraction and the lowest output level since 2011. Much of this fall would be imputable to **Brazil**, which is set to gather its smallest crop in thirteen years, after a combination of high production costs and excessive precipitation curbed plantings and yields. The outlook is also negative for **Argentina**, **Bolivia**, **Guyana**, **Paraguay**, **Suriname**, **Uruguay** and **Venezuela**, in all cases reflecting poor growing conditions, in the form of excess rainfall or drought, which compounded on prospects of diminished returns. Ample water availabilities for irrigation and/or attractive prices are instead expected to sustain growth in **Chile**, **Colombia** and **Peru**.



Officials in **Argentina** indicate that 1.4 million tonnes of paddy (952 000 tonnes, milled basis) were collected during this season, 10 percent less than in 2015 and a six-year production low. The retrenchment stemmed from area contractions, under a combination of high production costs and inclement weather associated with the El Niño phenomenon. The latter brought unseasonably cold temperatures, excess rains leading to floods and poor sunshine conditions. These factors are assessed to have caused the loss of 8 000 hectares of paddies across the country, with Corrientes and Entre Rios, Argentina's

leading producing provinces, alone losing 4 percent of plantings to inclement weather.

The production outlook has deteriorated for **Bolivia**, which is now expected to close the season with 360 000 tonnes (247 000 tonnes, milled basis) of paddy gathered. This level would represent a 24 percent annual retrenchment, imputable to area cuts induced by poor prices. These were compounded by yield declines stemming from belated and overall weak rains over the main producing region of Santa Cruz, where severe losses are also being reported due to the spread of bacterial panicle blight.

CONAB's July crop assessments has downgraded the 2016 production outlook for **Brazil** to 10.5 million tonnes (7.1 million tonnes, milled basis). This level would be 700 000 tonnes less than expected in April and 16 percent below the good 2015 outcome. The revision was primarily triggered by bleaker prospects for area and yields in Rio Grande do Sul, where the 2016 season was marred from its onset by high production costs and incessant rains. The latter hampered planting activities and caused extensive flooding problems in Brazil's largest rice producing state. Production in Rio Grande do Sul is now assessed to have incurred a 15 percent contraction to 7.3 million tonnes (5.0 million tonnes, milled basis). Steep output cuts are also anticipated in Maranhão and Mato Grosso, as producers in both states shifted from rice to more profitable crops, while rainfall shortages further reduced yield outturns. CONAB expects output in Maranhão to slide 49 percent below its year-earlier level to 254 500 tonnes (173 000 tonnes, milled basis), while Mato Grosso is seen gathering 364 000 tonnes (248 000 tonnes, milled basis), or 41 percent less than in 2015.

In **Chile**, the 2016 season harvest was concluded in May. Production forecasts for the country have been upgraded to 180 000 tonnes (118 000 tonnes, milled basis), up 7 percent from last year and an all-time record. The adjustment follows official indications of a 12 percent rise

in area planted to paddy to 27 000 hectares, which was facilitated by sufficient availabilities of water for irrigation and still profitable prices at planting time. The positive outlook is notwithstanding expectations of somewhat lower yields relative to the 2015 record of 6.9 tonnes per hectare, following planting delays caused by untimely rains.

Estimates of 2015 production in **Paraguay** have been revised downwards by close to 50 000 tonnes since April, on official assessments indicating that a total of 860 000 tonnes (602 000 tonnes, milled basis) were collected. The revised figure continues to suggest a 6 percent annual expansion to an all-time record, following steady gains in the area planted, driven by a thriving export industry. The 2016 season proved less positive amid large-carryings and lower prices resulting from reduced demand in its key outlet, Brazil. Excess rains and flooding problems associated with the El Niño phenomenon compounded on the depressed market situation. Considering these factors, FAO estimates that the January-March completed harvest declined by 15 percent to 730 000 tonnes (511 000 tonnes, milled basis).

By contrast, the 2016 season is progressing favourably in **Peru**, where 650 000 tonnes of paddy were gathered in the first quarter of the year, 14 percent more than in the same quarter of 2015. Gains have been in spite a slowdown in plantings, consistent with pressure applied on quotations by successive large harvests. Some concerns over the impact of excess temperatures are being reported in parts of the country. However, expectations are that weather conditions will remain within normal bounds through August, by when the bulk of paddy crops will be collected. As a result, Peru remains forecast to gather 3.2 million tonnes (2.1 million tonnes, milled basis) in 2016, up 1 percent from the excellent 2015 season harvest.

BRAZIL: PADDY PRODUCTION BY REGION IN 2015 AND 2016^{1/}

Region	Area (000 ha)			Yields (Mt/ha)			Production (000 Mt)		
	2015	2016	Var %	2015	2016	Var %	2015	2016	Var %
BRAZIL	2,295	1,976	-13.9	5.4	5.3	-2.2	12,436	10,472	-15.8
North	262	261	-0.4	3.8	3.9	1.8	994	1,008	1.4
Northeast	477	281	-41.1	3.8	1.3	-64.6	686	377	-45.0
Centre-West	234	167	-28.9	3.6	3.2	-10.6	839	534	-36.4
South East	27	19	-31.4	2.8	3.1	11.4	77	59	-23.5
South	1,295	1,250	-3.5	7.6	6.8	-10.5	9,841	8,495	-13.7

1/ For Brazil: 2014/15 and 2015/16 paddy seasons

Source: CONAB – Crop 2015/2016 - Tenth Assessment – July 2016

Harvesting activities of 2016 crops were concluded in May in **Uruguay**. Officials in the country estimate that 1.3 million tonnes (913 000 tonnes, milled basis) were garnered this season, unchanged from April expectations and pointing to a 7 percent contraction from 2015. The yield driven shortfall resulted from a challenging climatic unfolding of the season, which saw excess precipitation delay plantings, particularly over the northern producing areas. Conditions fared better in the eastern regions, but only until April, as heavy downpours that month caused the Cebollatí and Olimar rivers to overflow, while producers were still in the process of gathering crops. The local industry estimates that 22 000 hectares of paddies, or 14 percent of plantings, were flooded across the country, with the eastern departments of Treinta y Tres and Rocha worst affected.

The production outlook for **Venezuela** remains unchanged at 750 000 tonnes (525 000 tonnes, milled basis) for 2016, down 10 percent from the already poor 2015 outcome. The fall would be imputable to area and yield declines, stemming from shortages of inputs and machinery. Unseasonably dry conditions, as well as reported delays in the payment of subsidies approved for previous campaigns added to these setbacks. These same factors were already behind output cuts last season and a reported severe shortfall of the 2016 summer crop, which was collected earlier in the year. However, following the approval of hikes to producer prices in March, authorities in Venezuela indicate that the distribution of inputs under the Agropatria programme has progressed speedily for the winter crop. By late June, inputs for 174 000 hectares of paddies would have been distributed, exceeding the Government's original plan by over 20 percent.

North America, Europe and Oceania

Easing drought and less attractive prices for competing crops to boost paddy production in the United States to an all-time high

In **North America**, according to the USDA's June survey of plantings, 1.3 million hectares were sown to paddy in the **United States**, up 23 percent year-on-year and some 60 000 hectares above producer indications in March. The higher estimate comes amid more positive prospects for California, where, in the wake of a much improved water supply situation following successive years of drought, producers lifted plantings by 33 percent year-on-year to 228 000 hectares. Despite cuts to japonica area in southern producing states, this level proved sufficient to sustain a minor advance in overall medium/short-grain area to 303 000 hectares. The outlook is more buoyant in the long-grain segment, where less attractive prices for competing crops resulted in a 31 percent surge in plantings to 997 000 hectares. Meanwhile, the season has progressed generally well to date, barring some flooding problems especially over Arkansas and Texas. By 10 of July, 28 percent of crops were reported headed across the country, ahead of the 21 percent five-year average, with 69 percent also judged in good to excellent condition. As a result and on anticipation that more benign weather and greater plantings in high yielding California will lift yields above last year's depressed levels, officials now forecast the United States to harvest 11.1 million tonnes (7.8 million tonnes, milled basis) in 2016. This level would be almost 700 000 tonnes above April expectations and stand out as the highest on record.

In **Europe**, the outlook for the **European Union** has changed little since April, with the 2016 harvest expected to remain broadly steady at 3.0 million tonnes (1.8 million tonnes, milled basis). The stability would reflect some

USA: RICE PLANTINGS^{1/}

Region	2015 (000 ha)				2016 (000 ha)			
	Long Grain	Medium Grain	Short Grain	All	Long Grain	Medium Grain	Short Grain	All
USA	758	284	15	1,058	997	284	19	1,300
Arkansas	429	99	0	529	579	61	0	640
California	3	154	15	171	4	206	18	228
Louisiana	144	26	-	170	178	12	-	190
Mississippi	61	-	-	61	81	-	-	81
Missouri	71	3	-	74	85	3	-	88
Texas	51	2	-	54	71	2	-	73

1/ Released on 30 June, 2016

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

growth in the japonica segment due to still remunerative prices, offsetting continued cuts in indica plantings arising from import competition. Looking at the major producers in the area, sowing operations are reported to have been concluded without major disruption in Italy. Provided growing conditions remain normal through the summer and given indications of an only slight increase of the area, 2016 output in the EU's largest producer is expected to stabilize at 1.5 million tonnes (915 000 tonnes, milled basis). Authorities in Spain similarly point to an only marginal area expansion this season, with 110 000 hectares reported sown. FAO anticipates Spain will gather 2 percent more in 2016, or 860 000 tonnes (514 000 tonnes, milled basis). The forecast assumes a return of average yields to more normal ranges, following last year's heat and pest related reductions, although untimely rains this season delayed field work over parts of the country. Excess precipitation also hampered planting operations in Portugal, where authorities foreshadow a likely 5 percent year-to-year area cut to 28 000 hectares. Combined with less buoyant yield expectations relative to the record 2015 result, Portugal may see output fall by 10 percent in 2016 to 170 000 tonnes (100 000 tonnes, milled basis). Elsewhere in the continent, prospects remain positive for the **Russia Federation**, which is seen gathering 1.1 million tonnes (754 000 tonnes, milled basis) in 2016. This would be up 20 000 tonnes from the 2015 good outcome, with the increase expected to be area driven, mirroring in part efforts to return idle swaths to paddy cultivation.

In **Oceania**, the 2016 crop was fully gathered by June in **Australia**. ABARES' latest assessment has downgraded prospects for the country by a further 55 000 tonnes to 250 000 tonnes (167 000 tonnes, milled basis). This level would imply a 440 000 tonne slump and the lowest output level since 2011. The dismal outcome resulted from low water allocations and costly water prices, which curbed plantings by 67 percent year-on-year to 23 000 hectares. On the other hand, average productivity levels are reported to have approached the 2014 record, reaching 10.9 tonnes per hectare, aided by generally conducive growing conditions and warm temperatures.

INTERNATIONAL TRADE

World rice trade in 2016 downscaled, now pointing to a second year of contraction

FAO's forecast of world rice trade in calendar 2016 has been downscaled by 1.0 million tonnes since April to 43.9 million tonnes (milled basis). On the import side, the Philippines accounts for much of the revision, although a slow pace of purchases also warranted cuts for Bangladesh, the Islamic Republic of Iran, Nigeria and South Africa. Combined, these more than offset all upward

import revisions, the largest of which concerning China (Mainland) and the Lao People's Democratic Republic. On the export side, these adjustments were mainly met by downgrading forecast for Viet Nam, although prospects of reduced demand from key outlets also called for reductions to deliveries by India and Cambodia. Compared to April expectations, the export outlook has improved mainly for Pakistan.



