

# RICE MARKET MONITOR

Production	1	Closing Stocks	18
International Trade	10	International Prices	19
Rice Utilization and Domestic Prices	15	Rice Policy Developments	23

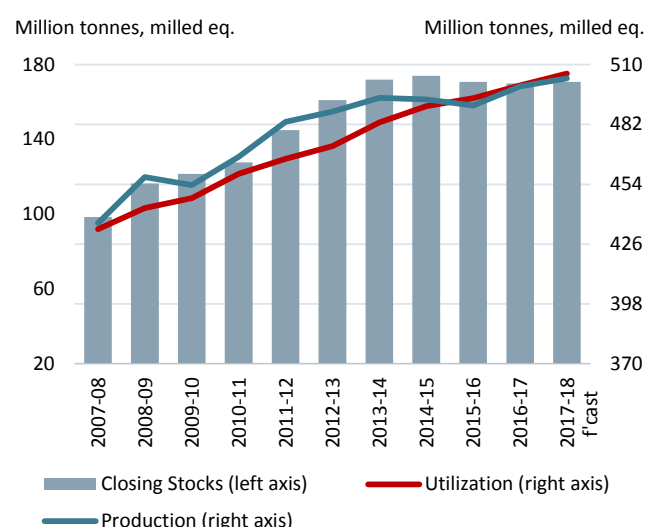
## ROUND UP

By now, countries located along and south of the Equator have already collected their 2017 main crops, with a few countries now engaged in offseason cropping activities. The 2017 season is less advanced in the northern hemisphere, where producers have just put their main-crops in the ground or are still busy doing so. At 758.8 million tonnes (503.6 million tonnes, milled basis), FAO's latest forecast of global paddy production in 2017 is little varied from April expectations, despite a number of significant revisions at a country level. In particular, adverse weather conditions called for downward adjustments to production prospects for Bangladesh, China (Mainland), Sri Lanka, the United States and Viet Nam, although most of these changes were offset by improvements for Brazil, Cambodia, Egypt, India, and Myanmar.

At 758.8 million tonnes (503.6 million tonnes, milled basis), world paddy production in 2017 would stand 0.8 percent, or 5.8 million tonnes, above a revised estimate for 2016. The comparatively modest year-on-year increase mirrors constraints posed by tight margins and heightened competition with other crops, which could entail a slow-down in the rate of area expansions. Still, the season is unfolding under generally favourable weather conditions. This is namely the case in **Asia**, where, with a few notable exceptions, conducive rains have aided cropping activities. Provided weather conditions hold, the continent is expected to gather 0.7 percent more than the record of 2016, or 686.1 million tonnes. Much of the region's production growth is envisaged to take place in India and Indonesia, owing to continued government support, and in Thailand thanks to prospects of improved margins. In addition, Cambodia, China (Mainland), the Islamic Republic of Iran, Iraq, the Lao People's Democratic Republic, Malaysia, Myanmar, Nepal, Pakistan, the Philippines and Turkey are all foreseen to gather more in 2017. Weather vagaries could instead keep production in both Bangladesh and Viet Nam close to 2016 reduced levels, while output is expected to fall in Afghanistan, the Republic of Korea and, especially, Sri Lanka.

In **Africa**, paddy production in 2017 is now predicted to reach 30.9 million tonnes, up slightly from the 2016 excellent harvest. Continued production expansions in West Africa are likely to sustain the feat, with positive results in Ghana, Guinea, Mali, Nigeria and Senegal often

### Rice production, utilization and stocks



### GLOBAL RICE MARKET SUMMARY

	2015-16	2016-17	2017-18	2017-18/ 2016-17
		est.	f'cast	var.
	million tonnes, milled eq.			%
<b>Production</b>	490.9	499.9	503.6	0.7
<b>Supply</b>	709.2	712.9	719.6	0.9
<b>Utilization</b>	494.3	500.3	505.8	1.1
<b>Food use</b>	397.2	402.7	408.4	1.4
<b>Feed use</b>	18.0	18.0	17.9	-0.6
<b>Other uses</b>	79.2	79.6	79.5	-0.1
<b>Trade <sup>1/</sup></b>	41.4	44.2	44.5	0.7
<b>Ending stocks <sup>2/</sup></b>	170.7	169.9	170.8	0.5
	%			
<b>Global stock-to-use ratio</b>	34.1	33.6	33.3	-
<b>Major exporters' stock-to-disappearance ratio <sup>3/</sup></b>	19.1	18.3	16.7	-

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

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

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

facilitated by state support under programs pursuing self-sufficiency in rice. Nonetheless, more buoyant yield prospects have also boosted the outlook for Egypt, where plantings proved more resilient than last envisaged. Gains in these countries would more than compensate for shortfalls in eastern and southern Africa. This would be namely the case of the United Republic of Tanzania and Madagascar, where crops were exposed to unseasonable dryness, with additional losses inflicted by cyclone Enawo in Madagascar.

In **Latin America and the Caribbean**, favourable growing conditions are expected to foster a 6 percent production recovery in 2017 to 28.1 million tonnes. Brazil is set to account for much of this upturn, although Cuba, the Dominican Republic, Ecuador, Guyana, Nicaragua and Uruguay are all heading towards larger crops. Instead, inclement weather is behind expected contractions in Chile and Peru, with tight margins also driving reductions in Argentina, Bolivia and Colombia. In the **other regions**, the outlook is negative for the United States and Europe, where area cuts induced by subdued prices have been recently compounded by poor weather. Instead, output is assessed to have reached a four-year high in Australia, as ample and more affordable water availabilities sustained a rebound in plantings.

**International rice trade** in calendar 2017 is now forecast to exceed the 2016 depressed level by 7 percent to 44.2 million tonnes, which is 930 000 tonnes more than predicted in April. The forecast growth is expected to be demand-driven and concentrate in Asia, where important buyers have turned to imports to rebuild inventories and/or quell upward pressure on domestic prices. Within the region, sizeable import increases are envisaged to concern Bangladesh, the Philippines and Sri Lanka, although China (Mainland), the Islamic Republic of Iran, Iraq, Malaysia and Saudi Arabia are also set to purchase more from abroad. These gains would more than compensate for cuts elsewhere, with the largest reduction set to concern Indonesia. Albeit more moderately, African countries are also seen raising imports, led by gains in Nigeria, Madagascar, but also Liberia, Senegal and Sierra Leone. Instead, ample local availabilities may cause demand to wane in Latin America and the Caribbean, Europe and the United States. On the export side, India, Thailand and Viet Nam remain forecast to capture much of the expected trade growth this year, although affordable prices are similarly envisaged to translate into strong export performances by China (Mainland) and Myanmar. Australia, Paraguay, the United States and Uruguay are also envisaged to count on sufficient availabilities to lift exports in 2017. By contrast, in the aftermath of output shortfalls or heightened competition, Argentina, Brazil, Pakistan and the Russian Federation are seen shipping less, while continued export restrictions lower deliveries by Egypt.

Despite a 700 000 tonne downward adjustment since April, **global rice utilization** is forecast to grow by 1.1 percent in 2017/18 to 505.8 million tonnes (milled basis). All of this increase would be attributable to a 1.4 percent expansion in food use to 408.4 million tonnes. This level would be sufficient to keep global per capita consumption largely steady at around 54.3 kilos per person. Meanwhile, quantities destined to feed and other uses (including seeds, post-harvest losses and industrial uses) are anticipated to fall fractionally to 17.9 and 79.5 million tonnes, respectively. Cuts to industrial and feed uses in China (Mainland), but also in Bangladesh and the Republic of Korea, would be behind these reductions. Still, much of these losses look set to be compensated by increases in Thailand, where public stock releases of rice no longer fit for human consumption could boost industrial and feed uses sharply.

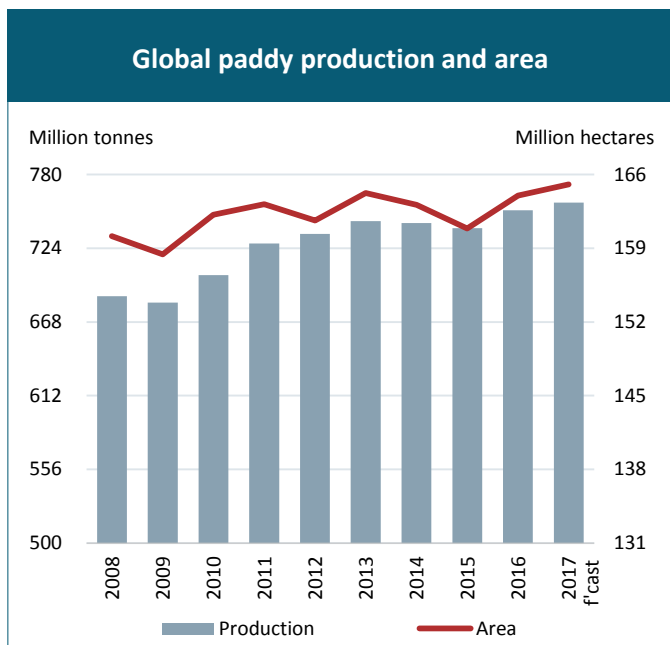
FAO's forecast of **world rice inventories** at the close of 2017/18 marketing seasons now points to global reserves staging a modest 0.5 percent annual recovery to 170.8 million tonnes. Rice importing countries are predicted to account for all of the rebuilding, in particular China (Mainland), but also Bangladesh, Indonesia and the Philippines. Elsewhere, good crop harvests are also expected to translate into sizeable accumulations in Brazil and Myanmar, but these gains would be partly offset by reductions in Thailand and the United States. Indeed, drawdowns in the two countries look set to lower aggregate reserves by the five major rice exporters (India, Pakistan, Thailand, the United States and Viet Nam) for the fourth successive season. This would result in their 2017/18 stock-to-disappearance ratio falling to a ten-year low of 16.7 percent.

**International rice prices** have made further inroads since April, notwithstanding the arrival of fresh supplies from secondary harvest in the northern hemisphere and of main crops south of the Equator. The gains coincided with an intensification of import demand, which was accentuated by production disruptions in the United States and Viet Nam and by an end in sight to the supply overhang in Thailand. This was reflected by the FAO All Rice Price Index (2002-2004=100), which averaged 210 points in mid-July, up 6 percent from April and its highest level since August 2015. Compared to April, the most pronounced gains have concerned Indica varieties, whose prices have risen by 8-10 percent following a stream of orders from countries such as Bangladesh, Iran, Iraq and, more recently, the Philippines. The Japonica Index also began a 6 percent recovery in June, amid prospects of a smaller US crop. Conversely, subsiding demand for Basmati rice caused the Aromatic Index to ease by 1 percent to 206 points.

## PRODUCTION

### *World paddy production to surpass the 2016 bumper harvest by 0.8 percent in 2017*

With the 2016 season now closed,<sup>1</sup> governments in Asia have issued new output assessments, pointing to an even better seasonal turnout than last reported. This was primarily the case of India, the Democratic People’s Republic of Korea, Myanmar and Pakistan, whereas figures were downscaled mostly for Bangladesh. Put together, these amendments raised FAO’s estimate of global paddy production in 2016 to 753.0 million tonnes (499.9 million tonnes, milled basis), which is 1.0 million tonnes above April expectations and 13.7 million tonnes over the 2015 depressed outcome. All of the growth concentrated in the northern hemisphere, where the return of normal weather patterns sustained a 2.5 percent production recovery to 652.5 million tonnes (435.6 million tonnes, milled basis). This gain overshadowed losses in the southern hemisphere, where cropping activities were undertaken under the lingering influence of the El Niño weather anomaly. This in turn reduced yields, causing output to contract by 2 percent to 100.4 million tonnes (64.3 million tonnes, milled basis).



<sup>1</sup> The 2017 rice production season normally includes rice from the main paddy crops whose harvests fall in 2017, 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 2017 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 2018. In the case of southern hemisphere countries, production in 2017 normally comprises rice from the main paddy crops assembled in the first part of 2017, plus rice from the secondary crops, generally gathered in the latter part of 2017. This approach to assess rice production is applicable to any given season.

Meanwhile, at 758.8 million tonnes (503.6 million tonnes, milled basis), FAO’s latest forecast of global paddy production in 2017 is little varied from April expectations, despite a number of significant revisions at a country level. In particular, production prospects deteriorated for Bangladesh, China (Mainland), Sri Lanka, the United States and Viet Nam, in most cases owing to weather-related disruptions. The opposite was the case for Brazil, Cambodia, Egypt, India, Myanmar, Pakistan, the Philippines and Thailand, all of which are forecast to produce more than anticipated earlier.

The revised forecast of 758.8 million tonnes (503.6 million tonnes, milled basis) continues to suggest that the pace of global production growth is likely to be more restrained in 2017, in the order of 0.8 percent, or 5.8 million tonnes. The comparatively modest year-on-year increase mirrors constraints posed by tight margins and heightened competition with other crops, which could entail a slow-down in the rate of area expansions. Still, the season is unfolding generally well from a climatic point of view. This is namely the case in Asia, where, with a few notable exceptions, beneficial rains have aided cropping activities and where the sector continues to benefit from strong government assistance. Provided weather conditions hold, Asia is expected to see production surpass the 2016 all-time record. Where main-crop harvest have already been concluded, weather conditions have also proved conducive for growth. This is the case of Australia, where production rebounded thanks to ample and more affordable water availabilities for irrigation. Excellent yield outturns in South America are similarly anticipated to sustain a recovery in Latin America and the Caribbean, while Africa looks headed towards another bumper harvest. By contrast, area cuts induced by prospects of reduced margins, combined with weather setbacks, look set to depress production in the United States and in Europe.

### **Asia**

#### *Area expansions to sustain a 0.7 percent production gain in 2017*

At this time of the year, most Asian countries located along or south of the Equator have already collected their 2017 main-crops, whereas the May/Jun arrival of the monsoon rains marked a start to plantings activities in the northern hemisphere. Overall production in the region is expected to reach 686.1 million tonnes (455.3 million tonnes, milled basis) in 2017, up 0.7 percent from the 2016 all-time record. A 1.1 million hectare expansion in area coverage is forecast to underpin this growth, while yields hold largely steady at around 4.7 tonnes per hectare. Much of Asia’s predicted output expansion is

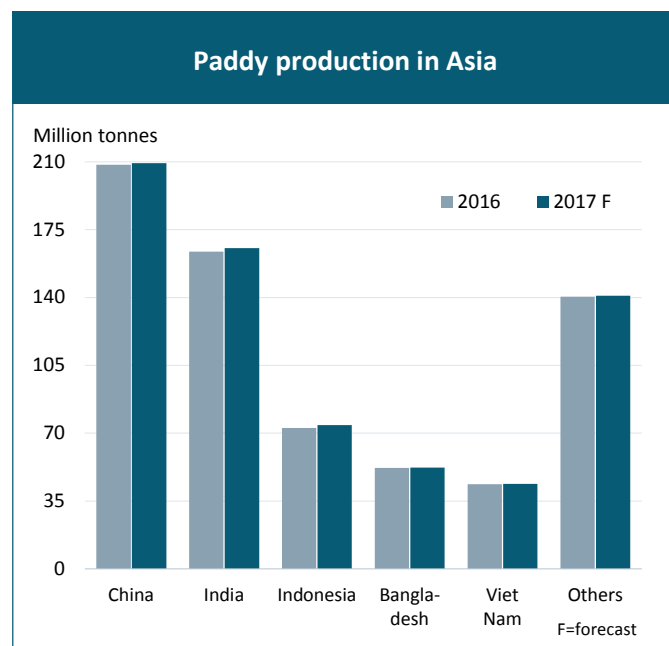
anticipated to take place in **India** and **Indonesia**, where continued government support to the sector is expected to promote area gains, and in **Thailand** thanks to prospects of improved margins. Although less pronounced than last reported, output is also seen recovering in **China (Mainland)**, with **Cambodia**, the **Islamic Republic of Iran**, **Iraq**, the **Lao People's Democratic Republic**, **Malaysia**, **Myanmar**, **Nepal**, **Pakistan**, the **Philippines**, **Turkey** all forecast to gather more over the year. On the other hand, weather vagaries may limit production upturns in both **Bangladesh** and **Viet Nam**, while output is predicted to fall in **Afghanistan**, the **Republic of Korea** and, especially, **Sri Lanka**.