At the revised level of 43.9 million tonnes, world trade in rice would stand some 650 000 tonnes, or 1.5 percent, below the already subdued 2015 level. From a regional perspective, much of this fall would stem from reduced imports in Asia, in particular by the Far East, where ample availabilities on store and/or greater border protection are likely to keep purchases below the 2015 records. The import outlook is also downcast for Africa, where a combination of good harvests and weak local currencies could limit import recoveries. By contrast, supply shortfalls and high local quotations are expected to lift consignments to countries in Latin America and the Caribbean to new heights, with strong local demand also underpinning deliveries to Europe for a fourth successive year. On the export side, India remains projected to incur the largest annual drop, although Viet Nam's shipments may also face a contraction, given a poor seasonal outturn and subdued demand from key buyers. Australia, the United States, Guyana, the European Union could also see their exports fall, while more ample supplies, thanks to large carry-ins, enable Argentina, Pakistan, Paraguay, and Uruguay to ship more than last year. Large supply releases from Government stockpiles are also making up for significant output shortfalls in Thailand, likely enabling Thai exports to remain broadly steady compared to last year.

Imports

Faltering imports by the Far East behind world trade contraction in 2016

From a regional perspective, the forecast retreat of world rice trade in calendar 2016 would reflect more subdued demand in **Asia**. Deliveries to the continent are seen dropping to 22.2 million tonnes, down 4 percent from the 2015 all-time high. Countries in the Far East are likely to drive the fall, cutting consignments by 6 percent overall, to 15.0 million tonnes. Amongst them, the largest fall is expected to concern **Bangladesh**, which may slash orders from 1.1 million tonnes in 2015 to just 300 000 tonnes this year. This tendency has already been reflected in the pace of purchases to date, with a mere 53 000 tonnes of imports officially reported for the first half of the year. The slump came in the wake of weak local prices and successive increases in border protection. The latest of such moves has seen import duties on rice raised to 25 percent in June. This would be up from a previous applicable rate of 20 percent and the second duty hike since import tariffs were reinstated on May 2015.

Although 100 000 tonnes higher than expected in April, 2016 deliveries to **China (Mainland)** are similarly seen falling by 5 percent to 6.3 million tonnes in 2016. The decline would only concern undocumented imports, as heightened border surveillance has slowed inflows from Myanmar and Viet Nam. Chinese demand for more competitively priced foreign supplies remains unabated otherwise, as reflected in a rather brisk pace of purchases on the official front. Customs records indicate that rice imports in the first five months of the year surged 75 percent over year-earlier levels to 1.8 million tonnes.

Forecasts of 2016 imports by the **Philippines** have been downgraded by 400 000 tonnes since April, now pointing to a 19 percent annual fall to 1.6 million tonnes. The revisions comes amid less buoyant expectations of state orders, as a rather ample level of inventories and steady to lower local quotations encouraged officials to stall purchases of 500 000 tonnes planned the first half of the year. These were originally designed to meet mandated stock floors ahead of the start of the lean season on 1 July, countering first semester output shortfalls associated with El Niño. Whether or not the purchases will still take place remains unclear at this stage, as does the question of whether they would come in addition to the 805 000 tonnes of imports due under the 2016 Minimum Access Volume commitment. The National Food Authority (NFA) retains the first right to conduct such purchases, but recent years have seen these volumes allocated to private traders. The new administration in the Philippines has however alluded to an increasing role of the NFA over rice purchases, as a means to rein in abuses and undocumented inflows. Officials in the country have also

reaffirmed their commitment to attain self-sufficiency in rice, while calling for diversifying the sources of the country's imports, a potential reaction to the production shortfalls incurred by Thailand and Viet Nam, the traditional suppliers of rice to the Philippines.



After two years, of relatively large imports, consignments to **Sri Lanka** are likely to return to more normal levels of close to 30 000 tonnes in 2016. Indeed, despite prospects of lower output, the country is thought to hold sufficient supplies on store to meet domestic needs, after harvesting a record crop and importing close to 300 000 tonnes in 2015.

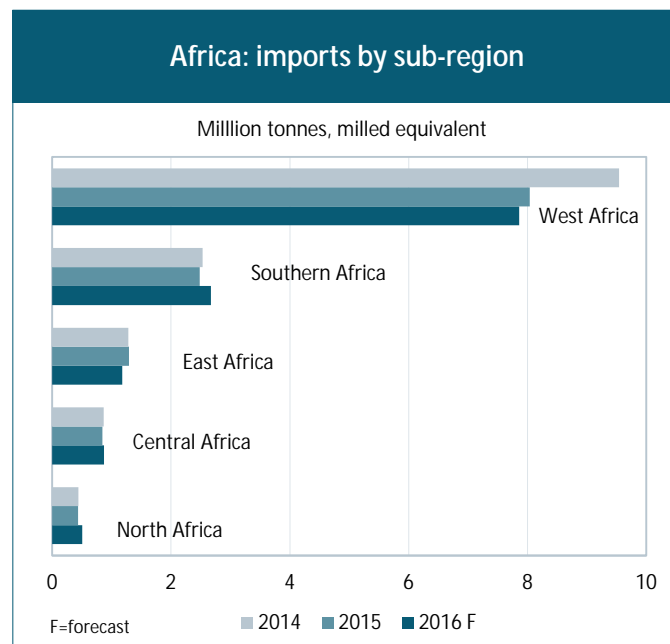
By contrast, a few countries in the Far East are expected to step-up their volume of purchases over the year. This is the case of **Indonesia**, which remains forecast to take in 1.8 million tonnes in 2016, up 500 000 tonnes from deliveries in 2015. The volume includes a share of the 1.5 million tonnes contracted in October/November last year, on top of private sector imports and other potential purchases by the state agency Bulog. An official import plan for the year is still pending, however, and it will likely only be defined by late July/August, when a better picture of Bulog's procurement from the domestic market emerges. Bulog's local purchases are undertaken to secure supplies for the subsidized public distribution, State market operations and to meet mandated stock floors. The Government traditionally only recurs to imports, when domestic purchases prove insufficient for such needs. **Malaysia, Nepal and Timor Leste** are similarly anticipated to step up imports in 2016 to compensate for output shortfalls. Purchases by Malaysia may reach 1.2 million tonnes, up 7 percent year-on-year, while those by Nepal are expected in the order of 550 000 tonnes. Officials in Nepal indicate that the country took consignment of 532 000 tonnes in 2015, implying a largely steady import

level notwithstanding hurdles associated with six-month long border closures with India. Rice deliveries to **Japan** and the **Republic of Korea** are instead expected to remain close to the WTO mandated levels of around 700 000 tonnes and 410 000 tonnes, respectively.

Imports by countries located in Near East Asia are anticipated to firm somewhat in 2016, although still falling short of the more than 7 million tonnes consigned in 2013 and 2014. The increase would primarily reflect expectations of a 300 000 tonne pick-up in deliveries to the **Islamic Republic of Iran** to close to 1.1 million tonnes, a level still short of the record 1.9 million tonnes brought in 2013. Imports by Iran remain subject to restrictions, often of a seasonal nature, as officials seek to assist producers at harvest time. After reducing purchases to a six-year low of 1.0 million tonnes in 2015, **Iraq** is anticipated buy 1.2 million tonnes this year. The volume would be needed to refurbish stockpiles and meet domestic needs, especially considering the poor crop the country gathered in 2015. **Kuwait** and **Qatar** are also forecast to step up their purchases, so as to meet the needs of their growing populations, while both **Saudi Arabia** and the **United Arab Emirates** may reduce theirs, as they hold sufficient stocks following above average imports in 2015. Deliveries to **Yemen** are also forecast to fall, due to ongoing conflict and restricted access to foreign exchange.

All combined, countries in **Africa** are forecast to import 13.4 million tonnes in 2016, down somewhat from an already depressed volume of 13.6 million tonnes for 2015. The contraction mostly mirrors prospects of reduced purchases by West African countries, which, combined, normally account for almost two-thirds of rice flows to the continent. Within the sub-region, **Cote d'Ivoire**, **Senegal** and **Mali** are all seen slashing purchases, relying on sufficient supplies from excellent harvests in 2015. Cuts in these countries would more than offset gains in **Benin**, **Burkina Faso** and **Chad**, where supplies would be needed to compensate for output contractions, and in **Gambia**, **Ghana**, **Guinea** and **Liberia**, due to strong local demand. Current prospects put **Nigeria's** imports close to the 2015 reduced level, at 2.3 million tonnes, considering the limits posed by prohibitive tariffs, the ban on trade via land borders, and policies that continue to restrict importers' access to foreign exchange. Indeed, the Government's June 20th decision to allow the Naira to float freely against the US dollar was not accompanied by the rescindment of stipulations that prohibit importers of rice and 40 other commodities from accessing regulated foreign exchange markets. These measures were instituted in June 2015, as a means to preserve scarce foreign exchange in the face of declining oil revenue and promote the country's rice self-sufficiency goal. Thus, Nigeria's imports this year will very much depend on the value of the Naira on the parallel

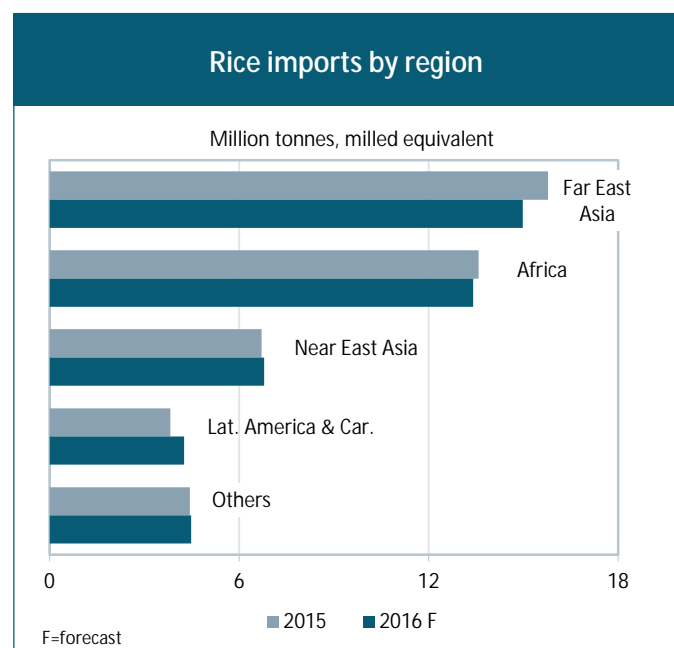
market, to which rice traders have had to recur to since last year to secure foreign exchange. Since the June de-pegging of the Naira, the currency has appreciated against the US dollar, providing some bases for purchases to pick up, but it remains to be seen how far this strengthening will stretch.



Import demand is expected to be firmer elsewhere in the continent. This would include **Egypt**, a net exporter of rice, where the Government bought 80 000 tonnes of rice from international markets in May, to ensure sufficient local availabilities during Ramadan. The move followed a spike in domestic prices earlier in the year, which constrained its capacity to acquire supplies from the local market. Various countries in Southern Africa are similarly expected to require greater volumes of rice due to cereal supply shortfalls associated with El Niño induced drought. These may encourage a substitution of imported rice for local grains, even if various countries in the sub-region have also withstood steep currency depreciations. These factors have been behind escalating prices across the sub-region. At a country level, **Mozambique**, **Zambia**, **Zimbabwe** and **Madagascar** are predicted to raise their purchases. The latter forecast assumes a pickup in deliveries in the second half of the year, as officials report a rather timid pace of inflows ahead of the main season harvest. Imports through April would have fallen 50 percent below year-earlier levels to 63 000 tonnes. In the case of **South Africa**, forecasts are now set at 950 000 tonnes, 150 000 tonnes less than foreseen in April. The adjustment follows revisions to historical trade figures introduced to account for supplies normally re-exported to fellow Southern African Customs Union members and Zimbabwe.

Compared to figures reported in April, forecasts have also been revised for a few Eastern African countries. For instance, expectations for imports by the **United Republic**

of **Tanzania** were lowered, given an improved production outlook. Encouraged by an ample local supply situation, officials in the country also announced in April that border surveillance would be stepped-up and the issuance of import licenses halted. Tanzania is largely self-reliant in rice, having last availed itself of tariff exemptions on the East African Community's (EAC) Common External Tariff in 2013. Fellow EAC members, **Kenya** and **Rwanda**, have made more recurrent use of such exceptions, having renewed them for a further year in June. In the case of Kenya, the move may facilitate a 5 percent import expansion to 470 000 tonnes, whereas Rwanda is expected to see 55 000 tonnes delivered in 2016. In both countries, larger imports would be needed to cater to a fast expanding consumption base, which has tended to outstrip local production gains. **Uganda**, which along with Tanzania normally exports close to 50 000 tonnes annually to neighbouring countries on an official basis, has also approved adjustments to EAC's specific tariff for paddy and husked rice. Nonetheless, deliveries to the country are likely to remain close to last year's level, at 150 000 tonnes.



The import outlook has changed little for **Latin America and the Caribbean**, with poor crop outturns and high local prices expected to sustain an 11 percent increase in aggregate imports to 4.3 million tonnes. Singularly, **Brazil** would be responsible for much of this expansion, given its poor 2016 harvest result, which came in the wake of depleted inventories. These factors have propelled local rice quotations to new records, even as 2016 harvesting activities were still ongoing. On the whole, Brazil is forecast to take 750 000 tonnes in 2016, up from a low of 350 000 tonnes in 2015, when a weak Real and good local availabilities curtailed its purchases. In the case of **Colombia**, forecasts remain set at an above-average level of 300 000 tonnes. The volume would include delivery of

200 000 tonnes under a quota established early in 2016 to quell inflationary pressure. This would be in addition to the scheduled purchases under the US–Colombia Trade Promotion Agreement. Imports by **Bolivia** are also seen advancing somewhat to 60 000 tonnes, while both **Chile** and **Peru** are estimated to hold sufficient supplies at hand to cut purchases to 115 000 and 200 000 tonnes, respectively. Meanwhile, aggregate deliveries to countries in Central America and the Caribbean may hover around 2.4 million tonnes in 2016. The 3 percent annual expansion would be sustained by greater purchases by **Cuba**, **Costa Rica**, **Guatemala**, and **Haiti** in all cases associated with output disruptions caused by the El Niño induced drought.

Elsewhere in the world, strong domestic demand is predicted to underpin imports by the **European Union** for the fourth successive year, this time to some 1.9 million tonnes. In the case of the **Russian Federation**, these are seen easing to 210 000 tonnes, while a steep output shortfall may also compel **Australia** to raise its purchases to some 160 000 tonnes this year. Meanwhile, the official import outlook for the **United States** has been cut somewhat, although shipments to the country remain officially forecast at a high level of 765 000 tonnes for 2016.

Exports

India and Viet Nam to shoulder decline in world rice deliveries in 2016

FAO's latest trade forecast points to global rice deliveries in 2016 falling 1.5 percent below the reduced 2015 level, to 43.9 million tonnes. On the export side, the shortfall is expected to impact deliveries by **India** the most, on a combination of subdued demand from key South Asian markets, in particular Bangladesh, and tighter exportable availabilities following a reduced 2015 crop. Considering that the latter could erode its competitive advantage vis-à-vis other suppliers, India is predicted to ship 10.0 million tonnes in 2016, down 200 000 tonnes from April expectations and some 10 percent below the 2015 performance. The anticipated fall is likely to concern white and parboiled shipments the most, as fragrant sales could find some support in a continued robust demand from Near-Eastern buyers.

Next to India, **Viet Nam** is expected to witness the largest year-to-year drop in exports. This follows a poor production turnout of the winter-spring crop, the bulk of which is normally destined to outside markets. Indicative of this, and in the wake of pronounced price gains, preliminary export figures show that Viet Nam's documented deliveries in the first half of 2016 fell 7 percent below year-earlier levels to 2.8 million tonnes. The fall was mainly the result of depressed deliveries of white

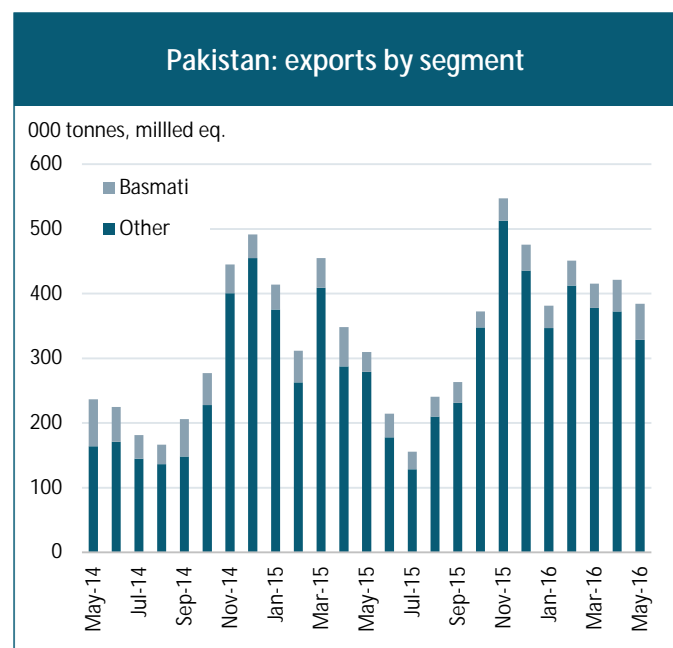
rice to traditional Asian destinations, namely China (Mainland), Malaysia and the Philippines. Sluggish progress on the unofficial export front compounded on these falls, as local sources indicate that increased border surveillance by authorities in China (Mainland) curbed cross-border sales in the first six months of the year by 30 percent to 700 000 tonnes. Even assuming that demand from these key outlets rebounds over the remainder of the year, as supply tightness eases with greater offseason output, overall deliveries by Viet Nam are now seen falling by some 400 000 tonnes in 2016 to 8.0 million tonnes.

Officials in the **United States**, have raised the export outlook for the country by 125 000 tonnes since April, now pointing to a likely steady level of 2016 deliveries of 3.5 million tonnes. The stagnation would be imputable to less competitive US prices relative to other origins, in the aftermath of a poor 2015 long-grain harvest. It is noteworthy, however, that demand from traditional outlets in Latin America and the Caribbean remains strong. Moreover, with US export prices recently easing, while those in other origins firmed, the country's competitive edge improved in recent months. A poor seasonal turnout is expected to impinge more heavily on **Brazil's** export performance, with the country seen shipping 800 000 tonnes in 2016. The projected 10 percent fall would be in spite of a rather fast pace of deliveries to date. The country exported 463 000 tonnes, from January to June, 25 percent above progress a year earlier, mostly boosted by strong sales to Senegal, Nicaragua, the United States and Venezuela.

Among Japonica suppliers, little change is foreseen for **Egypt**, which is expected to keep shipments broadly steady at 400 000 tonnes in 2016. This follows the reinstatement of milled rice export prohibitions in April this year. Whether or not the Government will take another lenient stance towards rice exports will depend on the size of the 2016 harvest and on its ability to secure supplies for subsidized distribution domestically. In this connection, officials have announced their intentions to purchase 1.0 million tonnes of paddy locally in 2016, so as to avoid this year's experience, when a surge of local prices, hindered the Government's ability to supply rice to public distribution outlets. After three successive years of output cuts and inventory drawdowns, **Australia's** shipments are anticipated to drop to some 200 000 tonnes. Exports from the **European Union**, where availabilities are ample, are also likely to decrease, but largely because of subdued demand from key outlets.

By contrast, comparatively ample supplies may allow the other traditional exporting countries to step up their sales abroad. Foremost amongst these is **Pakistan**, which is forecast to lift exports by 7 percent to 4.4 million tonnes in 2016. Until recently, Pakistan stood out as an extremely

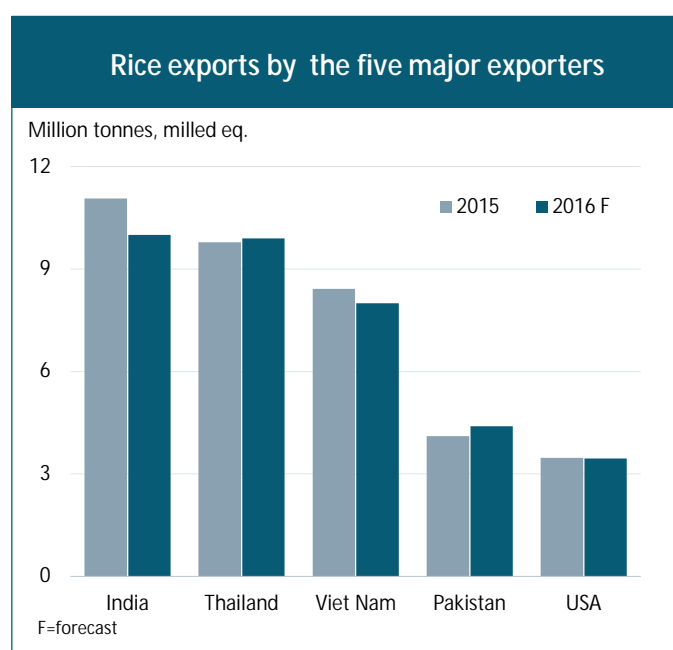
competitive origin, thanks to large inventories amassed in previous seasons. Reflective of this, its cumulative deliveries in the first five months of 2016 rose by 12 percent year-to-year to 2.1 million tonnes. The upbeat pace was sustained by non-basmati shipments, as despite expectations of a recovery in fragrant deliveries to the Islamic Republic of Iran, slow progress in re-establishing financial linkages between the countries have stalled those sales.



Pakistan's basmati rice exports have dwindled consistently since 2010. The loss of market share is attributed to an intensification of competition with India, a lack of varietal innovation and high production costs. Against this backdrop, the Government of Pakistan has included basmati amongst the commodities whose exports it seeks to boost as part of the 2015-2018 Strategic Trade Policy Framework. Specific interventions envisaged to this end would include facilitating imports of parboiling equipment, branding and certification, the construction of storage facilities and development of overland trade with the Islamic Republic of Iran and Afghanistan. The two destinations, along with Saudi Arabia and China (Mainland), are being explicitly targeted for basmati export growth.

Thailand's export performance has also been positive so far this year. Strong sales of fragrant broken to West African countries and of white rice to Asian destinations boosted cumulative Thai deliveries through May 500 000 tonnes over year-earlier levels, to 4.3 million tonnes. The brisk pace was sustained by supply releases from ample Government stockpiles. Thai officials put forward even more expeditious release plans last April, which would see 1.0 million tonnes offloaded from Government granaries ahead of the 2016 main harvest. Such supplies would indeed be needed to sustain the current pace of exports in

the next few months, given the severe shortfall in 2015 offseason output and the lack of fresh supplies until the 2016 main crop harvest starts in September/October. On the G-to-G front, efforts are also underway to materialise sales commitments reached with China (Mainland) in late 2014. The memorandum-of-understanding signed by the two countries then foresaw a delivery of 2.0 million tonnes of Thai rice to China (Mainland), but no concrete agreement has been reported to date regarding the 1.0 million tonnes that remain to be shipped. On the whole, Thailand is expected to export 9.9 million tonnes in 2016, slightly up from the 9.8 million tonnes consigned in 2015, but below the record of 11.0 million tonne set in 2014.



Although 100 000 tonnes lower than previously envisaged, **Cambodia** is expected to hold sufficient availabilities to export 1.3 million tonnes in 2016. The forecast 4 percent expansion would be consistent with expectations of increased demand for paddy across borders, while on the official front it remains to be seen whether the fast expansionary trend will continue in 2016. Cambodia's documented deliveries rose five-fold in just five years to reach 540 000 tonnes in 2015. Much of this growth was sustained by rising shipments to the EU, which last year accounted for 63 percent of overall official exports by the country. Yet, Cambodia's local industry continues to express concern that the country's duty-free access to the European Union under the Everything-but-Arms initiative could be threatened should Cambodian rice be mixed with foreign produce. This is while the rice sector in the EU has intensified its calls for mitigating measures to be officially instated to slow the pace of rice inflows from Cambodia.