Estimates of 2016 production by **Bangladesh** have been lowered by 520 000 tonnes since April to 52.1 million tonnes (34.7 million tonnes, milled basis), down 1 percent year-on-year. The revision follows the release of final Government assessments indicating that the Aus crop incurred a steeper annual contraction of close to 7 percent to 3.2 million tonnes (2.1 million tonnes, milled basis). Output from the Aman crop is also assessed at a lower 20.5 million tonnes (13.7 million tonnes, milled basis). While this level stood 1.3 percent above the 2015 Aman result, it proved insufficient to compensate for price-driven reductions in the two preceding crops of the season.

As to 2017 prospects, these too have deteriorated by nearly 900 000 tonnes, mostly mirroring crop losses in north-eastern areas of the country caused by April flash floods. The inundations inflicted severe damage to some 200 000 hectares of agricultural crops, most of which paddies that had reached the harvesting stage. Combined with some localised pest problems, the floods compromised prospects for the first and largest crop of the season (the Boro crop), which had otherwise benefitted from generally conducive growing conditions and a rebound in prices. Since April, local quotations in Bangladesh have made further headway. Wholesale prices in the capital stood 74 percent over year-earlier levels in June at a record of BDT 45.4 (USD 0.56) per kilo.<sup>2</sup> The price spike, along with official assistance programmes, are anticipated to encourage farmers in the country to bring more land under cultivation, especially under the Aman crop, which is currently being sown. Provided no additional setbacks are incurred, the area gains are envisaged to assist total production in Bangladesh reach 52.2 million tonnes (34.8 million tonnes, milled basis) in 2017, which is close to the 2016 depressed level.

The 2017 season opened in **Cambodia** with April launch of wet-crop planting activities. Adequate rains since then have sustained a speedy advance of fieldwork. By early

July, officials indicated that 1.4 million hectares had been put to paddy. This exceeded the year-earlier extension by 12 percent and the five-year average for the period by some 400 000 hectares. To take account of this fast progress, FAO has raised its forecast of total production in Cambodia by 330 000 tonnes to 10.0 million tonnes (6.0 million tonnes, milled basis). If confirmed, this level would surpass the 2016 record by 1 percent. However, much will still depend on weather conditions through September. These will in turn determine whether wet-crop yields approach the 2016 all-time high of 2.96 tonnes per hectare.



FAO has lowered its April forecast of 2017 production in **China (Mainland)** by 700 000 tonnes to match semi-official predictions released by the China National Grains and Oils Information Center. The downward adjustment mostly reflects less buoyant area prospects for the third and last cycle of the season, the late crop. Still, at a forecast 207.7 million tonnes (142.3 million tonnes, milled basis), 2017 production in China would stand 770 000 tonnes above the 2016 reduced level. A 1.1 percent expansion in intermediate output to 138.4 million tonnes (94.8 million tonnes, milled basis) is expected to sustain all of this recovery. Much of this growth would concentrate in north-eastern areas of the country, where despite this year's cut to Government procurement prices, rice remains a safe production choice, owing to continued large state intervention purchases. Meanwhile, the Center has maintained a positive yield outlook for the other two crops of the season. This is notwithstanding challenges posed by heavy June downpours in southern provinces, which caused flooding problems for early-crops at the harvest stage and for late-crops that had just been planted. Area prospects for these two cycles are less optimistic, amid expectations that reduced margins, competition with imports and quality considerations will induce producers

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



to cut area under these two crops by close to 2 percent year-on-year. Put together, these factors would translate into a largely stable early crop harvest of close to 32.7 million tonnes (22.4 million tonnes, milled basis) and a 2 percent cut in late crop output to 36.6 million tonnes (25.1 million tonnes, milled basis).

According to the Government's Third Advanced Estimates, **India** gathered a record of 163.7 million tonnes (109.2 million tonnes, milled basis) in 2016. The forecast stands some 430 000 tonnes above previous official indications and 5 percent over the 2015 depressed outcome. The feat would have relied on yield improvements in the Kharif crop, facilitated by a normal unfolding of the southwest monsoon. However, productivity gains would have also concerned the secondary (Rabi) crop, more than compensating for area losses induced by short water supplies in important southern producing states.

As to prospects for the ongoing season, FAO now sees India producing 165.5 million tonnes (110.4 million tonnes, milled basis) in 2017, 1 percent more than the 2016 all-time high. The forecast growth is anticipated to stem from area expansions, encouraged by Government support in the form of steady increases in minimum support prices and large state acquisitions, further to debt relief measures recently taken by local authorities in important rice-growing states. An improved water supply situation could also permit Rabi plantings to expand for the first time in four years. However, much will depend on rainfall performance in the months ahead. In particular, it remains to be seen whether conditions will prove sufficiently positive to sustain a second season of record-breaking yields.

In this connection, June forecasts issued by the India Meteorological Department predict cumulative precipitation in India during the June-September period to remain within normal bounds, at 98 percent ( $\pm 4\%$ ) of the long-period average (LPA). If confirmed, this level would be comparable to the 97 percent of LPA actually received

in 2016. The agency predicts normal rainfall over all broad geographical regions, with precipitation in the critical months of July and August seen in the order of 96 and 99 percent of average, respectively. To date, the progress of the monsoon has been generally positive, with cumulative rains as of 12 July standing just 1 percent short of historical norms. The overall positive advance masks some disparities at the sub-national level, in particular in central and southern parts of the country, where somewhat drier conditions prevailed, and in the northwest, where excess rains were received. Still, plantings activities of 2017 main Kharif crops have proceeded smoothly. Officials indicate that 12.6 million hectares had been put to paddy by 14 July, 5 percent more than in the corresponding period of 2016. From a varietal perspective, the campaign also opened under expectations that a rebound in fragrant prices would encourage a recovery in basmati production. This is after prospects of low returns last year induced steep cuts to basmati acreage, causing fragrant output to decline by 24 percent year-on-year to 6.2 million tonnes.

There have been no changes to the 2017 production outlook for the **Republic of Korea**, where crops were sown between May and June. The country is forecast to gather 3 percent less than in 2016, or 5.5 million tonnes (4.1 million tonnes, milled basis). The contraction is expected to be area-driven, on anticipation that weak paddy prices, pressured by successive large harvests, will extend planting cuts into the fifteenth successive year. Retrenchments are also being promoted by the Government's area diversion programme, which seeks to convert some 35 000 hectares of paddies to other uses this year, in order to avert over-supply problems. Additional challenges were reported to have been posed by unseasonably dry conditions throughout the planting period, which increased irrigation needs.

After some initial delays caused by a slow advance of the monsoon, more vigorous July rains are reported to have permitted transplanting activities of 2017 crops in **Nepal** to regain momentum. The sector has been further

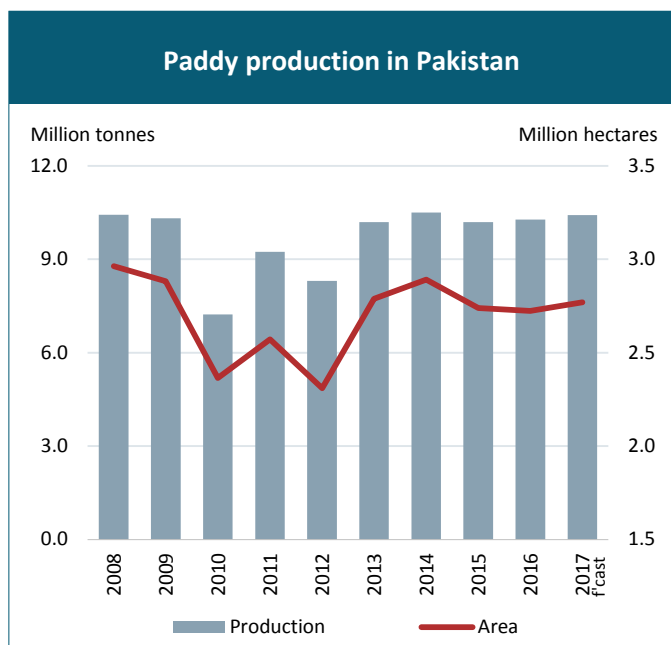
#### INDIA: PRODUCTION OF BASMATI RICE

State	Area (000 ha)			Yields (Mt/ha)			Production (000 Mt)		
	2015	2016	Var %	2015	2016	Var %	2015	2016	Var %
<b>INDIA</b>	<b>2,119</b>	<b>1,688</b>	<b>-20</b>	<b>3.8</b>	<b>3.6</b>	<b>-4</b>	<b>8,058</b>	<b>6,156</b>	<b>-24</b>
Punjab	864	616	-29	4.1	4.5	11	3,541	2,796	-21
Haryana	833	720	-14	3.9	3.2	-17	3,243	2,337	-28
Uttar Pradesh	340	266	-22	3.1	3.1	-2	1,066	817	-23
Uttarakhand	16	16	0	2.9	2.6	-10	46	41	-10
Jammu & Kashmir	63	62	-1	2.4	2.1	-14	152	130	-15
Himachal Pradesh	2	8	264	3.3	4.0	21	7	32	341
Delhi	1	1	18	3.9	3.8	-4	3	4	13

Source: APEDA, Ministry of Commerce and Industry, Government of India.

heartened by forecasts calling for normal precipitation levels in the critical June-September period. Officials have also expressed confidence that an adequate input supply situation, along with official schemes promoting yield improvements and double cropping, will sustain another favourable harvest. FAO’s 2017 production forecast for Nepal remains set at 5.4 million tonnes (3.5 million tonnes, milled basis), implying a 2 percent expansion from the 2016 record.

Overturning previous expectations of a small production decline, June Government assessments indicate that **Pakistan** gathered 10.3 million tonnes (6.8 million tonnes, milled basis) in 2016, up 1 percent year-on-year and 300 000 tonnes more than last reported. The slight annual advance relied on yield gains, since increased competition with crops such as maize and sugar caused acreage to edge down by 0.5 percent to 2.7 million hectares. By now, planting activities of 2017 crops are drawing to close in Pakistan. FAO currently anticipates production in the country will reach 10.4 million tonnes (7.0 million tonnes, milled basis) in 2017. The forecast 2 percent growth is expected to be area driven, as barring major obstacles, more attractive paddy prices, continued subsidies on basic inputs and official steps to enhance access to credit are expected to encourage producers to reclaim some areas for paddy cultivation. On the weather front, official forecast point to a likelihood of below-normal August and September rains, although no major dearth in water supplies for irrigation is reported.



Following a slight upward adjustment since April, FAO’s production outlook now points to the **Philippines** collecting a total of 18.7 million tonnes (12.2 million tonnes, milled basis) in 2017, up 1 percent from the good 2016 outcome. The revision comes amid improved

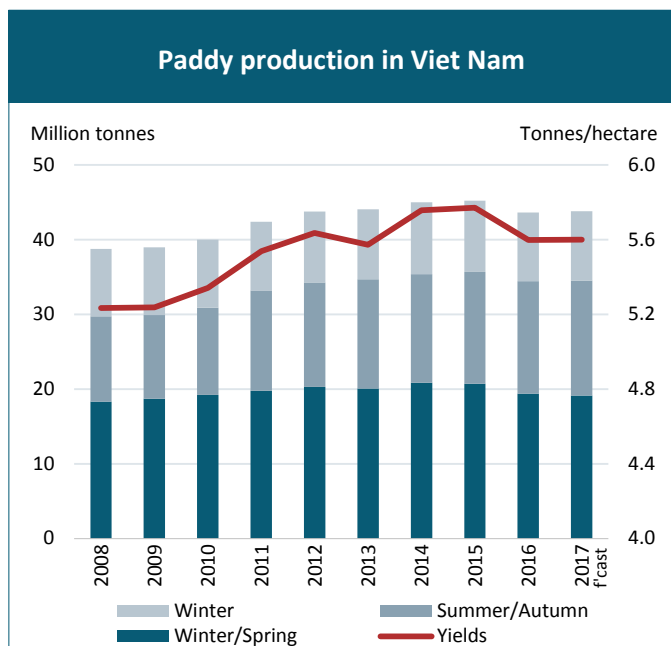
prospects for crops gathered in the third quarter of 2017, which benefitted from sufficient supplies for irrigation, as well as timely and adequate rains. Combined with Government support measures, officials anticipate these factors will translate into a 6 percent production expansion in this crop to 3.1 million tonnes (2.1 million tonnes, milled basis). Going forward, weather forecasts indicate that most parts of the country are likely to receive near normal or above normal rains through December, with a likelihood of 9 to 14 tropical cyclones entering the country’s area of responsibility over this period. Meanwhile, authorities have unveiled a target of raising average yields to 10 tonnes per hectare in irrigated areas, under the “Masaganang Ani 200” programme. Interventions under the scheme, being piloted this season, would include availing farmers with loans to purchase basic inputs, including fertilizers and seeds.

Based on the results of FAO/WFP field assessment, the March-concluded Maha harvest in **Sri Lanka** fell 46 percent below its 2016 level to 1.6 million tonnes (1.1 million tonnes, milled basis). The reduction was triggered by prolonged dryness in 2016 and poor north-east monsoon rains. These severely constrained water availabilities for irrigation, causing a 28 percent slump in Maha plantings to 543 000 hectares. Drought damages over some 150 000 hectares of paddies compounded on the planting cuts. The outlook for the 2017 secondary (Yala) crop is equally poor. Despite some improvements in February and March, precipitation received proved insufficient to recharge reservoirs to more normal levels, especially in important eastern, north-central and north-western producing areas. Tight seed availabilities added to these constraints, along with flood damages over 5 000 hectares in May. Reflective of these factors, officials reported by that Yala plantings at the close of May lagged some 100 000 hectares behind year-earlier levels, amounting to 201 000 hectares. FAO now anticipates that the unseasonable climate will lower overall production in Sri Lanka to 2.7 million tonnes (1.9 million tonnes, milled basis) in 2017. This would represent a 38 percent annual shortfall and the lowest output level since 2002.