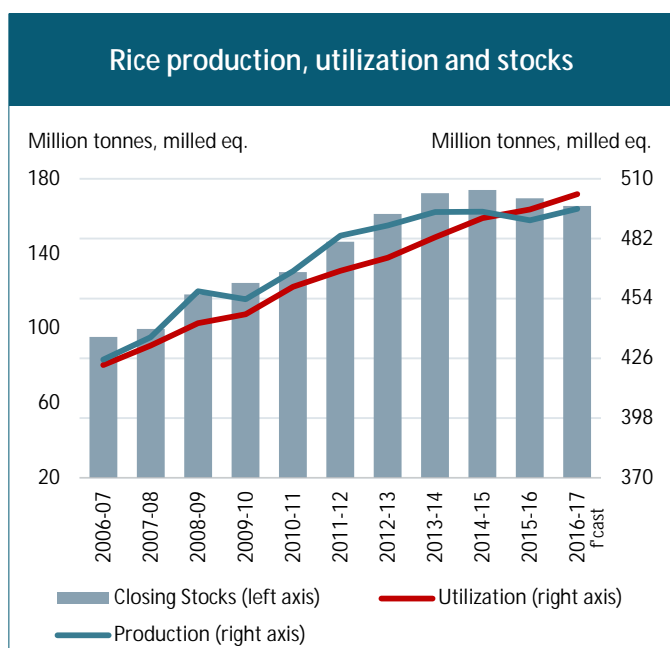
With the exception of Brazil, the export outlook remains positive for a number of South American origins. This would be notwithstanding production shortfalls incurred due to El Niño-related weather disturbances. In most

cases, positive expectations are linked to the large carry-ins amassed in previous seasons, following poor 2015 export performances. In **Argentina**, a weak local currency is expected to further aid the recovery of exports, with 550 000 tonnes forecast to be shipped in 2016, up 240 000 tonnes year-on-year. As with Argentina, expectations of firmer demand from Brazil also raise prospects of 2016 shipments by **Paraguay** rebounding to 500 000 tonnes. Brazil normally accounts for close to 80 percent of Paraguayan rice exports, but Paraguay has also made headway this year in destining more supplies to other markets in the region, with small volumes also normally shipped to West African and European destinations. In the case of **Uruguay**, 2016 shipments are seen returning to more normal levels of 900 000 tonnes, with the 200 000 tonne increase sustained by improved sales to Latin American and Near Eastern destinations. The latter could include the Islamic Republic of Iran, with whom sale commitments for over 90 000 tonne per year would have been secured through official channels this year. Authorities also indicate that an oil-for-rice barter agreement is also under consideration by the two countries.

RICE UTILIZATION AND DOMESTIC PRICES

Global per capita food use to rise marginally to 54.3 kilos in 2016

Forecasts of world rice utilization in 2016/17 now point to 502.9 million tonnes of rice (milled basis) being consumed across the globe. The 1 percent expansion is expected to be driven by growing **food** intake, to some 403.9 million tonnes. This level would be 5.2 million tonnes above a revised 2015/16 estimate and sufficient to sustain a small increase in **world per capita food use** to 54.3 kilos. Volumes destined to **feed** and **other uses** (including seeds, non-food industrial and post-harvest losses) are also expected to increase somewhat to 18.2 million and 80.9 million tonnes, respectively. Post-harvest losses account for the bulk of the other use aggregate, but some growth is seen taking place on the non-food industrial sector in 2016/17. As with feed, this would primarily follow gains in Japan, the Republic of Korea and Thailand, amid state efforts to address over-supply problems. In the case of Japan and the Republic of Korea, these come in the wake of good harvests and a declining trend in food intake, while Thailand has been actively offloading supplies from Government stocks that are no longer deemed fit for human consumption.

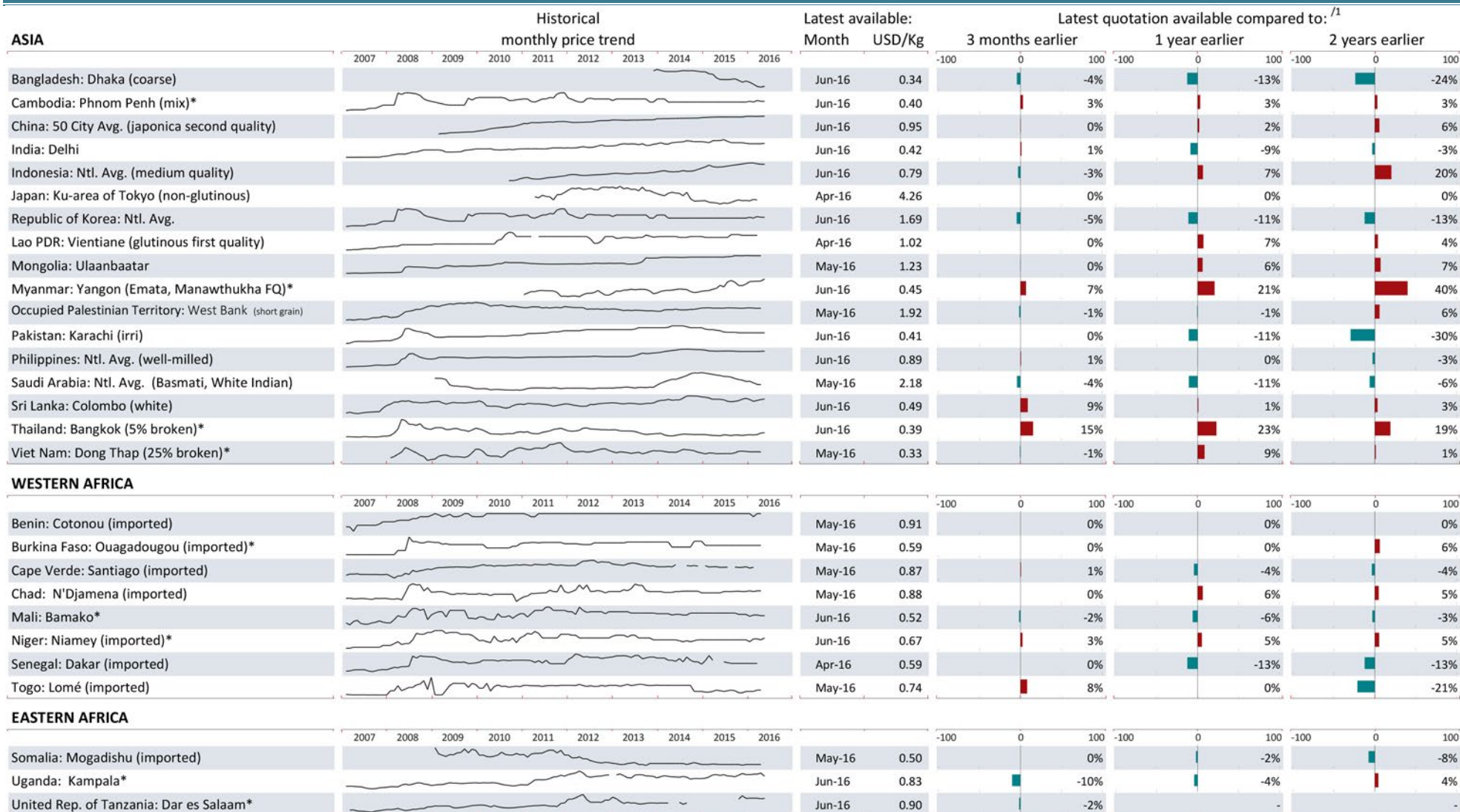


Looking at **retail/wholesale prices** in the second quarter of the year, quotations remained mixed across **Asia**, when compared to their levels three months earlier. With harvests gathered in the first half of 2016 generally yielding smaller crops due to poor water availabilities for irrigation, domestic prices have tended to rise in exporting countries, such as **Cambodia, Myanmar, Viet Nam** and, especially, **Thailand**, with only **Pakistan** standing as an exception. Meanwhile, prices were steady to lower in various net-rice importers. This was particularly the case of **Bangladesh**, the **Republic of Korea** and **Saudi Arabia**, where sizeable local inventories drove further declines over the past three months. In **Indonesia**, harvest progress also exerted pressure on quotations, although they remain above their level in June 2015, underpinned by harvest delays associated with a belated onset of the rains and strong demand during Ramadan. This called on officials to speed up market operations, with the release of close to 400 000 tonnes of rice announced for the holy month. **Sri Lanka**, too, hastened the sale of Government-owned supplies in the wake of damages incurred to floods in mid-May. Inflationary pressure in the country has also been attributed to the increase of value-added taxes in May, even if rice, along with other basic commodities, was exempted from the measure and remains subject to price controls.

In **Africa**, with the exception of **Togo**, good crop harvests and imports kept quotations stable across countries in **West Africa**, with prices also seasonally under pressure in **Uganda** and the **United Republic of Tanzania**. By contrast, these escalated further in the Southern parts of the continent, especially in **Angola, Malawi, Namibia** and **Swaziland**, amid a combination of sharp currency devaluations and El Niño-reduced cereal crops. Within the sub-region, quotations were only lower in **Madagascar**, due to the arrival of fresh supplies from the 2016 harvest,

and in **Zimbabwe**, owing to ample imports and reliance on the US dollar for transactions. In **Latin America and the Caribbean**, quotations were little varied across Central America and the Caribbean, as imports compensated for drought-reduced crops. Instead, poor seasonal outturns boosted prices in **Bolivia, Brazil** and **Paraguay**. The only significant fall in prices in South America concerned **Colombia**, mirroring improved availabilities from imports conducted earlier in the year as part of a 200 000 tonne quota, as well as overall favourable seasonal progress. **Elsewhere**, prices tended to gain ground in the **United States**, while large carry-overs kept quotations under pressure in **Italy**.

DOMESTIC RICE PRICES IN SELECTED COUNTRIES

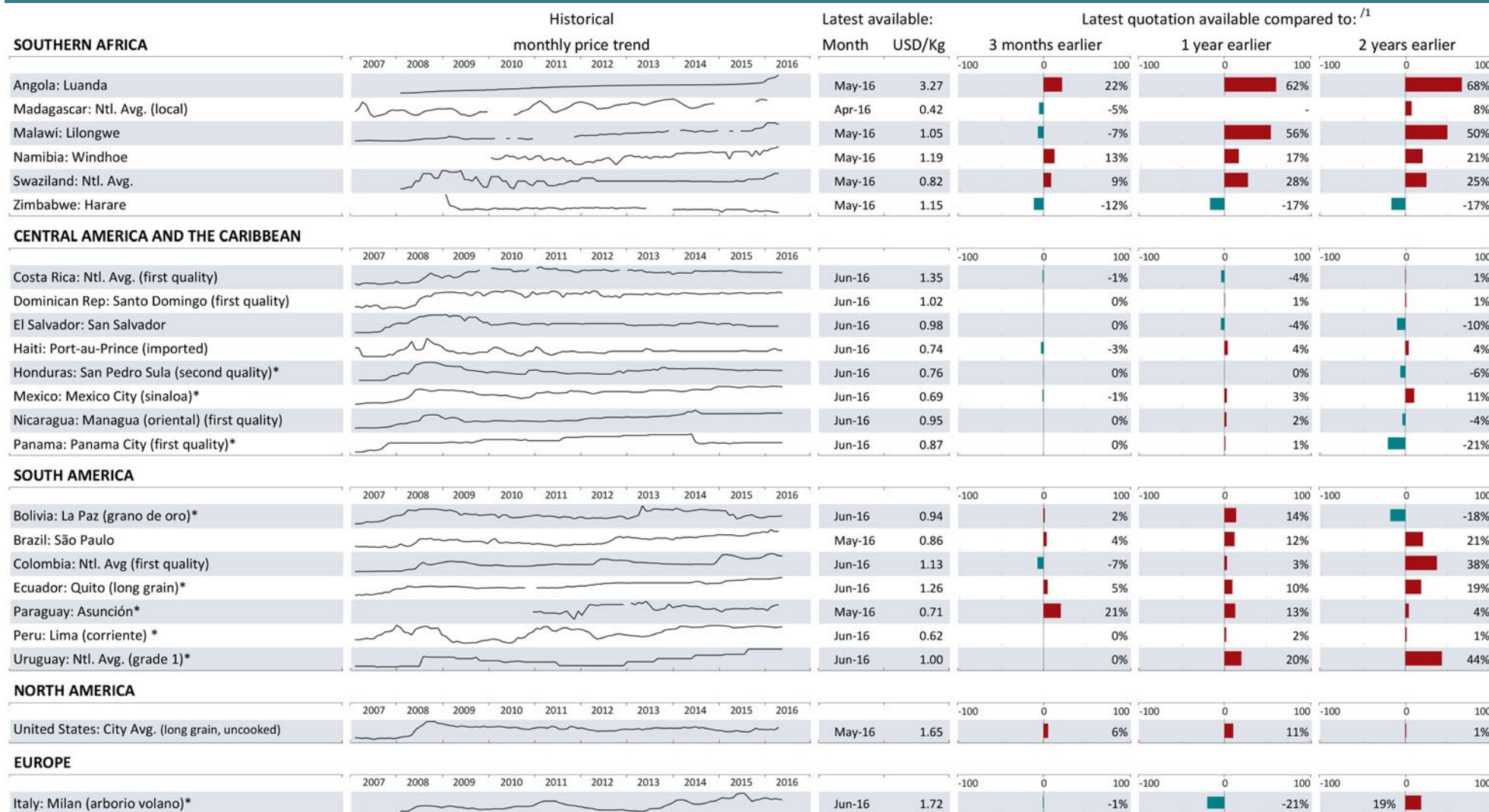


^{/1} Quotations in the month specified in the third column were compared to their levels in the preceding three, twelve and twenty-four months. Price comparisons were made in nominal local currency units.