The 2017 season got off to a promising start in **Thailand**. Since their May onset, the seasonal rains brought abundant precipitation throughout much of the country, which coupled with comfortable storage levels in reservoirs, have permitted planting activities to progress at a brisk pace. Further encouragement came in the form of heightened demand for export, which together with an exhaustion of state stockpiles of food-grade rice, provided room for farmgate prices to recuperate some of the heavy losses incurred in the wake of the 2016 harvest. Forecasts by the Thai Meteorological Department indicate that rainfall performance in August and September is likely to remain at above-normal levels in the main rice-growing

areas of the country. Although this also raises the spectre of increased flooding risks, the forecast bodes well for the predominantly rainfed main-crop, but also for the irrigated secondary crop that will be planted in the last quarter of the year, which could count on an adequate water supply situation. Reflective of these factors, FAO now forecasts Thailand to gather 33.7 million tonnes (22.3 million tonnes, milled basis) in 2017, which would exceed the 2016 good harvest by 1.1 million tonnes, or 3 percent.

According to Government assessments, after contracting by 6 percent last year due to El Niño -induced dryness, the 2017 winter-spring harvest in **Viet Nam** fell by another 1.5 percent to 19.1 million tonnes (12.4 million tonnes, milled basis). This year’s shortfall concentrated in the Mekong Delta, where yields were negatively impacted by lingering salinity problems and excess rains. Conditions have proven more conducive for the summer-autumn crop, raising prospects of initial setbacks being largely compensated. Aided by adequate water supplies, summer-autumn plantings had reached 1.9 million hectares by mid-June, up 7 percent from last-year’s weather-delayed progress. FAO has also maintained a positive outlook for the third and last crop of the year, the winter crop. This follows expectations that more normal weather will permit yields to recover, with a rebound in local paddy prices also providing some planting incentives. On this basis, 2017 production in Viet Nam is now put at a total of 43.8 million tonnes (28.5 million tonnes, milled basis). This level would stand 200 000 tonnes short of April expectations and 0.4 percent above the 2016 depressed outcome.



## Africa

### Continued growth in West Africa to facilitate another large harvest

By now, Eastern and Southern African countries have concluded their main-crop harvests, while Egypt’s 2017 crop is now in the ground. The season is still at early stages in western parts of the continent, where producers are in the process of planting their first crops. FAO’s April forecast of 2017 production in Africa has undergone a 240 000 upward adjustment to 30.9 million tonnes (20.2 million tonnes, milled basis), which is slightly (0.4 percent) above the 2016 bountiful harvest. The outlook mostly mirrors positive expectations for crops in West Africa, which could help to compensate for shortfalls in eastern and southern parts of the continent, where crops in important producers, such as the United Republic of Tanzania and Madagascar, were exposed to inclement weather. Nonetheless, more buoyant yield prospects have also raised the outlook for production in Egypt.

In **Northern Africa**, productivity levels in **Egypt** are among the highest in the world, averaging close to 9.5 tonnes per hectare in recent years. Field reports suggest that state-led efforts to promote the adoption of new short-duration hybrids will result in excellent yield outcomes this year, considering the overall normal climatic unfolding of the season to date. On the area front, still attractive local prices would have again induced producers to plant well beyond the year’s ceiling of 1.1 million feddans (452 000 hectares). This was notwithstanding official warnings that penalties for cultivations beyond this limit would not be condoned, calls for producers to shift to maize cultivation, attractive cotton prices. Accordingly, FAO now anticipates 2017 production in Egypt to amount to 6.4 million tonnes (4.4 million tonnes, milled basis). This level would exceed the 2016 abundant harvest by 1 percent, on anticipation that yield improvements will more than compensate for a small retreat in plantings.

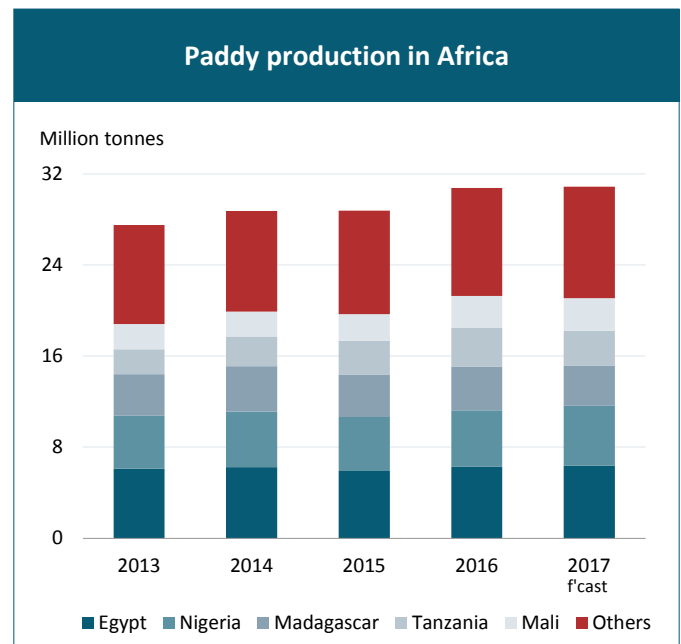
In **West Africa**, farmers are still busy planting the 2017 main crop. With a few exceptions, the season has proceeded well thus far, as field preparations and the start of sowing activities have been aided by normal to above-normal rains. The generally positive rainfall pattern could give a further boost to a sector that remains at the centre of expansionary Government programmes, providing producers with input and credit assistance, while trying to ensure an outlet for their produce. Although the favourable onset bodes well for the season, the temporal and geographical distribution of the rains between July and September will still prove critical, considering May forecast by regional weather agencies that warn that parts of Guinea, Liberia, Sierra Leone and Cote d’Ivoire could experience rainfall shortages over this period. Assuming normal growing conditions, FAO anticipates West Africa

will gather 16.0 million tonnes (10.2 million tonnes, milled basis) in 2017, outdoing the 2016 record by 4 percent, or 600 000 tonnes.

At a country level, **Nigeria** remains forecast to lead the sub-region's production growth, gathering 5.3 million tonnes (3.2 million tonnes, milled basis) in 2017. This level would be 6 percent above the already good 2016 outcome, amid expectations that producers in the country will react to high domestic prices resulting from a slump in imports by expanding plantings. Government efforts to promote production growth and attain self-sufficiency in rice also continue, extending assistance to producers through initiatives such as the Growth Enhancement Support Scheme (GESS), the Anchor Borrowers' Programme and the Presidential Initiative on Fertilizers. FAO has also maintaining its positive outlook for 2017 production in **Ghana** and **Guinea** at 790 000 tonnes (475 000 tonnes, milled basis) and 2.2 million tonnes (1.5 million tonnes, milled basis), respectively. In both cases, this is notwithstanding some early season dryness, which was however largely eased by a resurgence of the rains in May. In Guinea, efforts to ensure a timely distribution of subsidized inputs are anticipated to promote continued area growth, with similar interventions also taking place in Ghana under the March-launched Planting for Food and Jobs Campaign. In **Mali**, XOF 153.6 billion (USD 267 million) are reported to have been officially set aside to aid the agricultural sector by continuing assistance in the form fertilizer and agricultural machinery. In view of the lingering strength of paddy prices in the country and prospects of average to above-average river flows, production in Mali is now forecast to surpass the 2016 record by 3 percent to 2.9 million tonnes (1.9 million tonnes, milled basis). Output is also seen making inroads in **Benin, Burkina Faso, Chad, Guinea Bissau and Senegal**.

Instead, prospects of a production recovery in **Gambia** are somewhat dampened by sector discontent regarding high production costs. This is even if a June Government decision lowered fertilizer prices by 26 percent to GMD 14 000 (USD 297) per tonne, with officials also encouraging farmers organise into cooperatives. Output in Gambia is currently seen exceeding the 2016 depressed level only fractionally to 50 000 tonnes (32 000 tonnes, milled basis). Meanwhile, the outlook has deteriorated for **Liberia** and **Sierra Leone**, two countries that opened the 2017 season in April under unseasonable dry conditions. Although more normal rains since mid-May have eased concerns in Sierra Leone somewhat, in Liberia predictions point to large swaths of the country potentially receiving below-normal rains through September. If confirmed, this could result in production in Liberia declining for a second successive season to some 266 000 tonnes (173 000 tonnes, milled basis), while 1.1 million tonnes are gathered in Sierra Leone, little changed from 2016. In the case of

**Mauritania**, a 4 percent annual reduction to a six-year low of 169 000 tonnes (101 000 tonnes, milled basis) is expected to be linked to area cuts in response to liquidity constrains, whereas a return of yields to more normal levels could lower 2017 output in **Niger** to 135 000 tonnes (88 000 tonnes, milled basis).



Reflecting disruptions posed by unseasonable dryness, to which the threat of Fall Armyworm infestations has recently added, **Eastern Africa** is predicted to face a 7 percent annual output contraction in 2017 to 3.8 million tonnes (2.5 million tonnes, milled basis). In the **United Republic of Tanzania**, the largest rice producer in the sub-region, the first and smallest of two crops cultivated was negatively impacted by precipitation shortages during the last quarter of 2016. Although rainfall patterns proved more promising as of February, important northern producing regions, such as Mwanza and Shinyanga, were again gripped by dryness starting in late April. Accordingly, after seeing output climb to an all-time high in 2016, Tanzania is forecast to incur a 10 percent annual reduction in 2017 to 3.1 million tonnes (2.0 million tonnes, milled basis).

Poor performing rains, along with reported input shortages, also undermined Season A progress in **Burundi**, fuelling expectations of an 11 percent production decline in 2017 to 43 000 tonnes (29 000 tonnes, milled basis). This is even if improved rainfall patterns since March may provide an opportunity to regain initial losses with successive crops. The outlook is similarly negative for **Kenya**, which could see output stagnate at the 2016 depressed level of 100 000 tonnes (62 000 tonnes, milled basis). The forecast considers continued dryness leading up the June planting of crops, which is likely to have constrained water supplies for irrigation for the second successive season. Authorities in Kenya target to increase



rice production, with support programmes focused on expanding irrigation coverage and introducing high-yielding varieties. The rice sector received further boost this year, when officials announced that they would waive KES 100 million (USD 0.9 million) of service charges for rice producers in the main irrigation scheme, Mwea. The move is intended to assist farmers cope with losses incurred to drought. Contrary to conditions prevail elsewhere in the sub-region, officials in **Rwanda** indicate an excellent turnout to the first crop of the season, which is assessed to have surged some 34 percent year-on-year to 66 000 tonnes (44 000 tonnes, milled basis). Based on these indications and considering the generally positive climatic progress of the Season B, Rwanda is now forecast to gather 129 000 tonnes (86 000 tonnes, milled basis), up nearly 20 000 tonnes year-on-year and an all-time record.

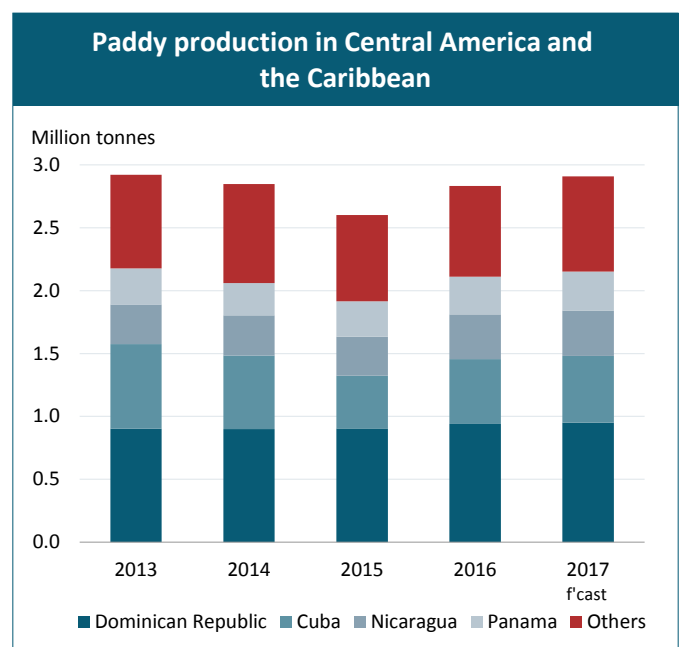
There have been only minor adjustments to the production outlook for **Southern Africa**, since most countries in the sub-region have already collected their main-crops. On aggregate, 2017 production is seen declining by 6 percent year-on-year to 4.1 million tonnes (2.7 million tonnes, milled basis). All of this forecast reduction is expected to concentrate in **Madagascar**, where important central and northern producing areas were negatively impacted by pronounced precipitation deficits. Damages caused by the March strike of cyclone Enawo compounded on these losses. Reflective of these factors and pending the results of a FAO/WFP field assessment, Madagascar remains forecast to gather 3.5 million tonnes (2.3 million tonnes, milled basis) in 2017. If confirmed, this would represent an 8 percent annual shortfall and an eleven-year low for the country.

Seasonal progress was more conducive elsewhere in the sub-region. In contrast to the abnormally dry conditions prevailing in 2015 and 2016, above-average rains in the critical October-March period benefitted crops. Although some apprehensions concerned the spread of Fall Armyworm infestations, the latest official assessments confirm the season's positive result. Aided by steps to ensure sufficient seed availabilities, production in **Malawi** is reported to have staged a 39 percent annual upturn to 121 000 tonnes (78 000 tonnes, milled basis), whereas authorities in **Zambia** put the output recovery in the order of 44 percent to 38 000 tonnes (26 000 tonnes, milled basis). In the case of **Mozambique**, FAO has tentatively left its forecast for 2017 output at 360 000 tonnes (240 000 tonnes, milled basis), although yields in important central and northern producing provinces may have been negatively influenced by irregular rains this season. The 2017 forecast compares to a five-year production low of 331 000 tonnes (221 000 tonnes, milled basis) in 2016 and an official target of 413 000 tonnes (275 000 tonnes, milled basis) for this season.

## Central America and the Caribbean

### Early prospects favourable for much of Central America and the Caribbean

Planting activities of 2017 main-crops began in April/May across much of Central America and the Caribbean. Progress has been favourable so far, with adequate to abundant rains aiding planting operations and maintaining positive yield expectations for the season. Still, much will depend on weather conditions in the months ahead. Forecasts by the National Oceanic and Atmospheric Administration (NOAA) Climate Prediction Center (CPC) indicate that the Atlantic hurricane season (June-November) could prove above-normal in 2017, with a 70 percent probability of 11-17 storms forming, of which 5-9 potentially hurricanes. Assuming no major setback is incurred, FAO sees 2017 aggregate output in the sub-region surpassing the 2016 good outcome by 3 percent to 2.9 million tonnes (1.9 million tonnes, milled basis).