* 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).

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CLOSING STOCKS

World rice carry-overs to contract again in 2016/17, amid continued drawdowns by the major rice exporters

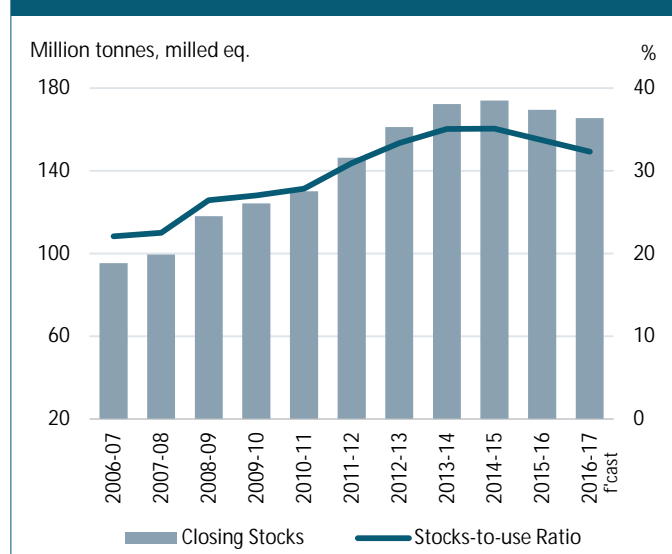
FAO's forecast of world rice stocks at the close of 2016/17 marketing years is now set at 165.5 million tonnes (milled basis), 1.5 million tonnes above April expectations, but still 4.0 million tonnes less than their opening level. If confirmed, this would mark the second successive season of stock-drawdowns, resulting in the **world stocks-to-use ratio** falling from an estimated 33.7 percent in 2015/16 to 32.3 percent in 2016/17. The decline would be on account of a 4.3 million tonne contraction in inventories held by the **developing countries** to 159.2 million tonnes, whereas reserves are seen rising by 4 percent in **developed nations** to 6.3 million tonnes.

From a trade perspective, the **five major rice exporters**³ are again predicted to account for much of the global stock decline, trimming their reserves for a third successive year to 27.4 million tonnes. This would be down from a revised estimate of 32.2 million tonnes for 2015/16. The expected cut would result in the group's **stock-to-disappearance ratio**⁴ falling to 15.5 percent, its lowest value since 2007/2008. Much of the stock drawdown would concentrate in **India** and **Thailand**, in both cases associated with continuous government efforts to trim the size of their reserves. In the case of India, total inventories are forecast to shrink from a revised estimate of 16.5 million tonnes in 2015/16 to 14.0 million tonnes in 2016/2017, on anticipation that officials bring the size of their stockpiles closer to the mandated floor of 10.5

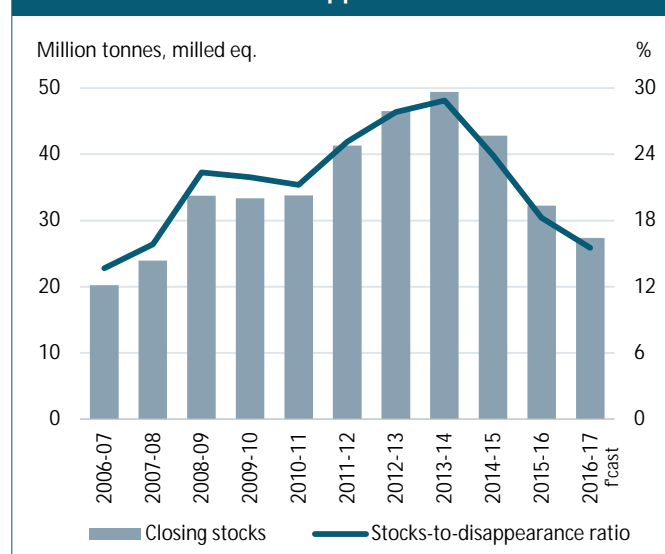
million tonnes by end September. At the same time, private sector inventories are expected to end larger this season, following increased supply releases through the public distribution system and a better production outturn. As for Thailand, official determinations to liquidate Government stockpiles by mid-2017, combined with an only partial production upturn in 2016, could result in reserves passing from 10.7 million tonnes in 2015/16 to 8.0 million tonnes in 2016/17. This would be the lowest inventory level since large public stock accumulations began in 2011/12 under the paddy-pledging programme. Inventory cuts are also expected in Viet Nam and Pakistan, even if less severe than portended in April. In the case of the **Viet Nam**, the upward adjustment would be imputable to a less buoyant export outlook. At a revised level of 2.8 million tonnes, carryovers in Viet Nam would be 3 percent lower year-to-year, largely the result of expected output shortfalls associated with drought and salinity problems. As for **Pakistan**, a 300 000 tonne upward revision to stock forecasts followed adjustments to production estimates. Carryovers in the country are accordingly seen contracting to 750 000 tonnes based on expected export growth, although this level would still stand out as the third highest since 2010. Among the major exporters, only the **United States** is seen refurbishing stockpiles, with reserves in the country officially forecast at a 31-year high of 1.8 million tonnes, amid prospects of a strong production rebound.

Drawdowns are also expected to concern a few **rice importers**. For instance, after reaching historical highs over the past two years, stocks in **Bangladesh** are seen

Global closing stocks and stocks-to-use ratio



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



³ India, Pakistan, Thailand, the United States and Viet Nam.

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

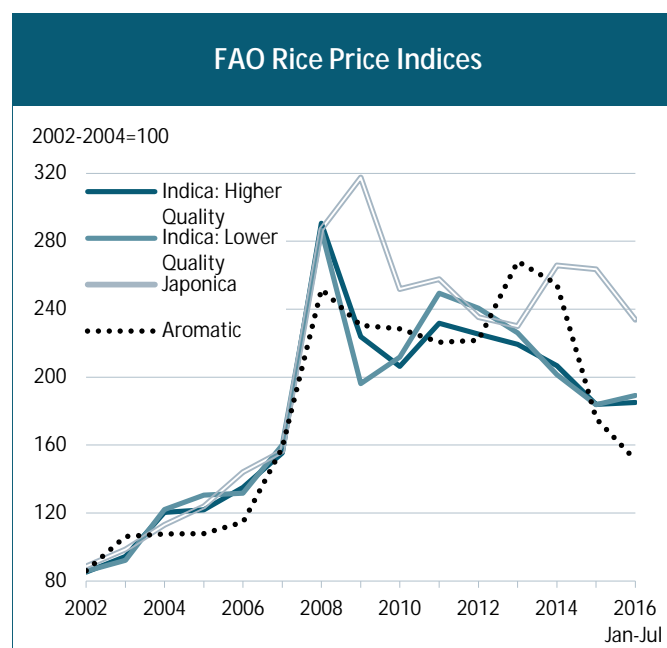
falling to more normal levels of 6.9 million tonnes. The decline would stem from a somewhat smaller crop and a slump in imports. Under similar circumstances, reserves in **Sri Lanka** are seen dipping to 600 000 tonnes, which, while 14 percent below year-earlier level, would still represent the second highest on record. Although emerging as a net-exporter in 2011, a weather-depressed crop in the wake of already depleted inventories is expected to return **Brazil** to a net-importing position in 2016/17. Despite expectations of a rebound in imports, officials in the country expect that the tight supply situation would also force Brazil to draw its inventories down by close to 600 000 tonnes to a historical low of 85 000 tonnes. Limited imports amid scarce foreign exchange and protective policies may also entail a further 23 percent cuts to reserves in **Nigeria** to 500 000 tonnes. Yet, much of these falls are likely to be offset by continued accumulations in **China (Mainland)**, this time to some 101.2 million tonnes. The 3 percent annual gain follows expectations of another record crop, but also of still sizeable imports, both the result of the high producer price policy pursued by the Government. State efforts to dispose of its stockpiles are also reported to be advancing timidly, with buying interest likely stifled by cheaper foreign availabilities. Despite expected output cuts, steady declines in local consumption may also drive further build-ups in the **Republic of Korea**, whereas in the case of the **European Union**, the accumulation would come on the back of an overall good 2016 crop, continued import growth and little progress on the export front.

INTERNATIONAL PRICES

Prospects of short supply availabilities sustain a recovery of Indica prices, notwithstanding thin import demand

The weak sentiment that dominated the international rice market since late 2014 came to abrupt halt in May 2016, when international rice quotations reacted to prospects of shortening export availabilities in the major origins. The FAO All Rice Price Index (2002-2004=100) rose by 3 points that month and has hovered around value of 199-200 points since then. To a large extent, the recent strength mainly concerned Indica quotations, as reflected in a 7 and 9 percent increase, respectively, in the Higher and Lower Quality Indica Indices since March. The Aromatic Price Index also recovered by 16 percent over the period, reflecting a brisk pace of sales, much of which associated to heightened demand ahead of Ramadan. These tendencies contrasted with developments in the medium-grain market, where a combination of ample availabilities and slack buying interest drove the Japonica Index 19 points below its March 2016 level, to 223 points. From an annual perspective, the firmness witnessed in the second quarter of 2016 brought Indica Indices values closer to their 2015 levels, but proved insufficient to offset the

heavy losses incurred in the Aromatic segment. Combined with the lingering weakness in the Japonica market, this brought the January-July average of the FAO All Rice Price Index to 197 points, or 9.1 percent below its corresponding level in 2015.



Looking at the major origins, quotations in **Thailand** have registered steady gains since January 2016, underpinned by a brisk pace sales in the first months of the year and expectations of progressively tighter availabilities following the sharp output losses incurred to consecutive years of drought. By July,⁵ benchmark Thai 100% B stood 16 percent above March levels, at USD 456 per tonne. The tendency for prices to rise in the country was only contained by a retreat of buyers from the Thai market and by large supply releases from Government granaries. Indeed, the more buoyant market environment encouraged Thai officials to accelerate the release of rice from its large inventories, in an attempt to fully dispose of them by mid-2017. Since April, 1.9 million tonnes of publicly-owned rice has been sold through two tenders, with another two of such auctions, both slated for late July, offering an additional 3.8 million tonnes of rice.

Instead, generally weak buying interest tended to weigh on quotations in the **United States**. This was especially so in the medium-grain segment, where, despite reduced competition from Egypt and Australia, US N.1/4 stood at USD 610 per tonne in July, its lowest level since April 2010. Somewhat influenced by strength in other origins, US long-grain prices began strengthening in May, although prospects of a bumper 2016 crop limited gains. At USD 454 per tonne in July, US N.2 4% was quoted essentially unchanged from March levels and below the comparable Thai 100% B quality, against which it had traded at

⁵ Two weeks only.

premium for over three-and-a-half years. In January 2016, for instance, the US quotation surpassed the corresponding Thai price by about USD 100 per tonne.

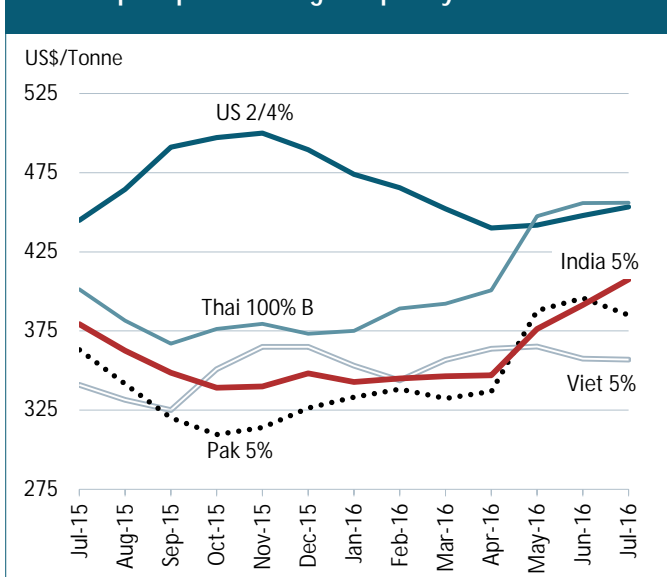
After finding support in the large government-to-government deals stricken in the last quarter of 2015, quotations in **Viet Nam** made further inroads through May, sustained by a drought and salinity-induced cut of the winter-spring crop. The market turned bearish in June, when the price of 25% broken eased to USD 337 per tonne, down from USD 346 in May and USD 341 in March. The recent weakness primarily reflected a dearth of new sales on the official front, but also of cross-border deliveries to China (Mainland), where border security has been tightened.

Prices have moved in the opposite direction in **Pakistan**, where a brisk pace sales underpinned prices. After trading below comparable Vietnamese and Indian qualities since September 2015, Pakistani Irri 25% was quoted at USD 365 per tonne in July, up 18 percent from March and essentially at par with Indian values. The strengthening was even greater in the fragrant rice market, where tight availabilities boosted Basmati quotations by 32 percent since March to a July value of USD 900 per tonne.

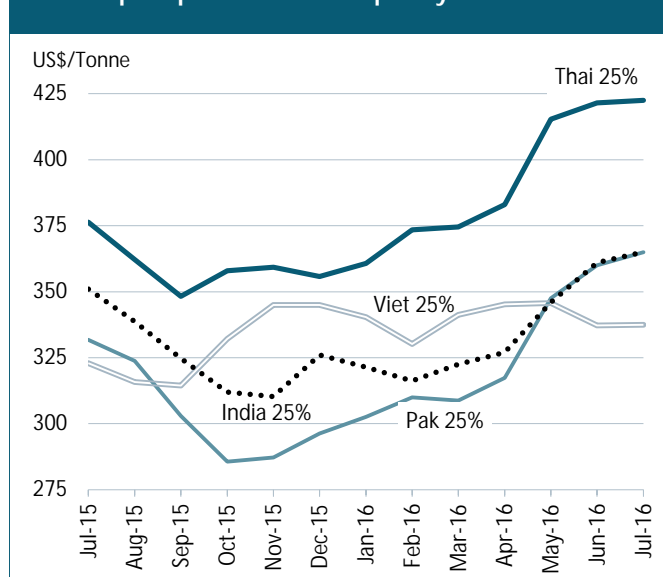
Export quotations in **India** also moved up. In the Indica white and parboiled segments, increases were in the order of 11-18 percent, mirroring supply tightness due to a poor Rabi turnout, a revival of demand from West African buyers and a surprise June sale to Iraq. As for fragrant varieties, Pusa Basmati gained 9 percent between March and July, sustained by sales to the Near East. Yet, at a July value of USD 850 per tonne Pusa Basmati prices were still 33 percent cheaper year-on-year.

Looking ahead, prices prospects remain uncertain. On the supply side, the outlook for 2016 crops in the northern hemisphere is generally positive. However, the season is still at early stages, with fresh supplies from these harvests not scheduled to enter the market until the last quarter of 2016. Until then, international quotations could find further support in progressively dwindling availabilities in the major origins. However, part of this tightness could be alleviated by continued releases of rice from Government granaries, as currently witnessed in Thailand. Moreover, whether price gains can be sustained also remains to be seen. Indeed, the recent strengthening in international rice prices has not coincided with a noticeable rekindling of import demand and has rather acted as a deterrent for major buyers to re-enter the market. This is especially the case of those countries that have faced deep depreciations of their local currencies, but also of those that run ambitious rice self-sufficiency programmes or have state trading agencies heavily involved in international rice purchasing.

Export prices of higher quality Indica rice



Export prices of lower quality Indica rice



FAO Rice Price Indices						
	All	Indica		Japonica	Aromatic	
		Higher Quality	Lower Quality			
	2002-2004 = 100					
2012	231	225	241	235	222	
2013	233	219	226	230	268	
2014	235	207	201	266	255	
2015	211	184	184	263	176	
2015	July	211	182	185	265	175
	August	210	179	182	267	175
	September	206	176	176	266	168
2016	October	199	179	175	251	154
	November	196	180	178	244	146
	December	197	180	181	242	152
	January	196	179	181	240	149
	February	197	180	181	243	148
	March	196	180	184	242	142
	April	195	181	187	236	145
	May	199	191	195	230	151
	June	198	191	198	223	159
	July*	200	193	199	223	166
	2015 Jan.-Jul.	217	188	188	270	187
2016 Jan.-Jul.	197	185	189	234	151	
% Change	-9.1	-1.3	0.7	-13.5	-19.2	

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 higher (lower) quality referring to rice with less (equal to or more) than 20 percent broken. The Sub-Index for Aromatic Rice follows movements in prices of Basmati and Fragrant rice.

Two weeks only.

EXPORT PRICES FOR RICE

	Thai White 100% B Second grade	Thai Parboiled 100%	U.S. Long Grain #2, 4%	Thai 5%	Viet 5%	Uru 5% 1/	India 25%	Pak 25%	Thai 25%	Viet 25%	Thai A1 Super 2/	U.S. California Medium Grain #1, 4%	Pak Basmati 3/	Thai Fragrant 4/
<i>(US \$/tonne, f.o.b.)</i>														
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
2015	395	392	490	386	353	541	337	318	373	334	327	857	849	1 008
2015														
July	401	399	445	392	341	526	351	332	376	323	321	845	868	1 031
August	382	387	465	373	332	510	339	324	362	316	324	845	888	997
September	367	367	491	359	325	510	325	303	348	315	316	840	855	980
October	376	373	497	368	351	510	312	286	358	332	323	837	661	984
November	380	371	500	368	365	510	310	287	359	345	329	815	621	887
December	373	364	490	363	365	503	326	296	356	345	332	790	716	782
2016														
January	375	377	474	369	353	479	321	303	361	340	331	775	734	783
February	389	390	466	384	344	470	316	310	374	330	339	770	745	795
March	392	391	452	384	357	435	323	309	375	341	343	745	681	793
April	401	402	440	393	364	427	327	317	383	345	351	691	679	797
May	448	444	442	433	365	453	346	348	415	346	355	658	750	802
June	456	455	448	441	358	463	361	360	422	337	356	610	825	830
July*	456	489	454	441	357	488	365	365	423	338	361	610	900	822
2015 Jan.-Jul.	410	406	490	401	356	565	348	332	384	337	328	879	922	1 066
2016 Jan.-Jul.	417	421	454	406	357	459	337	330	393	340	348	694	759	803
% Change	1.7	3.7	-7.5	1.4	0.1	-18.7	-3.2	-0.5	2.3	0.8	6.1	-21.0	-17.6	-24.7

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

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

4/ Hom Mali rice, grade A.

... = unquoted

* Two weeks only

RICE POLICY DEVELOPMENTS ⁶

Area	Date	Policy Instrument	Description
Bangladesh	Jun-16	Food subsidies	Set a target to raise foodgrain distribution by 7 percent to 2.97 million tonnes, as part of its 2016/2017 budgetary allocations. Out of this volume, 2.0 million tonnes would be in the form of rice, up from a revised target of 1.6 million tonnes for 2015/2016.
Bangladesh	Jun-16	Budgetary allocations, production support, Government procurement	As part of its 2016/2017 budgetary allocations, kept allotments for agricultural subsidies unchanged at BDT 90 billion (USD 1.1 billion), while announcing that, in order to sustain productivity improvements, it would continue facilitating credit, extension services, research, production and distribution of high yielding seeds, as well as promoting the use of organic fertilizers. In addition, it would aim to raise domestic procurement of rice in 2016/2017 to 1.85 million tonnes, up from 1.43 million tonnes for 2015/16.
Bangladesh	Apr-16	Government procurement, purchasing prices	In a move intended to support producers at harvest time, announced that it would purchase 1.3 million tonnes of paddy and rice from the 2016 Boro harvest. Of this volume, 700 000 tonnes would consist of direct paddy purchases from farmers. The procurement drive will span from 5 May to 31 August 2016, at a price of BDT 23 per kg (USD 288 per tonne) for paddy and of BDT 32 per kg (USD 401 per tonne) for rice.
Bangladesh	Jun-16	Import tariff	As part of its 2016/2017 budgetary allocations, targeted to import no rice over the 2016/2017 fiscal year and raised import duties on husked, semi/wholly milled and broken rice from 20 to 25 percent.
Brazil	Jul-16	Minimum support prices	Adjusted minimum support prices (MSPs) for the 2017/18 season (2016/17 for Brazil) to be effective from February 2017 to January 2018. In the case of fine long grain paddy, these were raised by 18 percent to BRL 699.4 (USD 216) per tonne for the Southern region (except Paraná) and by 18 percent to BRL 699.5 (USD 216) for all other regions. The MSPs for long-grain paddy were instead left unchanged at BRL 378 (USD 117) per tonne for the Southern region (except Paraná) and at BRL 407.5 (USD 126) per tonne for the Southeast, Northern, Northeast, and Centre West regions and the state of Paraná.
Cambodia	Apr-16	Export promotion, tax policy	Exempted unprocessed agricultural goods, including paddy, from value added taxes.
Cambodia	Jun-16	Export promotion, credit	According to press reports, agreed to extend USD 20-30 billion worth of credit to help traders purchase, process and store paddy for export. Additional assistance measures to the sector would reportedly include increased border surveillance to avert the inflow of rice across borders.
Ecuador	May-16	Production support, support	Set paddy producer prices for the 2016 season at USD 35.5 per 200 pounds (USD 391 per tonne), up 3 percent from levels applicable since April 2013.