At a country level, the outlook remains positive for **Cuba**, where continued investments in the sector as part of the country's self-sufficiency drive are envisaged to aid 2017 output reach 530 000 tonnes (354 000 tonnes, milled basis). This compares to an official reported level of 514 000 tonnes (343 000 tonnes, milled basis) for 2016, which represented 23 percent annual upturn for the country. Yet, protracted water shortages for irrigation continue to cast uncertainty over the outlook. This would be especially so in central producing regions, although an easier water supply situation is reported in the main rice-producing region of Granma. In **Haiti**, where the first-crop harvest has already been completed, 2017 output is pegged at 140 000 tonnes (93 000 tonnes, milled basis), up 12 percent year-on-year. The forecast growth would be aided by a more normal climatic unfolding of the season,

although additional encouragement is reported to have come from official commitments to improve maintenance of drainage and irrigation infrastructure in the main producing department of Artibonite and to boost processing capacity. On the other hand, authorities in **Nicaragua** point to a more favourable outcome of the 2016 season than last envisaged by FAO. Production is reported to have staged a 15 percent recovery from the 2015 drought-affected level, reaching 356 000 tonnes (231 000 tonnes, milled basis). FAO sees output in Nicaragua advancing by a further 2 percent in 2017 to 362 000 tonnes (235 000 tonnes, milled basis). The forecast hinges on a normal pattern of the rains, which would be necessary to ensure sufficient water supplies for the mostly irrigated crop, as well industry efforts to promote productivity growth through the adoption of improved growing practices and seed varieties. Within the sub-region, production prospects are also positive for **Costa Rica**, the **Dominican Republic**, **El Salvador** and **Mexico**.

## South America

### *Yield improvements drive a 7 percent production recovery in 2017*

Following the completion of main-crop harvest across much of South America, Governments have issued new assessments of output in their countries. All combined, these have raised forecast of 2017 production in the sub-region by nearly 400 000 tonnes to 25.3 million tonnes (17.1 million tonnes, milled basis). At that level, production in South America would stand 1.6 million tonnes above the poor 2016 level. All of the expected 7 percent annual recovery would be attributable to yield improvements, as tight margins and increase competition with other crops are assessed to have lowered coverage by some 2 percent to 4.4 million hectares. At a country level, much of this year's growth is expected to concentrate in **Brazil**. Indeed, CONAB's latest assessment

indicates that the country is likely to collect 12.3 million tonnes (8.4 million tonnes, milled basis) in 2017, up 1.7 million tonnes year-on-year. The 16 percent annual upturn would be yield-driven, with average productivity levels reaching an all-time high of 6.2 tonnes per hectare. The increase reflects the beneficial impact of timely plantings and conducive weather, as well as the declining share of less productive rainfed areas in overall coverage. Instead, Brazilian plantings are assessed to have hit a low of 2.0 million hectares in 2017, amid continued cuts in the northeast, where producers substituted rice with more profitable crops.

In the case of **Ecuador**, a forecast 1 percent production upturn to 1.3 million tonnes (806 000 tonnes, milled basis) also reflects expectations that more normal weather will sustain some yield recoveries in 2017. This is even if growth prospects are partly dampened by weak local quotations and heavy downpours that led to some flooding problems, particularly in the Guayas and Manabí provinces. Since ample inventories have already weighed down producer prices in Ecuador, fears that quotations would be further reduced by 2017 harvest have encouraged the sector to look outwards to place product, in particular to Colombia. This is while purchases by the state since the start of the year were reported to have reached a record of 50 000 tonnes by early June. These purchases are geared at stabilising prices, offering producers USD 391 per tonne of paddy.

In **Guyana**, Government assessments indicate a more buoyant turnout to the 2017 spring-crop harvest than envisaged in April. A total of 520 000 tonnes of paddy are reported to have been collected, 28 percent more than in 2016, when drought conditions and prospects of reduced returns depressed output. Meanwhile, planting activities of the autumn crop began in June amid abundant rains. Considering progress to date and provided weather conditions hold through the September, Guyana is now forecast to gather 960 000 tonnes (624 000 tonnes, milled

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

Region	Area (000 ha)			Yields (Mt/ha)			Production (000 Mt)		
	2016	2017	Var %	2016	2017	Var %	2016	2017	Var %
<b>BRAZIL</b>	<b>2,008</b>	<b>1,977</b>	<b>-1.5</b>	<b>5.3</b>	<b>6.2</b>	<b>18.0</b>	<b>10,603</b>	<b>12,318</b>	<b>16.2</b>
North	265	262	-1.4	3.8	4.1	7.6	1,018	1,080	6.1
Northeast	283	229	-19.2	1.4	1.9	36.2	394	433	10.0
Centre-West	193	197	2.5	3.2	3.7	17.5	608	733	20.5
South East	17	16	-6.4	3.2	3.4	6.7	55	55	-0.2
South	1,250	1,273	1.9	6.8	7.9	15.3	8,529	10,018	17.5

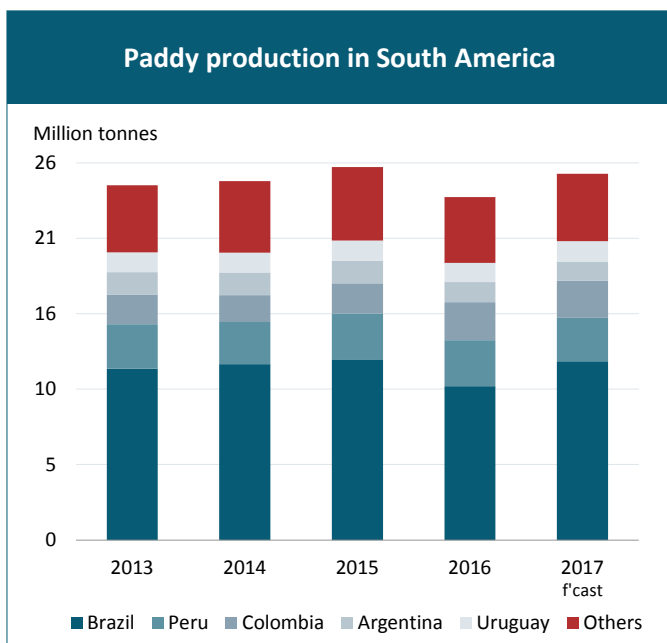
1/ For Brazil: 2015/16 and 2016/17 paddy seasons

Source: CONAB – Crop 2016/2017 - Tenth Assessment – July 2017

basis). This level would imply a 17 percent expansion from the 2016 depressed result.

The production outlook has also improved for **Uruguay**, where officials estimate 1.4 million tonnes (987 000 tonnes, milled basis) were collected in 2017. This level would stand some 45 000 tonnes above previous FAO expectations, exceeding the 2016 poor outcome by 8 percent. The season’s good result was mostly sustained by record-breaking yields, since in stark contrast to 2016, 2017 plantings occurred within the optimal sowing window, with crops generally benefitting from good sunshine conditions and adequate temperatures. Area under paddy is also assessed up by some 3 000 hectares year-on-year, although at 164 000 hectares coverage remained well below the heights of 2011, mirroring lingering constraints posed by high production costs.

The outlook is less positive elsewhere in the sub-region. For instance, in **Argentina**, the latest official assessments report that the 2017 harvest amounted to 1.3 million tonnes (904 000 tonnes, milled basis), down slightly from previous FAO expectations and the third successive year of contractions. The 5 percent annual reduction followed planting delays caused by untimely rains, as well as area cuts instigated by tight returns and liquidity problems.



Following revisions to historical production figures, FAO has raised its estimate of the 2017 harvest in **Bolivia** by 50 000 tonnes to 380 000 tonnes (261 000 tonnes, milled basis). Yet, this level would continue to suggest a 7 percent annual shortfall, as unattractive prices led producers to cut area under paddy for the third successive year. The cuts overshadowed yield improvements facilitated by a reduced insistence of pest attacks.

In **Chile**, authorities report that short water availabilities, following one of the worst droughts on record, led 2017 plantings to retreat by 21 percent year-on-year. The retrenchment, coupled with some yield losses, lowered output to 131 000 tonnes (88 000 tonnes, milled basis). This level would stand 25 percent below the excellent 2016 outturn, representing a four-year low.

The 2017 season is less advanced in **Colombia**, where the harvest of the second and largest crop of the year began only recently. FAO’s forecast for the country continues to point to a 3 percent production reduction to 2.6 million tonnes (1.7 million tonnes, milled basis). This reflects expectations that producers in the country will react to declines in farm-gate prices by curbing second-crop plantings. Yet, the forecast implies a second successive above-average result for Colombia, mirroring gains in area planted to first-semester crops prompted by still positive margins. The arrival of these freshly harvested supplies caused paddy prices to resume their downward trajectory in April. By June, these stood 12 percent below their year-earlier level at COP 957 796 (USD 315) per tonne. The declines prompted the Colombian Government to announce a host of measures in support of the sector. These included the extension of the storage incentive programme for 2016 crops remaining in warehouses and, more recently, a COP 20 000 (USD 6.6) per tonne marketing assistance for rice producers.

FAO has lowered its production outlook for **Peru**, where the bulk of the 2017 crop is only now being gathered, by 50 000 tonnes to 3.0 million tonnes (2.0 million tonnes, milled basis). This level would suggest a 5 percent reduction from the 2016 record crop, coming in the wake of weather-related disruptions. These took form of low water levels in reservoirs at the start of the campaign, cool conditions, as well as flood damages in important northern producing regions. The season has since progressed more normally, which may allow for some of these losses to be recuperated with greater offseason output.

### North America, Europe and Oceania

#### *Production rebounds in Australia, prospects negative for the United States and Europe*

In **North America**, a favourable climatic start to the 2017 season took a turn for the worse in the **United States** in late April, when heavy downpours led to severe flooding problems in the Delta. Arkansas, which alone accounts for close to half of US output, was worst hit by the inundations, followed by Missouri. Southern producing states were already slated to cut long-grain plantings sharply this season in response to low perspective margins and attractive soybean prices. On this backdrop, the USDA’s June Acreage report indicated that US plantings of

long-grain rice amounted to 762 000 hectares in 2017, down 23 percent year-on-year. Of these, some 26 000 hectares would be fully lost. The report also dispelled March prospects that plantings in California would remain little varied year-on-year. A total of 274 000 hectares were reported to have been put to short/medium grain varieties in the country, with California accounting for the bulk of this 4 percent annual reduction, given the sowing delays caused by overly wet conditions. Although the inclement weather has not overturned official expectations of record yields this season, the area cuts are now officially envisaged to lower 2017 output in the United States to 8.7 million tonnes (6.1 million tonnes, milled basis). This level would be 15 percent short of the 2016 good outcome and some 440 000 tonnes less than reported in April.

In **Europe**, sowing activities of 2017 crops were concluded in May in the **European Union**. FAO's outlook for the bloc points to an aggregate harvest of 2.9 million tonnes (1.8 million tonnes, milled basis), down 3 percent from the good 2016 outcome. The shortfall mirrors expectations that producers will respond to weak Japonica prices by curbing plantings. However, additional concerns have surrounded the unseasonably dry and warm conditions gripping parts of Western Europe. No major setback has been reported to date in terms of crop conditions, although apprehensions exist about availabilities of water for irrigation, especially in the Iberian Peninsula. In Portugal, officials already indicate that plantings are likely to retreat by 5 percent year-on-year as a result of short water supplies, whereas in Spain, 2017 coverage is officially put at 110 000 hectares, slightly above the 2016 level. Elsewhere in Europe, 2017 production prospects are similarly negative for the **Russian Federation** at 1.0 million tonnes (676 000 tonnes, milled basis). This level would represent a 6 percent annual shortfall from the already reduced 2016 outcome, owing to planting cuts triggered by unattractive prices.

In **Oceania**, ABARES' latest assessment confirms the excellent result of the 2017 harvest in **Australia**. Output is assessed to have passed from a six-year low of 250 000 tonnes (167 000 tonnes, milled basis) in 2016 to 835 000 tonnes (557 000 tonnes, milled basis) this year. The 234 percent annual rebound relied on greater plantings, facilitated by ample water supplies for irrigation and lower water costs. Instead, after reaching their second highest on record last year, average yields fell 6 percent year-on-year to a normal level of 10.2 tonnes per hectare. The decline followed some climatic setbacks this season, in particular untimely rains at planting time.

## INTERNATIONAL TRADE

*Forecasts of 2017 trade in rice upgraded, now pointing to a 7 percent annual expansion*

FAO's forecast of world rice trade in calendar 2017 has been upgraded by 930 000 tonnes since April to 44.2 million tonnes (milled basis). At that level, global rice deliveries would surpass their year-earlier level by 7 percent, marking the first global trade expansion to occur in three years. The forecast growth is expected to be demand-driven and concentrate in Asia, where important buyers are looking to international markets to rebuild inventories and/or quell upward pressure on local quotations. Albeit more moderately, African countries are also expected to step-up imports, whereas ample local availabilities may cause demand to wane in Latin America and the Caribbean, Europe and the United States. On the export side, India, Thailand and Viet Nam are still forecast to capture much of the expected trade growth this year, although strong export performances are now also expected to concern China (Mainland) and Myanmar thanks to affordable prices. Australia, Paraguay, the United States and Uruguay are also seen counting on sufficient availabilities to lift exports over the course of 2017. By contrast, in the aftermath of output shortfalls or

USA – 2017 RICE PLANTINGS: AREA BY CLASS AND STATE<sup>1/</sup>

Region	2016 (000 ha)				2017 (000 ha)			
	Long Grain	Medium Grain	Short Grain	All	Long Grain	Medium Grain	Short Grain	All
<b>USA</b>	<b>988</b>	<b>269</b>	<b>17</b>	<b>1,275</b>	<b>762</b>	<b>258</b>	<b>17</b>	<b>1,037</b>
Arkansas	571	55	0.4	626	413	61	0.4	474
California	4	198	17	219	4	182	16	202
Louisiana	167	10	-	177	154	8	-	162
Mississippi	79	-	-	79	49	-	-	49
Missouri	93	2	-	96	73	3	-	76
Texas	75	4	-	79	71	4	-	75

1/ Released 30 June, 2017

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



heightened competition, Argentina, Brazil, Pakistan and the Russian Federation are seen exporting less, while continued export restrictions lower shipments by Egypt.