⁶ The full collection of rice policies, starting in January 2011, is available at: http://www.fao.org/economic/est/est_commodities/commodity_policy_archive/en/?groupANDcommodity=rice

Area	Date	Policy Instrument	Description
		prices	
Egypt	May-16	Government procurement	Announced that the Government would procure 1.0 million tonnes of paddy from the 2016 local harvest, in order to reconstitute its strategic reserve.
Egypt	May-16	Import quota	Announced that the General Authority for Supply Commodities (GASC) would import 80 000 tonnes of rice, for immediate delivery, through direct contracts with suppliers. The volume would serve to ensure sufficient local availabilities during Ramadan.
India	Jun-16	Food subsidies	Approved an additional monthly allocation of 42 000 tonnes of foodgrains for Below Poverty Line (BPL) families and of 20 500 tonnes for Above Poverty Line (APL) families for distribution in Tamil Nadu, Kerala and Nagaland until June 2016, or until the National Food Security Act is implemented in these states.
India	Jun-16	Support prices, Government procurement	Raised minimum producer prices by 4.3 percent to INR 14 700 (USD 217) per tonne for common variety paddy and by 4.1 percent to INR 15 100 (USD 223) per tonne for Grade A paddy.
Kenya	Jun-16	Import tariff	Renewed exemptions to the 75 percent rice import duty applicable under the Common External Tariff of the East African Community. Rice imports are to accrue a tariff of 35 percent (or USD 200 per tonne, whichever is higher) for one year, effective 1 July 2016.
Mexico	Jun-16	Import quota	Put in place a mechanism to respond to supply disruptions or price hikes by opening duty free import quotas for paddy, semi/wholly-milled and broken rice originated in countries not part to existing trade agreements.
Myanmar	May-16	Production support	Announced that the Myanmar Agricultural Development Bank (MADB) would expand loans for monsoon paddy by 50 percent to MMK 150 000 (USD 126) per acre. Interest rates on these loans would rise from 5 to 8 percent, with the previous 10-acre ceiling per farmer maintained.
Myanmar	May-16	Government procurement, emergency reserve	Announced that the Government would procure 30 000 tonnes of rice to store as an emergency reserve.
Nepal	Jun-16	Budgetary allocations, production support	As part of its 2016-17 budgetary allocations, announced that NPR 5.78 billion (USD 53 million) would be set aside for the Prime Minister Agricultural Modernization Project, which will seek to make the country self-sufficient, in two years' time in the case of rice. Specific interventions would include the establishment of Agricultural Production Areas, where production, processing and marketing capacity is to be bolstered through subsidies on basic inputs, agricultural equipment and for the construction of storage, processing, training and marketing facilities. Among others, steps would also be taken to prevent agricultural land from being idled, to enhance access to credit, subsidise insurance premiums, while NPR 5.47 billion (USD 50 million) would go for the provision

Area	Date	Policy Instrument	Description
			of fertilisers and seeds. In addition to plans to bolster irrigation coverage in five years' time, the production of summer and aromatic rice would be promoted and minimum prices for paddy announced ahead of planting time.
Nicaragua	May-16	Production support	Approved the "Ley de Fomento a la Producción de Granos Básicos y Ajonjolí de las Pequeñas y Pequeños Productores", under which smallholders cultivating a maximum of 14 hectares of sesame seeds or basic food grains, including rice, will have a three percent interest rate cut on loans.
Nigeria	Jun-16	Production support	Launched a scheme that will see 500 threshers distributed to rice producers across twelve states at discounted prices.
Pakistan	Jun-16	Production support	As part of its 2016/2017 budgetary allocations, announced that it would extend fiscal concessions approved under last year's budget for a further year. The target on agricultural credit disbursements was raised to PKR 700 billion (USD 6.6 billion), with a PKR 1 billion (USD 9.5 million) set aside for the credit guarantee scheme and steps to lower the mark-ups on loans by 2 percent also announced. In addition, prices of urea and diammonium phosphate would be cut further, pesticides exempted from sales taxes, and electricity charges on agricultural tube wells lowered by 40 percent, effective from 1 July 2016.
Panama	Jun-16	Import quota	Approved an import quota of 45 360 tonnes of paddy for 2016, liable to a 3 percent import tariff.
Philippines	Jun-16	Production support	Announced that it would seek to bring an additional 1.0 million hectares of land under paddy cultivation, in an effort to reach self-sufficiency in rice. Increased focus would also be placed on bolstering small-scale, communal irrigation, to lower production costs and raise yields, including by promoting the cultivation of hybrid varieties.
Rwanda	Jun-16	Import tariff	Renewed exemptions to the 75 percent rice import duty applicable under the Common External Tariff of the East African Community. Rice imports will continue to accrue a tariff of 45 percent (or USD 345 per tonne, whichever is higher) for a period of one year, effective 1 July 2016.
Thailand	Jun-16	Production support	Approved a budget of THB 6.8 billion (USD 193 million) to implement an on-farm mortgaging programme for fragrant and glutinous paddy from northern and north-eastern provinces. The scheme will be run between May and December 2016, also providing traders and processors with an interest rate cut to encourage them to store paddy for up to six months.
Thailand	Jun-16	Production support	Approved a budget of THB 45.6 billion (USD 1.3 billion) to assist rice farmers affected by drought. The initiative will provide 3.7 million rice-farming households with an outlay of THB 1000 per rai (USD 177 per hectare) for up to 10 rai (1.6 hectares), in addition to extending debt repayment periods for two years and lowering interest rates on loans provided by the Bank of Agriculture and Agricultural Cooperatives (BAAC). A separate THB 60 per rai (USD 11 per hectare) will be extended to producers availing themselves of crop insurance.
Thailand	Apr-16	Stock release	Announced that it would expedite the release of the 11.4 million tonnes of rice still held in Government stockpiles. Auctions offering 1.0 million tonnes each would be held between May and July for the purpose.

Area	Date	Policy Instrument	Description
Thailand	May-16	Stock release	Sold 780 000 tonnes of rice from Government stocks, through an auction held on 19 May 2016. The latter offered a total of 1.2 million tonnes of rice for food, feed and industrial uses.
Thailand	Jun-16	Stock release	Sold 1.1 million tonnes of rice through a tender held on 15 June 2016, which offered a total of 2.24 million tonnes of rice from Government stocks. Auctioned volumes comprised white, fragrant and glutinous supplies deemed fit for food consumption.
Thailand	Jul-16	Stock release	Announced that it would open bids 3.8 million tonnes of rice from government stocks on 25 July 2016. Auctioned volumes would include 400 000 tonnes of rice fit for feed and industrial uses only, 1.23 million tonnes of fragrant, white and glutinous rice of various grades and 2.18 million tonnes of rice fit for human consumption for exports. Parties interested in purchasing the latter volume will need to have secured export orders ahead of bidding.
Uganda	Jun-16	Import tariff	Lowered import duties applicable under the Common External Tariff of the East African Community. According to the decision, imports of paddy and husked rice will be liable to a 75% import duty or USD 250 per tonne, as opposed to the 75% rate, or USD 345 per tonne, normally applicable. The measure will be effective for one year, starting on 1 July 2016.

TABLE 1: WORLD PADDY PRODUCTION

	2011-2013	2014	2015	2016	Annual Change		2016	
	Average		Estimate	Forecast	2016 / 2015		Previous	Revision
	<i>million tonnes</i>					%	<i>million tonnes</i>	
WORLD	735.7	744.7	738.8	746.8	8.1	1.1	745.5	1.3
Developing countries	710.2	718.2	713.8	719.8	6.0	0.8	719.1	0.7
Developed countries	25.5	26.5	25.0	27.1	2.1	8.4	26.4	0.6
ASIA	667.6	673.4	668.0	675.6	7.6	1.1	675.0	0.6
Bangladesh	50.8	51.8 G	52.4 G	52.3	-0.2	-0.4	52.9	-0.7
Cambodia	9.2	9.3 G	9.3 G	9.4	0.1	0.8	9.4	0.1
China	204.6	208.2	209.8	211.0	1.2	0.6	211.2	-0.2
of which China (Mainland)	202.9	206.5 G	208.3 G	209.3 G	1.1	0.5	209.5	-0.2
India	158.6	158.2 G	155.0 G	159.0	4.0	2.6	158.4	0.6
Indonesia	68.7	70.8 G	73.0	71.9	-1.1	-1.5	71.9	-
Iran, Islamic Rep. of	2.2	2.3 G	2.7 G	2.8	0.1	3.7	2.8	-
Japan	10.8	10.8 G	10.5 G	10.6	0.1	1.2	10.6	-
Korea Rep. of	5.6	5.6 G	5.8 G	5.6	-0.2	-3.0	5.6	-
Lao PDR	3.3	4.0 G	3.8	4.0	0.2	4.7	3.4	0.6
Malaysia	2.6	2.6 G	2.7 G	2.6	-0.1	-3.5	2.6	0.0
Myanmar	28.3	28.2 G	27.5 G	28.0	0.5	1.9	28.0	-
Nepal	4.9	4.8 G	4.3 G	4.8	0.5	12.6	4.8	-
Pakistan	9.2	10.5 G	10.2 G	10.3	0.1	0.9	9.9	0.4
Philippines	18.0	18.9 G	17.4 G	18.7	1.3	7.4	18.7	0.0
Sri Lanka	4.1	3.4 G	4.8 G	4.5	-0.3	-6.6	4.8	-0.3
Thailand	37.6	33.2	28.7	30.3	1.6	5.6	30.3	-
Viet Nam	43.4	45.0 G	45.2 G	44.5	-0.7	-1.6	44.5	-
AFRICA	26.8	28.7	29.0	29.9	0.9	3.1	29.1	0.8
North Africa	6.0	6.3	5.9	6.3	0.4	6.8	6.1	0.2
Egypt	5.9	6.2	5.9	6.3	0.4	6.8	6.1	0.2
Western Africa	12.9	14.0	14.6	15.0	0.4	2.8	14.9	0.1
Côte d'Ivoire	0.7	0.8	0.9	0.9	0.0	2.2	0.9	-
Guinea	1.9	2.0 G	2.0 G	2.1	0.0	0.6	2.1	-
Mali	2.0	2.2 G	2.3 G	2.5	0.1	5.1	2.4	0.1
Nigeria	4.6	4.9	4.8	4.9	0.1	2.1	4.8	0.1
Sierra Leone	1.2	1.2	1.3	1.3	0.0	-1.6	1.3	0.0
Central Africa	0.5	0.6	0.5	0.5	0.0	-0.2	0.5	-
Eastern Africa	2.6	3.2	3.6	3.7	0.1	1.4	3.1	0.6
Tanzania	2.1	2.6 G	3.0 G	3.0	0.0	1.3	2.5	0.6
Southern Africa	4.7	4.6	4.3	4.3	0.0	1.2	4.3	0.0
Madagascar	4.2	4.0 G	3.7 G	3.8	0.1	2.1	3.8	-
Mozambique	0.3	0.4 G	0.4 G	0.3 G	0.0	-6.7	0.3	0.0
CENTRAL AMERICA & CAR.	2.8	2.9	2.6	2.8	0.1	5.7	2.8	0.0
Cuba	0.6	0.6 G	0.4 G	0.5	0.1	19.6	0.5	0.0
Dominican Rep.	0.9	0.9 G	0.9 G	0.9	0.0	1.6	0.9	-
SOUTH AMERICA	24.5	24.7	25.5	23.0	-2.5	-10.0	23.7	-0.7
Argentina	1.6	1.6 G	1.6 G	1.4 G	-0.2	-10.3	1.5 G	-0.1
Brazil	12.3	12.1 G	12.4 G	10.5 G	-2.0	-15.8	11.2 G	-0.7
Colombia	2.0	1.9 G	2.1	2.2	0.1	3.6	2.0	0.1
Ecuador	1.2	1.2 G	1.2	1.2	0.0	0.8	1.2	-
Peru	2.9	2.9 G	3.1 G	3.2	0.0	1.2	3.2	-
Uruguay	1.5	1.3 G	1.4 G	1.3 G	-0.1	-6.6	1.3	0.0
NORTH AMERICA	8.7	10.1	8.7	11.1	2.4	27.4	10.4	0.7
United States	8.7	10.1 G	8.7 G	11.1 G	2.4	27.4	10.4	0.7
EUROPE	4.3	4.0	4.2	4.2	0.0	0.9	4.2	0.0
EU	3.1	2.9 G	3.0 G	3.0	0.0	0.3	3.0	0.0
Russian Federation	1.0	1.0 G	1.1 G	1.1	0.0	1.9	1.1	-
OCEANIA	1.0	0.8	0.7	0.3	-0.4	-62.0	0.3	-0.1
Australia	0.9	0.8 G	0.7 G	0.3 G	-0.4	-63.7	0.3 G	-0.1

NOTES:

The 2016 paddy production season normally includes rice from the main paddy crops whose harvests fall in 2016, to which rice from all subsequent secondary crops, if any, is added.

Totals computed from unrounded data.

G Official figure.

TABLE 2: WORLD RICE IMPORTS

	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	38.9	45.5	44.6	43.9	-0.6	-1.5	44.9	-1.0
Developing countries	33.7	40.0	38.9	38.1	-0.8	-2.0	38.9	-0.8
Developed countries	5.2	5.6	5.7	5.8	0.1	2.1	6.0	-0.2
ASIA	18.4	22.9	23.2	22.2	-1.0	-4.3	22.7	-0.5
Bangladesh	0.6	1.3	1.1 G	0.3	-0.8	-72.7	0.5	-0.2
China	3.8	6.4	7.1	6.8	-0.3	-4.0	6.7	0.1
of which China (Mainland)	3.3	5.9	6.6	6.3	-0.3	-4.5	6.2	0.1
Indonesia	1.7	1.0	1.3	1.8	0.5	38.5	1.8	-
Iran, Islamic Rep. of	1.5	1.4 G	0.8 G	1.1	0.3	37.5	1.2	-0.1
Iraq	1.3	1.1	1.0	1.2	0.2	15.0	1.2	-
Japan	0.7	0.7 G	0.7 G	0.7	0.0	1.7	0.7	-
Malaysia	1.0	1.1	1.1	1.2	0.1	7.1	1.2	-
Philippines	1.1	1.7	2.0	1.6	-0.4	-19.2	2.0	-0.4
Saudi Arabia	1.2	1.4	1.6 G	1.5	-0.1	-3.7	1.6	0.0
United Arab Emirates	0.7	0.8	0.9	0.8	-0.1	-11.1	0.8	-
AFRICA	13.6	15.0	13.6	13.4	-0.2	-1.3	13.8	-0.4
Côte d'Ivoire	1.3	1.2	1.3	1.2	-0.1	-10.8	1.2	0.0
Nigeria	3.0	3.4	2.2	2.3	0.1	4.5	2.5	-0.2
Senegal	1.1	1.3	1.3	1.1	-0.3	-21.6	1.1	-
South Africa	1.0	0.8 G	0.9 G	1.0	0.1	8.2	1.1	-0.2
CENTRAL AMERICA & CAR.	2.1	2.2	2.3	2.4	0.1	3.3	2.4	0.0
Cuba	0.4	0.5 G	0.6	0.6	0.0	4.5	0.6	0.0
Mexico	0.6	0.7 G	0.6 G	0.7	0.0	2.2	0.7	0.0
SOUTH AMERICA	1.5	1.5	1.5	1.9	0.4	24.0	1.9	-
Brazil	0.7	0.6 G	0.3 G	0.8	0.4	115.2	0.8	0.0
NORTH AMERICA	1.0	1.1	1.1	1.2	0.0	1.6	1.2	0.0
United States	0.6	0.8 G	0.8 G	0.8 G	0.0	0.9	0.8 G	0.0
EUROPE	1.9	2.3	2.3	2.4	0.0	2.0	2.4	0.0
EU 1/	1.4	1.6 G	1.8 G	1.9	0.1	2.9	1.9	0.0
Russian Federation	0.2	0.3 G	0.2 G	0.2	0.0	-7.7	0.2	-
OCEANIA	0.5	0.5	0.5	0.5	0.0	1.4	0.5	0.0

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		2016	
	Average		Estimate	Forecast	2016 / 2015		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
WORLD	39.1	45.6	44.6	43.9	-0.6	-1.5	44.9	-1.0
Developing countries	34.8	41.6	40.2	39.7	-0.5	-1.2	40.7	-1.0
Developed countries	4.3	4.0	4.3	4.2	-0.2	-3.5	4.1	0.0
ASIA	31.1	37.7	36.9	36.0	-0.9	-2.5	37.0	-1.0
Cambodia	1.1	1.1	1.2	1.3	0.1	4.2	1.4	-0.1
China	0.4	0.4	0.3	0.4	0.1	24.3	0.4	-
of which China (Mainland)	0.4	0.4 G	0.3 G	0.4	0.1	32.7	0.4	-
India	8.6	11.5 G	11.1 G	10.0	-1.1	-9.7	10.2	-0.2
Myanmar	1.1	1.7 G	1.6	1.6	0.0	0.6	1.7	-0.1
Pakistan	3.6	3.8 G	4.1 G	4.4	0.3	7.1	4.4	0.1
Thailand	8.0	11.0 G	9.8 G	9.9	0.1	1.2	9.9	-
Viet Nam	8.0	8.0	8.4	8.0	-0.4	-5.0	8.7	-0.7
AFRICA	0.5	0.6	0.5	0.5	0.0	-1.0	0.5	0.0
Egypt	0.3	0.4	0.4	0.4	0.0	0.0	0.4	-
SOUTH AMERICA	3.4	3.2	2.9	3.4	0.5	16.3	3.4	-
Argentina	0.6	0.5 G	0.3 G	0.6	0.2	77.4	0.6	-
Brazil	1.1	0.8 G	0.9 G	0.8	-0.1	-9.5	0.8	0.0
Guyana	0.3	0.5 G	0.5 G	0.5	0.0	-6.9	0.5	-
Uruguay	0.9	0.9 G	0.7 G	0.9	0.2	29.9	0.9	-
NORTH AMERICA	3.3	3.0	3.5	3.5	0.0	-0.6	3.3	0.1
United States	3.3	3.0 G	3.5 G	3.5 G	0.0	-0.6	3.3 G	0.1
EUROPE	0.4	0.5	0.4	0.4	0.0	-3.5	0.4	0.0
EU 1/	0.2	0.3 G	0.2 G	0.2	0.0	-11.5	0.2	0.0
Russian Federation	0.2	0.2 G	0.2 G	0.2	0.0	5.8	0.2	-
OCEANIA	0.4	0.4	0.3	0.2	-0.1	-38.2	0.3	-0.1
Australia	0.4	0.4	0.3	0.2	-0.1	-38.2	0.3	-0.1

NOTES:

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.

TABLE 4: END OF SEASON STOCKS 1/

	2012-2014	2015	2016	2017	Annual Change		2017	
	Average		Estimate	Forecast	2017 / 2016		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
WORLD	159.9	174.0	169.5	165.5	-4.0	-2.4	164.0	1.5
Developing countries	154.2	167.6	163.5	159.2	-4.3	-2.6	157.9	1.3
Developed countries	5.8	6.4	6.0	6.3	0.2	4.0	6.0	0.2
ASIA	150.0	163.6	159.1	155.8	-3.4	-2.1	154.5	1.3
Bangladesh	6.9	7.5	7.3	6.9	-0.4	-5.5	6.9	-
Cambodia	1.5	1.7	1.6	1.6	0.0	0.0	1.5	0.1
China	76.7	92.8	98.7	101.3	2.6	2.7	101.2	0.1
of which China (Mainland)	76.5	92.6	98.6	101.2	2.6	2.7	101.1	0.1
India	25.2	21.0	16.5	14.0	-2.5	-15.2	13.5	0.5
Indonesia	7.0	6.3	6.6	6.5	-0.1	-1.5	6.5	-
Iran, Islamic Rep. of	0.7	0.6	0.4	0.4	0.0	0.0	0.4	0.0
Japan	3.5	3.6 G	3.4	3.3	-0.1	-3.0	3.3	-
Korea Rep. of	1.1	1.5	1.7	2.0	0.3	16.8	2.0	0.0
Lao PDR	0.3	0.5	0.5	0.5	0.0	0.0	0.4	0.1
Malaysia	0.3	0.2	0.2	0.2	0.0	-2.2	0.2	0.0
Myanmar	3.0	2.3	2.0	1.8	-0.2	-10.0	1.8	-
Nepal	0.4	0.5	0.4	0.4	0.0	5.3	0.4	0.0
Pakistan	0.5	1.1	0.9	0.8	-0.1	-11.8	0.5	0.3
Philippines	2.0	2.6 G	2.7	2.8	0.1	3.8	2.9	-0.1
Sri Lanka	0.2	0.4	0.7	0.6	-0.1	-14.3	0.8	-0.2
Thailand	16.2	16.2	10.7	8.0	-2.7	-25.2	8.0	-
Viet Nam	2.8	3.0	2.9	2.8	-0.1	-3.4	2.4	0.5
AFRICA	5.1	5.8	5.0	4.8	-0.2	-4.9	4.5	0.3
Egypt	0.7	0.7	0.6	0.7	0.1	10.2	0.6	0.1
Nigeria	1.1	1.0	0.7	0.5	-0.2	-23.1	0.4	0.1
CENTRAL AMERICA & CAR.	0.5	0.4	0.4	0.5	0.1	13.7	0.6	-0.1
Dominican Rep.	0.1	0.0	0.0	0.0	0.0	0.0	0.0	-
SOUTH AMERICA	2.4	1.7	2.5	1.6	-0.9	-35.1	1.7	-0.1
Argentina	0.1	0.2	0.4	0.2	-0.1	-34.2	0.3	0.0
Brazil	1.3	0.6 G	0.6 G	0.1 G	-0.6	-86.9	0.2 G	-0.1
Ecuador	0.1	0.1	0.1	0.0	0.0	-35.2	0.0	-
Peru	0.3	0.3	0.4	0.4	0.0	1.3	0.4	0.0
NORTH AMERICA	1.2	1.6	1.3	1.8	0.5	37.6	1.6	0.2
United States	1.2	1.6 G	1.3 G	1.8 G	0.5	39.1	1.6	0.2
EUROPE	0.7	0.7	0.9	0.9	0.0	4.8	0.9	-
EU	0.5	0.4 G	0.6 G	0.7	0.1	12.2	0.7	-
Russian Federation	0.1	0.1	0.1	0.1	0.0	-31.8	0.1	-
OCEANIA	0.1	0.2	0.3	0.1	-0.2	-66.3	0.1	0.0
Australia	0.1	0.2	0.2	0.1	-0.2	-76.1	0.1	0.0
GOVERNMENT STOCKS								
Bangladesh	0.9	0.9 G	1.0 G	0.9	-0.1	-11.5	0.8	0.1
India	21.7	14.2 G	14.0	10.5	-3.5	-25.0	10.5	-
Japan	1.6	1.5 G	1.4	1.4	0.0	-2.1	1.4	-
Philippines	0.6	0.8 G	0.8	0.9	0.1	8.4	0.9	-

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							
2014-15	25 500	105 479 G	2 G	130 980	97 790	12 190 G	21 000
2015-16 est.	21 000	103 360 G	1	124 361	98 311	9 550	16 500
2016-17 f'cast	16 500	106 005	1	122 506	99 506	9 000	14 000
PAKISTAN							
2014-15	650	7 003 G	42 G	7 695	2 777	3 869 G	1 050
2015-16 est.	1 050	6 811 G	40	7 901	2 701	4 350	850
2016-17 f'cast	850	6 870	40	7 760	2 760	4 250	750
THAILAND							
2014-15	19 550	21 999	266	41 815	15 089	10 526 G	16 200
2015-16 est.	16 200	18 999	256	35 455	14 755	10 000	10 700
2016-17 f'cast	10 700	20 059	332	31 091	13 591	9 500	8 000
UNITED STATES							
2014-15	1 025 G	7 106 G	783 G	8 914	4 155	3 207 G	1 552 G
2015-16 est.	1 552 G	6 107 G	762 G	8 421	3 853	3 270 G	1 298 G
2016-17 f'cast	1 298 G	7 779 G	762 G	9 839	4 382	3 651 G	1 806 G
VIET NAM							
2014-15	2 730	29 234 G	543	32 507	21 492	8 015	3 000
2015-16 est.	3 000	29 390 G	500	32 890	21 568	8 422	2 900
2016-17 f'cast	2 900	28 925	550	32 375	21 575	8 000	2 800

FOOTNOTES:

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

Totals computed from unrounded data.

G Official figure.

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

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

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

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