### Imports

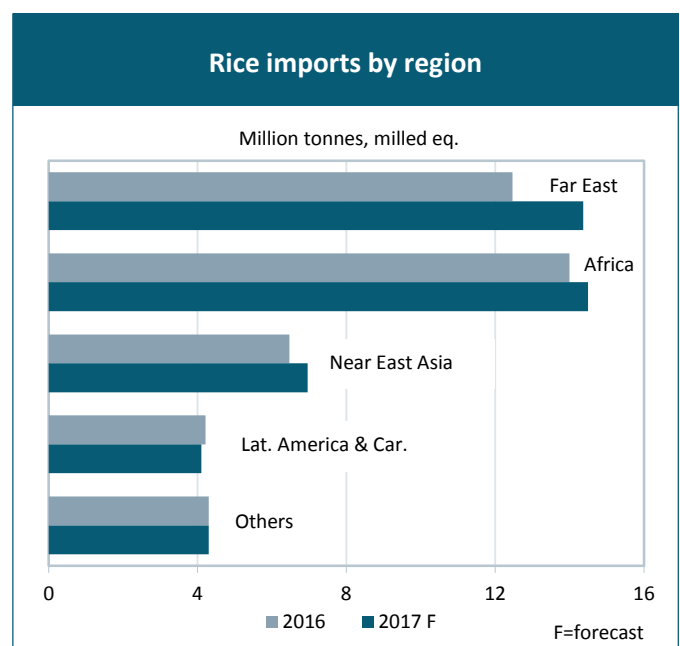
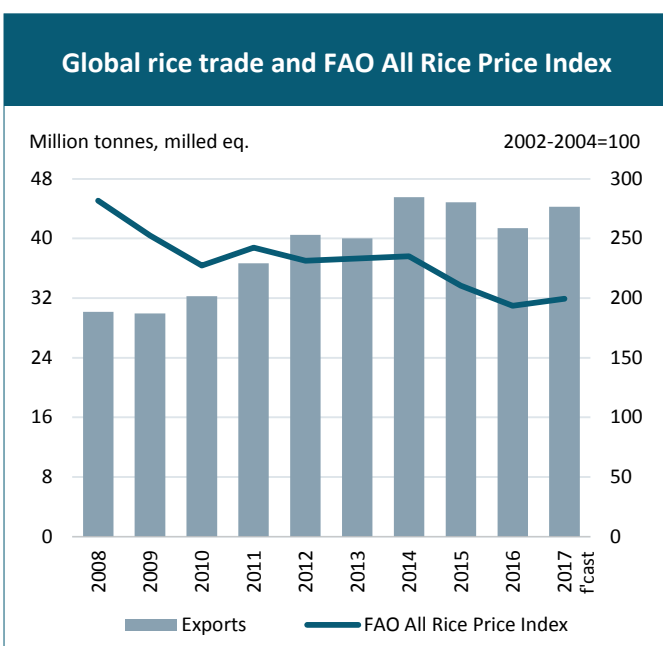
#### Asian imports to rebound by 13 percent in 2017

International trade in rice in calendar 2017 is now forecast to exceed the 2016 depressed level by 7 percent to 44.2 million tonnes, which is 930 000 tonnes more than April expectations. The revision mostly mirrors prospects of a brisker pace of imports by **Asian countries**, which are now envisaged to take a combined 21.6 million tonnes in 2017, 13 percent more than in 2016. Much of Asia’s predicted import rebound is expected to concentrate in the Far East, being driven by Bangladesh, the Philippines and Sri Lanka. In **Bangladesh** and **Sri Lanka**, the greater anticipated import needs stem from weather-related production setbacks, which on the backdrop of poor 2016 harvests and diminished reserves, propelled local quotations. These factors have encouraged Governments in both countries to take a proactive stance towards rice imports, by reengaging in purchases themselves or by lowering customs charges to encourage private sector purchases. To these effects, further to lowering customs duties, the Government of Bangladesh has opened five international tenders seeking a combined 250 000 tonnes since May, while securing a similar volume through a government-to-government agreement with Viet Nam. Officials in Sri Lanka have been similarly active, striking agreements with both Pakistan and Myanmar, while holding separate supply talks with Thailand. Such efforts are expected to lift 2017 consignments to Bangladesh to 1.0 million tonnes, while Sri Lanka purchases 650 000 tonnes over the year. This compares to a 2016 import level of just 60 000 tonnes

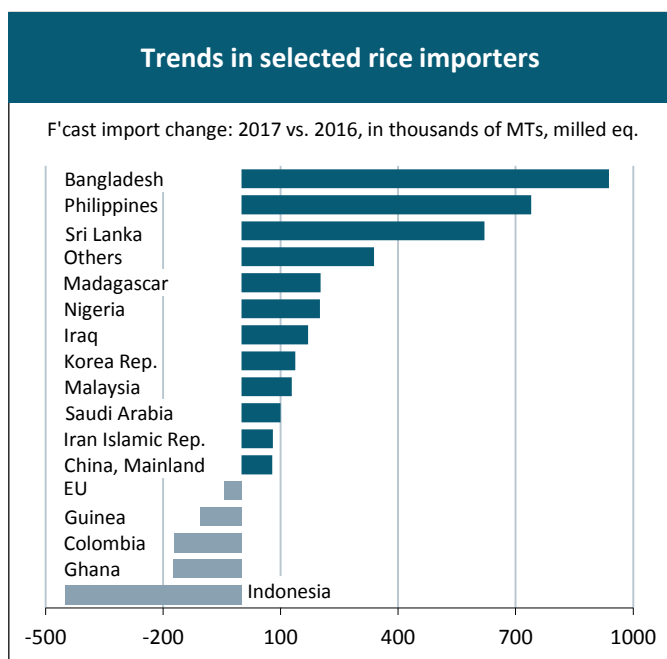
for the former and of 30 000 tonnes for Sri Lanka.

With public inventories reduced to multi-year lows, in July, authorities in the **Philippines** also turned to the international market, seeking 250 000 tonnes for delivery by September. In a departure from previous practice, which saw the state-owned National Food Authority secure supplies exclusively through government-to-government (G2G) transactions, the agency will now also accept offers from private sector exporters. The move is geared at promoting competition and greater efficiency in the purchase process. FAO’s 2017 import forecast for the Philippines remains at 1.5 million tonnes, up from a three-year low of 740 000 tonnes in 2016. The forecast includes close to 500 000 tonnes purchased under WTO mandated Minimum Access Volumes (MAV) for 2016, which were delivered in the first months of the year. This is further to eventual Government purchases and imports under 2017 MAV quotas. Although the WTO’s special treatment on rice expired on 30 June 2017, provisions have been made by the Government for related concessions to continue until 2020, or until the required legislative steps are completed that would allow the country to move towards rice tariffication. While officials are reported to be fast tracking the latter process, in the context of reforms to public sector import modalities, reports also suggest that provisions will be made to have MAV deliveries staggered, such that they avoid peak harvest periods.

Among other importers in the region, 2017 purchases by **China (Mainland)** are now put at 5.9 million tonnes, up 1 percent year-on-year and slightly below April’s forecast. The predicted annual rise considers the still wide differentials between domestic and international prices, which continue to drive growth in documented imports. Still, part of these gains are being outweighed by reductions in unofficial cross-border inflows, owing to



heightened border surveillance. The need to refurbish stockpiles is envisaged to lift imports by **Malaysia** to 950 000 tonnes in 2017, while under similar conditions the **Islamic Republic of Iran** and **Saudi Arabia** take consignment of 1.3 million tonnes, each. A more pronounced import expansion is expected to concern **Iraq**, which in the aftermath of successive years of production reductions and diminished imports, may step-up imports by 18 percent to 1.1 million tonnes. The **Republic of Korea**, **Kuwait** and **Turkey** are also foreseen to import more this year. However, much of the gains would be offset by 36 percent annual retreat in purchases by **Indonesia** to 800 000 tonnes. The reduction would be in line with favourable prospects for 2017 output, which may preclude the need for large state acquisitions from abroad. By early July, the state-owned enterprise Bulog was reported to be holding 1.7 million tonnes of rice, a level deemed ample by officials, considering that it would be complemented via local purchases from off-season harvests. Meanwhile, Indonesian private sector imports, which are subject to state authorization and can be conducted only outside of harvest periods, continue at a frail pace. Through May, customs data suggest that the country had taken consignment of under 100 000 tonnes. Following good harvest results, the **Lao People's Democratic Republic**, **Nepal** and **Viet Nam** are also expected to be in a position to cut purchases over the course of the year.



Forecasts of overall deliveries to **Africa** in calendar 2017 are set at 14.5 million tonnes, up 4 percent from a revised estimate for 2016. A 200 000 tonne increase in imports by **Nigeria** to 2.4 million tonnes would contribute to this growth. The supplies would be needed to avert further tightness arising from successive years of limited imports and diminished inventories. Nonetheless, it remains to be

seen whether in the wake of recent export price gains and continued currency constraints, import momentum will be maintained in the remainder of the year. In May, Nigerian officials indicated that restrictions prohibiting importers of rice and 40 other commodities from accessing foreign exchange markets would not be repealed. Thus, rice traders would have to continue sourcing hard currency in the parallel market. The entrance of imported rice into Nigeria via free trade zones (FTZ) has also been barred, as a means to combat undocumented inflows. Elsewhere in the region, production shortfalls would also require that **Cote d'Ivoire**, **Gambia**, **Liberia**, **Mauritania** and **Togo** raise 2017 imports to meet consumption needs, along with **Angola**, **Mozambique**, **Senegal** and **Sierra Leone**, where demand growth is expected to outstrip production gains. However, one of these steepest year-on-year increases is expected in **Madagascar**, where imports could double to 400 000 tonnes, due to a drought-affected crop. Officials report that the country took consignment of 152 000 tonnes between January and April. This followed state-led efforts to build buffer stocks and stabilize prices by coordinating actors and streamlining administrative procedures at customs. Unconfirmed reports suggest that a supply agreement was also brokered with a private entity giving the country the option to source 200 000 tonnes of rice for delivery between 2017 and 2018. With local production similarly impacted by unseasonable dryness, **Burundi**, **Kenya** and **Uganda** are also seen stepping up imports over the year. In all three countries, along with **Rwanda**, these will be facilitated by the renewal duty concessions, allowing the countries to apply a lower tariff than the 75 percent duty applicable under the East African Community's Common External Tariff. By contrast, ample supplies at hand, amassed from imports and good harvest last year, could permit **Ghana**, **Guinea**, **Mali**, the **United Republic of Tanzania** to lower imports over the year.

Aggregate imports by **Latin America and the Caribbean** are forecast to ease by 3 percent in 2017 to 4.1 million tonnes. Of this volume, 2.4 million tonnes would be destined to Central America and the Caribbean, which is fractionally (1 percent) below the 2016 record. Within the sub-region, production recoveries are still anticipated to enable **Costa Rica**, **Cuba**, **Honduras** and **Panama** to cut purchases this year. However, much of these reductions are now envisaged to be compensated by larger imports by **Haiti** and **Mexico**, where strong local demand and attractive international prices are stimulating a lively pace of purchases. In the case of Mexico, imports are also being facilitated by a duty-free import quota for 150 000 tonnes of paddy, husked, milled or broken rice from countries not party to a trade agreement with Mexico. The country also emerged as a supplier to Venezuela in late 2016, with shipments of some 40 000 tonnes to date. A more import pronounced cut is expected to take place in South

America, where aggregate purchases are set to fall by 5 percent to 1.7 million tonnes. Nearly all of this reduction would be on account of **Colombia**. The country is seen slashing imports by 63 percent year-on-year to 100 000 tonnes, in the aftermath of a bumper 2016 crop. Instead, poor harvests are forecast to lift imports by **Bolivia**, **Peru** and **Venezuela**, while more attractive prices abroad keep 2017 purchases by **Brazil** steady at an above-average 715 000 tonnes.

In the *other regions*, a June decision by the European Commission lowered the maximum residue level (MRL) for Tricyclazole in rice produced or imported by the **European Union** from 1 mg/kg to 0.01 mg/kg, effective from 30 June 2017. As reported in April, imported basmati rice will be exempted from the revised limit until 30 December 2017. Provisions have also been set out for supplies grown or imported prior to application of the new limit to be normally marketed. Meanwhile, purchase of all rice classes by the bloc (except for broken) have trailed somewhat behind year-earlier levels, amounting to a cumulative 803 000 tonnes by May. For the full calendar year, FAO anticipates that ample local availabilities will cause imports by the European Union to subside by 2 percent year-on-year to 1.8 million tonnes. Officials see 2017 deliveries to the **United States** declining by a similar percentage, although at 750 000 tonnes these would remain at a comparatively abundant level. By contrast the **Russian Federation** is forecast to raise 2017 imports 5 above the 2016 depressed level to 220 000 tonnes, amid expectations of a somewhat livelier pace of parboiled purchases, which normally constitute the bulk of its import.

## Exports

### *Shipments by China (Mainland) and Myanmar make a strong comeback*

Following a 930 000 tonne upward adjustment, FAO's latest forecast points to global rice trade expanding by 7 percent over the course of calendar 2017 to 44.2 million tonnes. On the export side, the most significant outlook changes since April have concerned China (Mainland) and Myanmar. More specifically, forecasts of 2017 shipments by **China (Mainland)** were raised by 350 000 tonnes. Once accounting for close to half of total rice exports, Chinese sales to Africa had been considerably undermined by high prices since 2011. Yet, in the first five months of this year, customs data indicate that China had shipped 260 000 tonnes to the region, up from a mere 2 000 in the same period of 2016. It remains to be seen whether this rebound proves more than just episodic, as much will depend on the competitiveness of Chinese supplies relative to other origins. Still, as these transactions have added to an already robust pace of Japonica sales to

traditional Far Eastern outlets and to Turkey, overall Chinese exports in 2017 are now put at an eight-year high of 750 000 tonnes, up sharply from the 370 000 tonnes shipped in 2016.

An upward revision to **Myanmar's** export forecast was similarly rooted in an upbeat progress of sales in the first months of the year, in particular to China (Mainland). The bulk of Chinese purchases across borders with Myanmar remain informal in China and have thus been subject to intermittent disruptions, as part of China's crackdown on undocumented trade. In June, cross border exchanges were reported to have been considerably slowed again, as hundreds of traders' bank accounts were temporarily blocked as part of a wider Chinese campaign against illicit activities. At the same time, Myanmar's shipments to other destinations have received a further boost this year, by a combination of efforts to diversify the country's outlets, a weak local currency and competitive prices. As a result and even assuming a slowdown in cross-border deliveries to China in the remainder of the year, Myanmar is now forecast to ship a total of 1.8 million tonnes in 2017. This level would imply a 370 000 tonne rebound from 2016 and an all-time high.

Although less markedly, the export outlook has also improved for **India**, which is now seen advancing 2017 shipments by 10 percent to 11.0 million tonnes. The forecast growth would be consistent with expectations of stronger demand from the country's traditional markets, such as Bangladesh, Sri Lanka, but also African destinations and the Near East. Such interest has translated into a robust pace of exports so far this year. Meanwhile, the EU's revision of the maximum residue level (MRL) for Tricyclazole<sup>3</sup> has been a source of unease for the local basmati industry, given that a switch to alternatives, such as Isoprothiolane and Buprofezin, would impede sales to the United States, where the MRLs for these fungicides is similarly set at 0.01 mg/kg. Further concerns has been voiced about the recently introduced Goods and Services Tax (GST). Under India's new tax regime, rice along with other basic food-grains attracts a 0% GST rate. However, the exemption was seemingly not extended to certain classes of branded rice, making them subject to a 5% GST tax.

Export prospects remain positive for **Thailand**. Total shipments in 2017 are seen in the order of 10.5 million tonnes, up from 9.9 million tonnes the previous year and a three-year high. The 6 percent annual expansion is forecast to be sustained by an output recovery and Government stock releases, which should enable Thai shipments in the premium white, parboiled and fragrant segments to gather speed over the year. Nonetheless,

<sup>3</sup> To be applicable for basmati rice imported by the European Union after 30 December 2017.

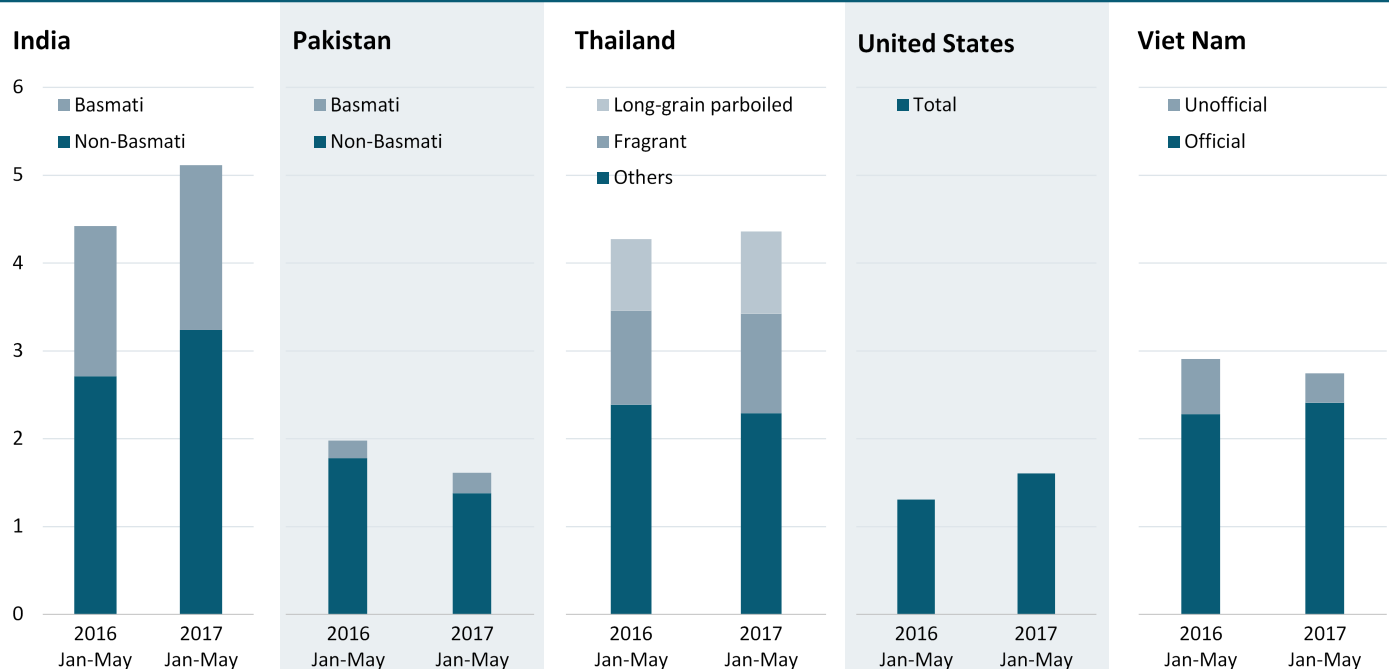
much will depend on the relative competitiveness of Thai supplies. This would be especially in lower and medium quality Indica markets, where demand is expected to be comparatively thinner this year and where competition with other Asian exporters remains intense.

In the case of **Viet Nam**, forecasts of total rice exports remain set at 6.9 million tonnes for 2017. This would be up from a revised estimate of 6.1 million tonnes in 2016, although falling well short of the record 8.4 million tonnes shipped in 2014. In the first five months of the year, Vietnamese deliveries to China (Mainland) held broadly steady at an aggregate 1.4 million tonnes, as brisk sales on the official front compensated for a slump in undocumented outflows. Still, the sector has been buoyed by recent sales to Iraq and Bangladesh, which added to expectations of renewed demand from the Philippines. Asian countries normally account for a close to 75 percent of total Vietnamese shipments, being a prime outlet for lower and medium quality Indica rice and, more recently, glutinous supplies. According to a July plan, Vietnamese officials seek to reduce the share of Asian shipments in overall exports to 50 percent by 2030, while raising the country's market share in all other regions, especially the Americas, Africa and the Near East. The plan also reiterates the country's goal to move away from lower quality Indica shipments in favour of more lucrative sales of glutinous, fragrant and other specialty rices. It is hoped this change in structure would help maintain the value of the Vietnamese rice exports at USD 2.5 billion by 2030, while volumes shipped decline to a total 4.0 million tonnes.

Among other Asian suppliers, 2017 shipments by **Cambodia** are now placed at 1.3 million tonnes, mirroring expectations of more upbeat demand for paddy across borders, which should add to continued progress of direct milled rice shipments. The outlook is less positive for **Pakistan**, which saw cumulative exports to May decline by 19 percent year-on-year to 1.6 million tonnes. The fall came amid heightened competition with other Asian suppliers in key non-basmati outlets, such as Africa and China, with additional challenges reported to have been associated with May transport strikes. Reflective of this progress and assuming that recent price gains in competitors allow the country to make up for initial losses, Pakistan is now forecast to ship a total of 3.8 million tonnes in 2017. This compares to a revised estimate of 3.9 million tonnes for 2016.

Outside of Asia, officials anticipate exports by the **United States** will amount to 3.6 million tonnes in 2017, with the 7 percent annual growth facilitated by a production rebound, which enhanced the country's competitive edge. FAO has also maintained its positive outlook for both **Paraguay** and **Uruguay**, which are seen counting on sufficient availabilities to lift exports to 560 000 tonnes and 920 000 tonnes, respectively. By contrast, in the aftermath of another output shortfall and heightened competition with neighbouring suppliers, **Argentina** is seen incurring a 5 percent fall in export sales to 500 000 tonnes. Although much will likely to depend on currency factors, more competitive offerings abroad, in spite of a production rebound, could also keep exports by **Brazil** close to 2016 lows at 620 000 tonnes.

Major exporters: progress of rice shipments in the first five months of 2017 (in millions of tonnes, milled eq.)

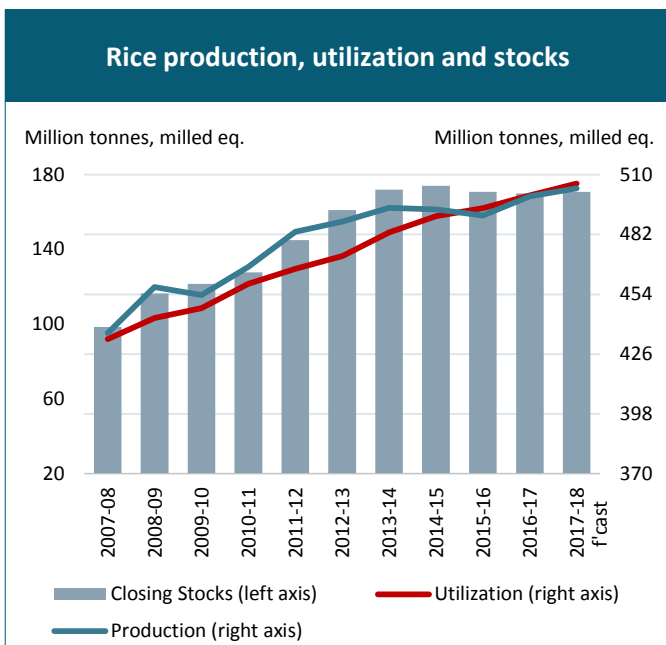




## RICE UTILIZATION AND DOMESTIC PRICES

### Forecasts of world rice utilisation trimmed

Since April, FAO has lowered its forecast of world rice utilization in 2017/18 by 700 000 tonnes to 505.8 million tonnes (milled basis). The reduction primarily mirrors prospects of lower uses in China (Mainland) and the United States, consistent with the deteriorated production outlook for both countries. These changes more than outweighed smaller upward corrections for various other countries. The largest of these concerned Pakistan, following government assessments indicating a higher level of domestic food use than previously envisaged, but also Bangladesh, Egypt, Myanmar and Thailand on higher expected availabilities.



Despite the downward adjustment, global rice utilization in 2017/18 is still expected to exceed the 2016/17 level by 1.1 percent, or 5.5 million tonnes. An expansion in food use of close to 5.7 million tonnes to 408.4 million tonnes would be responsible for much of this advance. This level would be sufficient to keep pace with expected population growth over the season, maintaining global per capita consumption largely steady at 54.3 kilos per person. Meanwhile, quantities destined to feed and other uses (including seeds, post-harvest losses and industrial uses) are anticipated to fall fractionally to 17.9 and 79.5 million tonnes, respectively. At a country level, the largest absolute changes in 2017/18 industrial and feed uses are expected in China (Mainland), amid expectations that greater local availabilities of cheaper substitutes will depress use of rice for these purposes, and to a lesser extent, also Bangladesh and the Republic of Korea, owing to a tighter supply situation. Still, much of these losses would be compensated by a sharp rise in Thailand, where

public stock releases of rice no longer fit for human consumption could boost industrial and feed uses to a combined 3.6 million tonnes.

Looking at **retail/wholesale price** developments in the second quarter of 2017, domestic quotations followed mixed trends across **Asia**, when compared to their level three months earlier. Among traditional rice importers, domestic prices reached all-time highs in Bangladesh, as 2017 main-crop losses compounded on supply tightness associated with output and import cuts in 2016. High domestic demand ahead and during the month of Ramadan added to the upward pressure. These factors prompted the Government to recur to international markets to source supplies required to meet its expanded public distribution needs, while also taking steps to facilitate purchases by the private sector. Similar measures were taken by officials in Sri Lanka, where domestic prices resumed their upward trajectory, as it became clear that a poor secondary Yala harvest would exacerbate main crop losses incurred earlier in the year. Local quotations in other Asian rice importers were mostly stable or continued to decline, as was the case of the Republic of Korea, Nepal and Saudi Arabia. Among rice exporters, upbeat world demand sustained rapid recoveries in wholesale prices in Thailand and Myanmar, while gains were more contained for lower quality supplies in Viet Nam, owing to a more subdued export demand in this segment and sufficient availabilities of broken.

In **Africa**, price increases mostly concerned Angola, Ghana, Mali and Rwanda, reflecting strong local demand. In the case of Ghana, these were accentuated by weaker domestic currency. Instead, adequate imported availabilities prompted prices to ease in Somalia and Swaziland, with improved harvests also behind declines in Nigeria, Malawi and Mozambique. Despite recent declines, quotations across much of Southern Africa and Nigeria remained well over year-earlier levels, mirroring tightness associated with successive poor harvests in Southern Africa and a limited pace of imports in the case of Nigeria. Local quotations were steady in most **Latin America and the Caribbean** countries, with the exception of Guatemala, where price gains abroad and seasonal patterns translated into increases, and Colombia where quotations continued to be weighed by ample supplies from a 2016 record crop. **Elsewhere**, local prices recovered somewhat in the United States, while they continued to post losses in Italy and to a lesser extent in the Russian Federation.

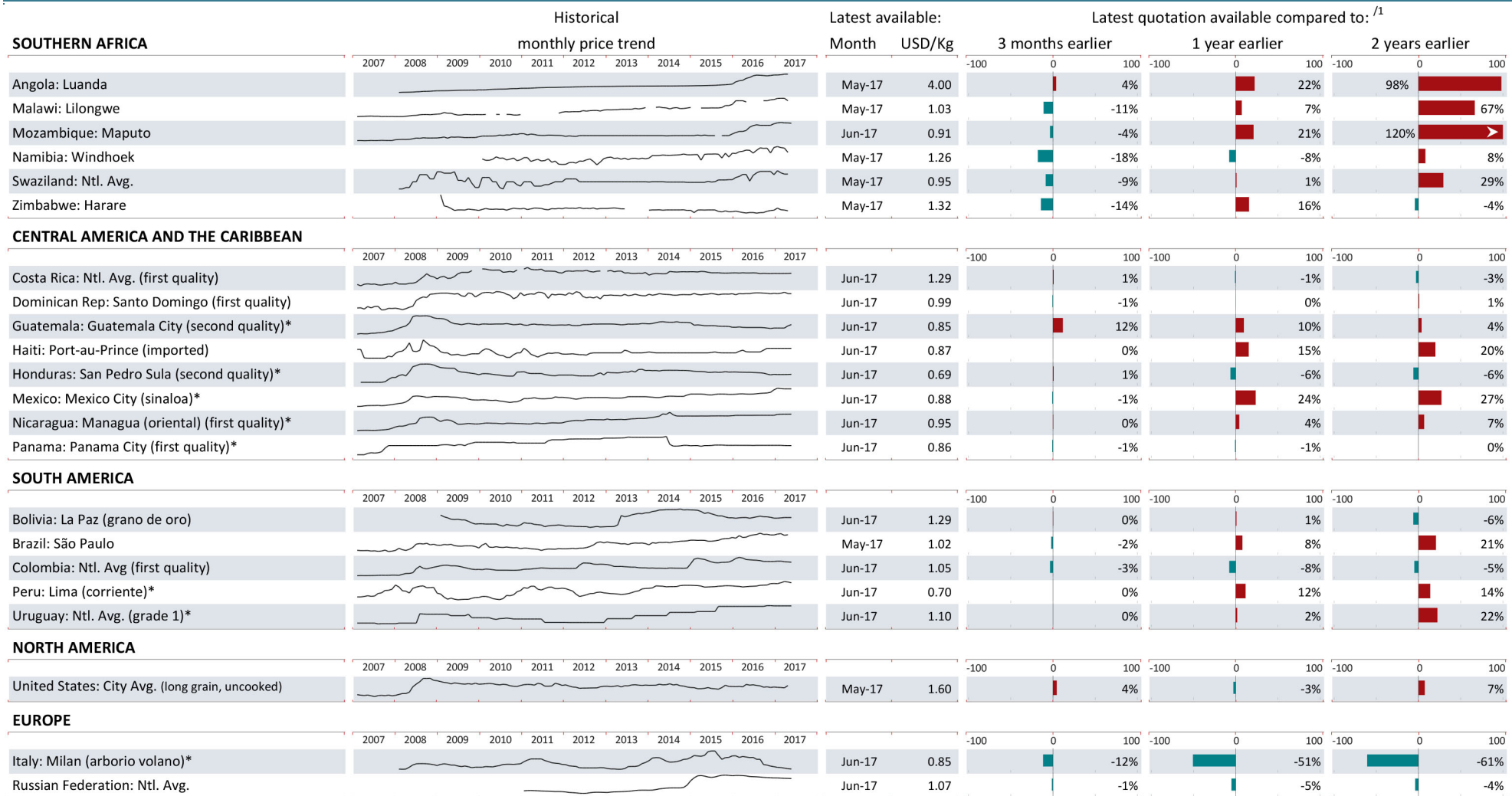
### DOMESTIC RICE PRICES IN SELECTED COUNTRIES

ASIA	Historical monthly price trend 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017	Latest quotation available compared to: <sup>1</sup>				
		Month	USD/Kg	3 months earlier	1 year earlier	2 years earlier
Bangladesh: Dhaka (coarse)		May-17	0.58	27%	77%	47%
Cambodia: Phnom Penh (mix)*		Jun-17	0.42	0%	3%	6%
China: 50 City Avg. (japonica second quality)		Jun-17	0.93	1%	2%	3%
India: Delhi		Jun-17	0.49	0%	13%	3%
Indonesia: Ntl. Avg. (medium quality)		Jun-17	0.79	0%	0%	7%
Japan: Ku-area of Tokyo (non-glutinous)		Apr-17	4.42	0%	1%	4%
Republic of Korea: Ntl. Avg.		Jun-17	1.56	-3%	-12%	-22%
Mongolia: Ulaanbaatar		Apr-17	1.07	2%	6%	12%
Myanmar: Yangon (Emata, Manawthukha FQ)*		Jun-17	0.32	14%	-23%	-3%
Nepal: Kathmandu (coarse)		Apr-17	0.46	-2%	-4%	7%
Occupied Palestinian Territory: West Bank (short grain)		Jun-17	2.07	1%	0%	-1%
Pakistan: Karachi (irri)		Jun-17	0.42	0%	3%	-8%
Philippines: Ntl. Avg. (well-milled)		Jun-17	0.83	1%	1%	1%
Saudi Arabia: Ntl. Avg. (Basmati, white Indian)		May-17	2.14	-1%	-2%	-12%
Sri Lanka: Colombo (white)		Jun-17	0.54	8%	17%	18%
Thailand: Bangkok (5% broken)*		Jun-17	0.42	24%	2%	25%
Viet Nam: Dong Thap (25% broken)*		Jun-17	0.33	4%	3%	10%
<b>WESTERN AFRICA</b>						
Burkina Faso: Ouagadougou (imported)*		Jun-17	0.60	0%	0%	0%
Chad: N'Djamena (imported)		May-17	0.83	0%	-2%	4%
Guinea: Conakry		May-17	0.87	1%	7%	5%
Ghana: Accra (imported)*		Jun-17	1.28	8%	10%	27%
Liberia: Monrovia (imported)		May-17	0.77	2%	-	20%
Mali: Bamako*		Jun-17	0.63	9%	6%	3%
Mauritania: Nouakchott (imported)		Jun-17	0.96	2%	-	-11%
Niger: Niamey (imported)*		Jun-17	0.65	0%	-5%	0%
Nigeria: Lagos (imported)*		May-17	1.12	-4%	75%	128%
Senegal: Dakar (imported)		Apr-17	0.57	0%	0%	-13%
Togo: Lomé (imported)		Jun-17	0.63	-8%	-15%	-12%
<b>EASTERN AFRICA</b>						
Rwanda: Kigali*		Jun-17	0.98	8%	15%	16%
Somalia: Mogadishu (imported)		Jun-17	0.42	-8%	-8%	-8%
Uganda: Kampala*		Jun-17	1.00	3%	30%	23%

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

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

## DOMESTIC RICE PRICES IN SELECTED COUNTRIES



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

Sources: FAO/GIEWS GIEWS Food Price Data and Analysis Tool; Korea Agricultural Marketing Information Service (KAMIS); Japan Ministry of Agriculture, Forestry and Fisheries; U.S. Bureau of Labor Statistics (BLS); Associazione Industrie Risiere Italiane (AIRI).

Please note that prices shown are comparable over time, but not across countries, as they may refer to different stages of the marketing chain (e.g. retail versus wholesale prices), different rice types (e.g. aromatic versus non-aromatic) or different qualities of rice (e.g. fully broken versus 5% broken).

## CLOSING STOCKS

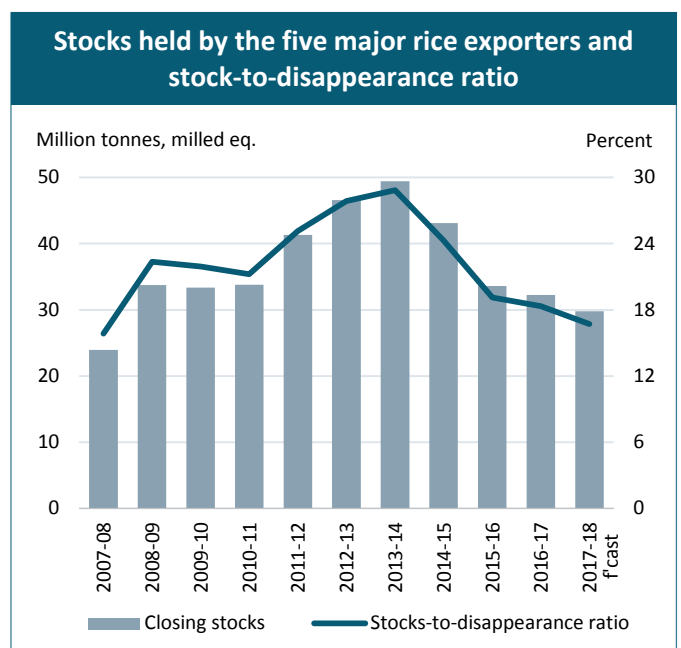
*Global reserves to expand modestly, amid large expected drawdowns in Thailand and the United States*

FAO's latest forecast of global rice inventories at the close of 2017/18 marketing seasons stands at 170.8 million tonnes, up 900 000 tonnes from a revised estimate of 169.9 million tonnes for 2016/17. The modest expansion hinges on expectations of a 1.3 million tonne increase in aggregate reserves held by **developing regions**<sup>4</sup> to 165.5 million tonnes, which would more than compensate for a 6 percent reduction in **developed regions** to 5.4 million tonnes. As a result, the **world stocks-to-use ratio** is expected to pass from an estimated 33.6 percent in 2016/17 to a still comfortable 33.3 percent in 2017/18.

Put together, the **five major rice exporters**<sup>5</sup> are predicted to end their individual marketing years with 29.8 million tonnes on reserve, down 300 000 tonnes from April forecasts. This level compares to a revised estimate of 32.3 million tonnes for 2016/17, with all of the 8 percent annual reduction imputable to Thailand and the United States. In **Thailand**, closing stocks are now put at 6.0 million tonnes, on expectations that public stockpiles liquidated over the course of 2017 will be gradually absorbed by the local non-food sector or exported over the course of 2017/18. Although the forecast suggests a 29 percent year-on-year reduction, it also implies one of the highest levels of Thai private sector inventories since 2011, when the implementation of the paddy-pledging scheme

led to the accumulation of massive public stockpiles. As for the **United States**, a steep production cut, combined with a still robust pace of exports, is officially envisaged to lower rice inventories by 430 000 tonnes to 1.0 million tonnes. Conversely, current prospects point to a larger crop in **Pakistan** leading to 3 percent build-up to 670 000 tonnes, while a 2 percent accumulation takes place in **Viet Nam** to 3.4 million tonnes. In the case of **India**, rice inventories are seen slightly over year-earlier levels at 18.7 million tonnes, mirroring prospects of another bountiful harvest and expectations that efforts to ensure the implementation of the minimum support price policy will keep publicly owned reserves at abundant levels. Based on these tendencies, the group's **stock-to-disappearance ratio**<sup>6</sup> is anticipated in the order of 16.7 percent in 2017/18, down from 18.3 percent in 2016/17 and its lowest since 2008/09.

Although drawdowns are also expected to concern **Argentina, Paraguay and Uruguay**, most other traditional exporters are forecast to be in a position to replenish reserves. This would be especially the case of **Brazil**, given prospects of large harvest and little progress on the export front. Officials see 2017/18 ending-stocks in the country hitting 849 000 tonnes, up from low of 293 000 tonnes last season and a four-year high. Good crops are likewise expected to give way to expansions in **Australia, Guyana and Myanmar**. In the case of **Egypt**, stockpiles are seen up for the second successive season to an above-average 700 000 tonnes. The expansion would be owed to continued restraints on rice exports, abundant production



<sup>4</sup> Please note that various aggregates have been re-revisited since April. All trade-based groupings were re-defined based on countries' average net-trade position in 2012-2014, whereas the composition of "developed regions" and "developing regions" were aligned to the United Nations' Standard Country or Area codes for Statistical Use.

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

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



and would come notwithstanding stated Government intentions to refrain from importing rice to supply the state's public distribution system.

As for **rice importers**, aggregate rice inventories are put at 133.7 million tonnes, up 2.7 million tonnes from their opening level. **China (Mainland)** is forecast to account for much of this expansion, lifting reserves by 2 percent year-on-year to 102.9 million tonnes. Efforts to dispose of hefty Government rice stockpiles continue in China (Mainland), albeit at a comparatively slower pace. Cumulative volumes put to auction in the first half of 2017 were reported at 30.2 million tonnes of paddy, down from the 53.7 million tonnes offered during the first semester of 2016. Quantities actually sold have held steadier year-on-year, at around 2.1 million tonnes. It remains to be seen whether the more timid pace of auctions will extend into 2017/18, amid official efforts to avert downward pressure on local quotations, following this year's cut to paddy procurement prices. At the same time, Chinese rice exports look headed towards a rebound. Coupled with modest production growth this season, this could help slow the rate of accumulation relative to previous years. Within the group, replenishments are also expected to concern Bangladesh, Indonesia and the Philippines. In **Bangladesh** and the **Philippines**, these would come mostly on the back of efforts to reconstitute public inventories, after these had been reduced to multi-year lows over the course of 2016/17. While a good crop and ample private sector reserves averted supply tightness in the Philippines, this was not the case of Bangladesh, where 2016/17 reserves are assessed to have hit a six-year low. Given current expectations of a strong import rebound, 2017/18 carry-outs in Bangladesh are put at 6.7 million tonnes, up 4 percent from a year-earlier, while in the Philippines these are pegged at 2.5 million tonnes. The **Islamic Republic of Iran** and **Nigeria** are also seen raising the size of their reserves, whereas production cuts could require that **Bolivia**, the **Republic of Korea**, **Madagascar**, **Sri Lanka** and the **United Republic of Tanzania** draw their inventories down.

## INTERNATIONAL PRICES

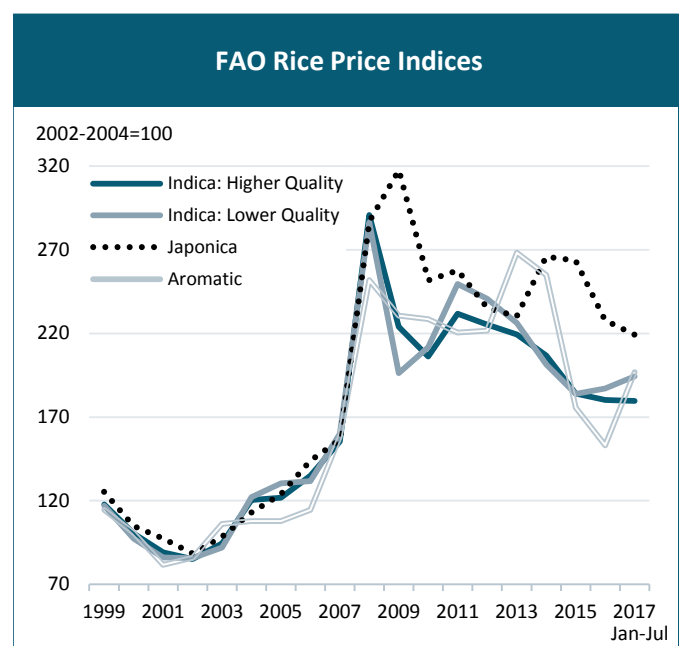
### *Strong import demand sustains a speedy advance of Indica export prices*

International rice export prices have made further inroads since April, amid intense import demand. This was reflected by the FAO All Rice Price Index (2002-2004=100), which averaged 210 points in mid-July<sup>7</sup>, up 6 percent from April and its highest level since August 2015. The most pronounced gains since April have concerned the most-widely traded Indica varieties, whose prices have risen by

<sup>7</sup> All July 2017 values refer to averages for the first two weeks only.

8-10 percent following a stream of orders from countries such as Bangladesh, Iran, Iraq and, more recently, the Philippines. After stabilising at lows of 217 points for eight months, the Japonica Index also began a 6 percent recovery in June, following prospects of a smaller US crop. Conversely, subsiding demand for Basmati rice caused the Aromatic Index to ease by 1 percent to 206 points.

From an annual perspective, these latest increases positioned the January-July average of the FAO All Rice Price Index 1 percent above its level in the corresponding period of 2016. The upturn mirrors stronger Aromatica and Lower Quality Indica prices. Instead, limited trading activity during the early part of the year have kept the January-July averages of Higher Quality Indica and Japonica rice below year-earlier levels.



In **Thailand**, quotations gathered speed in late April, as a large sale to the Islamic Republic of Iran added to upward pressure exerted by previous deals with Far Eastern outlets and an appreciation of the Baht. Adding to the bullish undertone were news that a Government liquidation drive, lasting nearly three years, had culminated in May with the sale of virtually all supplies that were still suitable for human consumption. This left roughly 3.0 million tonnes in the hands of Thai authorities, nearly all of which reportedly suitable only for industrial and feed uses. Buoyed by such news, along with anticipation of future purchases by the Philippines and Bangladesh, by mid-June Thai 100% B white rice had reached its highest weekly level since August 2013, only to lose 11 percent of its value over the next four weeks. The sudden turn-around was instigated by a lapse of fresh deals, while supply releases from Government stockpiles began to reach the market. This positioned the Thai benchmark at a July average of USD 440 per tonne, up 11 percent from April, but USD 18 short of year-earlier values.

Conspicuous gains have been similarly registered in **Viet Nam**. Following a poor winter-spring harvest, Indica quotations began making steady strides in May, further influenced by upward movements in other origins, which tended to raise interest in Vietnamese supplies. June gains were particularly pronounced. Prices staged a 14-15 percent jump that month, in the aftermath of a 250 000 tonne sale to Bangladesh and news that the Philippines would soon open a tender for a similar amount. Although efforts to attract sales have since driven some declines, by mid-July Vietnamese 25% broken rice was quoted at USD 377 per tonne, up 15 percent from April levels. The strength extended into the fragrant segment, where prices climbed by 23 percent to USD 566 per tonne, buoyed by a slump in winter-spring fragrant production and sales to China and Iraq.

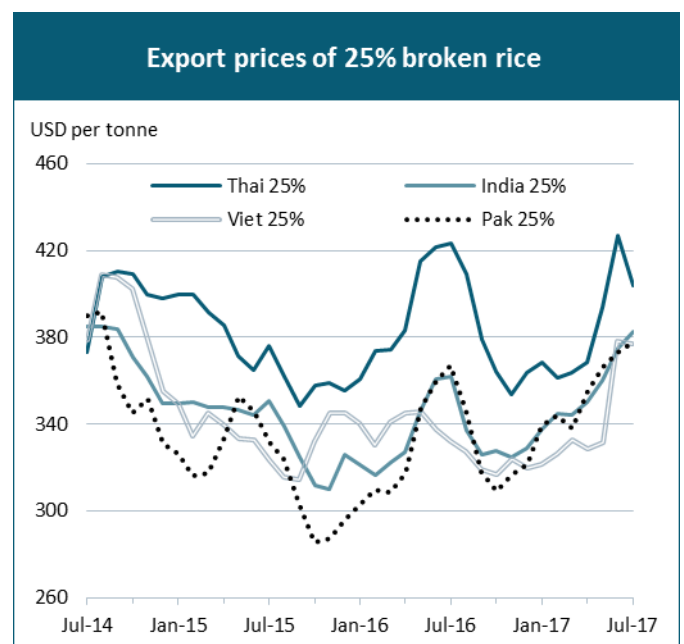
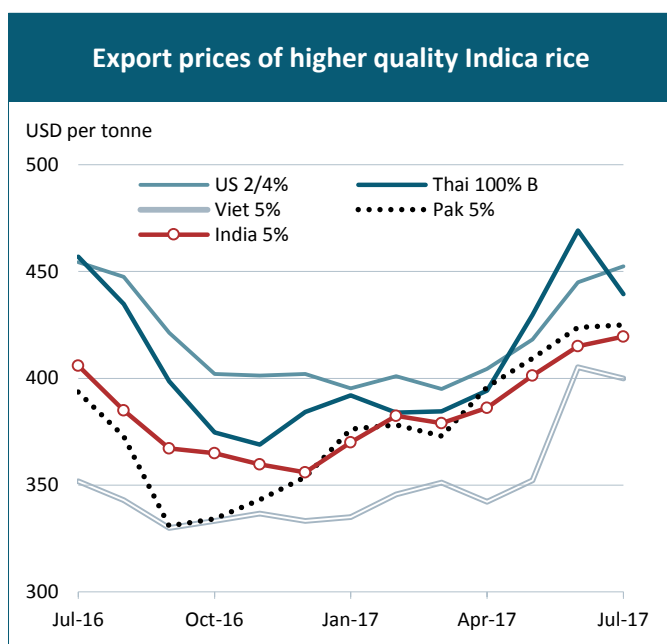
In **India**, quotations continued to find support in a stronger Rupee, coupled with a fast pace of Government procurement and sales abroad. These factors lifted 25% broken prices 9 percent above April levels to USD 383 per tonne. In the parboiled segment, further support was lent by prospects of additional demand from Bangladesh, tight paddy availabilities and gains in competing Thailand. This, in turn, raised 5% parboiled rice 12 percent over April levels at USD 420 per tonne.

In **Pakistan**, progressively thinner availabilities and sales to regular outlets extended the upward streak of export prices into the second quarter of 2017. However, with demand proving thin otherwise, gains were somewhat less pronounced than in other origins. July prices of 25% broken rice were quoted at USD 378 per tonne, up 6 percent since April and 3 percent over-year earlier levels. Meanwhile, less active trade has tended to steady basmati quotations in the country at around USD 1 200 per tonne.

This level would be close to April values, which however constituted 28-month highs.

In the **United States**, support provided by a solid pace of shipments was amplified by concerns that extensive May floods in the Delta could trigger a steeper cut in 2017 production than already anticipated. Successive sales to Venezuela and Iraq added to such unease, driving an 12 percent rebound in US N.2 4% to USD 453 per tonne. Planting delays in California proved similarly supportive in the US medium-grain market, where domestic trade added to the firm undertone. As a result, by July, US N.1/4 medium grain had backtracked fourteen months' worth of losses, reaching USD 659 per tonne.

As to prospects for the next few months, import decisions are likely to continue shaping international rice price movements. This would be especially so as export availabilities in northern hemisphere suppliers are likely to progressively thin ahead of the September/October arrival of new supplies from 2017 harvests. Current expectations are that global demand will be brisk over the year, although policy and macro-economic uncertainties remain. At the same time, the international trade arena remains fiercely competitive and prospects points to another bountiful 2017 global harvest. In these respects, the pattern of the monsoon in Asia will play a critical role, since it will determine the size of main-crops in important exporters and importers of rice. On the policy side, despite Thailand's recent progress in liquidating its public stockpiles, decisions regarding public inventories will still need to be monitored. This is so considering the substantial quantities that remain at the hands of Governments and can thus influence the international market. As always, currency movements will also hold sway, as will developments in other cereal markets.



FAO Rice Price Indices					
	All	Indica		Japonica	Aromatic
		Higher quality	Lower quality		
2002-2004 = 100					
<b>2013</b>	<b>233</b>	<b>219</b>	<b>226</b>	<b>230</b>	<b>268</b>
<b>2014</b>	<b>235</b>	<b>207</b>	<b>201</b>	<b>266</b>	<b>255</b>
<b>2015</b>	<b>211</b>	<b>184</b>	<b>184</b>	<b>263</b>	<b>176</b>
<b>2016</b>	<b>194</b>	<b>180</b>	<b>187</b>	<b>228</b>	<b>153</b>
<b>2016</b> July	200	193	199	222	166
August	195	186	192	221	161
September	190	174	184	223	156
October	186	168	182	217	154
November	185	167	181	218	149
December	187	170	182	218	156
<b>2017</b> January	190	173	186	217	169
February	194	173	189	216	187
March	195	171	189	216	193
April	198	174	191	216	208
May	202	181	193	218	209
June	209	194	204	224	205
July*	210	190	206	229	206
<b>2016</b> Jan.-Jul.	197	185	189	234	151
<b>2017</b> Jan.-Jul.	200	179	194	220	197
<b>% Change</b>	1.3	-3.1	2.6	-6.0	29.9

Source: FAO

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

\*Two weeks only.

EXPORT PRICES FOR RICE														
	Thai White 100% B Second grade	Thai Parboiled 100%	U.S. Long Grain #2, 4%	Thai 5%	Viet 5%	Uru 5% 1/	India 25%	Pak 25%	Thai 25%	Viet 25%	Thai A1 Super 2/	U.S. California Medium Grain #1, 4%	Pak Basmati 3/	Thai Fragrant 4/
	<i>(US \$/tonne, f.o.b.)</i>													
<b>2012</b>	588	594	567	573	432	584	391	396	560	397	540	718	1 137	1 091
<b>2013</b>	534	530	628	518	391	598	402	371	504	363	483	692	1 372	1 180
<b>2014</b>	435	435	571	423	410	599	377	366	382	377	322	1 007	1 324	1 150
<b>2015</b>	395	392	490	386	353	541	337	318	373	334	327	857	849	1 008
<b>2016</b>	407	410	438	396	347	473	333	327	385	332	348	651	795	768
<b>2016</b>														
July	457	492	454	442	352	492	362	367	423	332	362	606	907	816
August	435	438	448	422	343	505	337	346	409	328	367	603	863	783
September	399	396	421	385	330	502	326	318	379	319	358	602	836	770
October	375	383	402	369	333	484	328	309	365	317	349	579	825	739
November	369	365	401	360	337	479	325	317	354	324	333	586	823	630
December	384	382	402	373	333	488	329	321	364	320	331	588	874	682
<b>2017</b>														
January	392	394	395	377	335	505	338	340	369	322	336	575	969	689
February	384	392	401	367	346	510	345	344	361	326	339	571	1 029	696
March	385	383	395	370	351	475	344	338	364	333	340	577	1 078	683
April	394	393	405	380	342	491	350	355	369	329	332	578	1 204	697
May	430	431	418	415	352	485	360	367	394	332	322	590	1 214	717
June	469	479	445	454	405	495	375	373	427	378	337	627	1 205	799
July*	440	455	453	425	400	503	383	378	404	377	335	659	1 200	822
<b>2016</b> Jan.-Jul.	417	422	454	406	356	460	337	330	393	339	348	694	760	802
<b>2017</b> Jan.-Jul.	413	418	416	398	362	495	356	356	384	342	334	597	1 128	729
<b>% Change</b>	-0.8	-0.8	-8.3	-2.0	1.6	7.6	5.9	7.8	-2.3	1.0	-3.9	-14.0	48.4	-9.1

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

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

4/ Hom Mali rice, grade A.

... = unquoted

\* Two weeks only.



RICE POLICY DEVELOPMENTS <sup>8</sup>

Area	Date	Policy Instrument	Description
Bangladesh	Jun-17	Food subsidies, tax policy	Set aside BDT 45.5 billion (USD 556 million) to provide food subsidies during the 2017/2018 fiscal year (July-June), up from a revised budget of BDT 37.2 billion (USD 455 million) for the previous year. The foodgrain distribution target was set at 2.74 million tonnes, up 16 percent from a revised target for the previous year. Of this volume, 2.16 million tonnes would be in the form of rice, compared to 1.86 million tonnes in 2016/2017. In addition, under a revised Value Added Tax regime, exemptions would continue for local rice along with other basic foodstuffs and be extended to imported rice.
Bangladesh	Jun-17	Budgetary allocations, production support, Government procurement	Announced that allotments for agricultural subsidies would be kept steady at BDT 90 billion (USD 1.1 billion), in its 2017/2018 budgetary allocations. In support of the agricultural sector, steps would be taken to arrest encroachment of agricultural land, reduce post-harvest losses, expand irrigation coverage and advance research and supply of improved seed varieties, including through genetic engineering. Incentives to promote mechanisation would also continue. A rice import target of 600 000 tonnes was set for the 2017/2018 fiscal year (July-June). The Government would seek to purchase a separate 1.6 million tonnes of rice locally in 2017/18, compared to 1.85 million tonnes the previous year.
Bangladesh	Apr-17	Government procurement	Announced that it would purchase 700 000 tonnes of paddy and 800 000 tonnes of white and parboiled rice from the 2017 Boro harvest, between 2 May and 31 August 2017. Prices under the procurement drive were set at BDT 24 per kg of paddy (USD 294 per tonne), BDT 34 per kg of parboiled rice (USD 416 per tonne) and BDT 33 per kg of white rice (USD 404 per tonne).
Bangladesh	May-17	Import tender	Opened an international tender for 50 000 tonnes of non-Basmati parboiled rice, after announcing that it would import up to 600 000 tonnes of rice in order to refurbish state stockpiles and meet public distribution needs.
Bangladesh	May-17	Import tender	Floated an international tender for 50 000 tonnes of 5% broken white rice, for delivery within 40 days of contract.
Bangladesh	May-17	Import agreement	Renewed a Memorandum of Understanding with Viet Nam, giving Bangladesh the option to import up to 1.0 million tonnes of Vietnamese rice per year, until 2022. The agreement was soon followed by the purchase of 250 000 tonnes of Vietnamese rice.
Bangladesh	May-17	Import tender	Issued a third international tender, seeking 50 000 tonnes of non-Basmati parboiled rice, for delivery within 40 days of contract.
Bangladesh	Jun-17	Finance and credit facilities	Instructed banks to issue Letters of Credit (LC) to rice importers at a zero margin. The measure seeks to facilitate imports of rice in order to compensate for flood-related output losses and will be effective until 31 December 2017.
Bangladesh	Jun-17	Import tender	Opened an international tender for 50 000 tonnes of non-Basmati parboiled rice, for delivery within 40 days of contract.
Bangladesh	Jun-17	Import tariff	Reduced customs duties on imported husked, semi/wholly milled and broken rice to 10 percent, down from a previous level of 25 percent. The 3 percent Regulatory Duty, imposed on top of customs duties, was also rescinded for rice. The measure will be effective from 21 June 2017 and is geared at curbing upward pressure on domestic prices.
Bangladesh	Jul-17	Import tender	Opened an international tender seeking another 50 000 tonnes of non-Basmati parboiled rice. This was the fifth tender issued since May 2017, when officials announced that they would purchase rice abroad in order to refurbish state

<sup>8</sup> The full collection of rice policies, starting in January 2011, is available at: [http://www.fao.org/economic/est/est\\_commodities/commodity\\_policy\\_archive/en/?groupANDcommodity=rice](http://www.fao.org/economic/est/est_commodities/commodity_policy_archive/en/?groupANDcommodity=rice)

Area	Date	Policy Instrument	Description
			stockpiles and supply rice to vulnerable groups under state-run programmes.
Burundi	May-17	Import tariff	Announced that customs duties, Value Added Taxes (VAT) and administrative charges would be exempted for rice and five other products, from 27 April until 27 July 2017.
China (Mainland)	Apr-17	Tax policy	Reduced Value Added Taxes (VAT) imposed on the sale or import of various agricultural and industrial products, including paddy and milled rice, from 13 percent to 11 percent. The measure will be effective from 1 July 2017.
China (Mainland)	Apr-17	Production support	Released a plan establishing agricultural production zones, in order to secure supplies of important crops and ensure national food security. According to the plan, by 2020, 1 058 million mu (70.5 million hectares) would be identified as grain (wheat, rice and maize) production “functional zones” and agricultural product (soybeans, rapeseed, cotton and rubber) “protection zones”. Areas set aside for paddy cultivation would account for 340 million mu (22.7 million hectares) of this extension, being located mostly in the northeast, the Long river valley and south-eastern coastal areas. Production enhancement interventions would be pursued in these targeted areas, including by prioritising investments in agricultural fixed assets in these zones, along with improvements in irrigation facilities, agricultural mechanization, the promotion of new credit and insurance instruments and pilot price and income insurance programmes.
China (Mainland)	Apr-17	Stock release	Sold 7 472 tonnes of paddy from state reserves through an auction held on 18 April 2017. Volumes offered amounted to 252 380 tonnes.
China (Mainland)	Apr-17	Stock release	Sold 14 103 tonnes of paddy from state reserves on 25 April 2017, out of a total of 252 249 tonnes offered.
China (Mainland)	May-17	Stock release	Offered a combined 252 307 tonnes of paddy from state reserves, through an auction held on 2 May 2017. The auction closed without a sale.
China (Mainland)	May-17	Stock release	Put 252 175 tonnes from state reserves for auction on 10 May 2017, of which 12 104 tonnes of paddy were sold.
China (Mainland)	May-17	Stock release	Sold 137 671 tonnes of paddy from state reserves on 17 May 2017, through an auction that offered 3.03 million tonnes.
China (Mainland)	May-17	Stock release	Sold 114 592 tonnes of paddy from state reserves, out of 3.05 million tonnes offered through an auction held on 24 May 2017.
China (Mainland)	May-17	Stock release	Sold 84 023 tonnes of paddy from state reserves, out of a total of 3.04 million tonnes put to auction on 31 May 2017.
China (Mainland)	Jun-17	Stock release	Sold 114 621 tonnes of paddy from state reserves, out of a total of 2.97 million tonnes offered through an auction held on 7 June 2017.
China (Mainland)	Jun-17	Stock release	Put 3.02 million tonnes of paddy for auction on 14 June 2017, out of which 158 832 tonnes of paddy were sold.
China (Mainland)	Jun-17	Stock release	Found buyers for 122 110 tonnes of paddy from state reserves, after offering 2.66 million tonnes of paddy in an auction held on 21 June 2017.
China (Mainland)	Jun-17	Stock release	Sold 773 392 tonnes of paddy from state reserves on 23 June 2017, through a tender offering a total of 1.51 million tonnes of paddy for sale.
China (Mainland)	Jun-17	Stock release	Sold 125 345 tonnes of paddy from state reserves, out of a total of 2.6 million tonnes offered through an auction held on 28 June 2017.
China (Mainland)	Jun-17	Stock release	Sold 443 802 tonnes of paddy from state reserves, after offering 1.47 million tonnes of paddy in a tender held on 30 June 2017.

Area	Date	Policy Instrument	Description
Colombia	Apr-17	Warehouse receipts programme	Decided to extend a COP 28 890 (USD 9.5) per tonne storage-cost assistance for 2016 second-semester harvests, in a bid to assist the sector cope with the high stockpiles resulting from the 2016 bumper harvest. The scheme would run from 4 April 2017 to 30 April 2017 and will cover up to 400 000 tonnes of paddy.
Colombia	Jun-17	Warehouse receipts programme, marketing assistance	Announced that it would offer a COP 28 890 (USD 9.5) per tonne assistance to cover monthly storage costs of up to 284 855 tonnes of paddy harvested during the second semester of 2016. The scheme would run from 9 June 2017 to 30 June 2017. In addition, COP 20 000 (USD 6.6) per tonne would be offered to aid rice producers market some 30 000 tonnes.
Egypt	Jul-17	Export ban	Announced that the ban on rice exports would remain in place, in order to ensure sufficient local availabilities and build strategic reserves of rice. The aim would be stabilise consumer prices at EGP 6.5 (0.4) per kilo during the 2017 season.
India	Jun-17	Support prices, Government procurement	Raised minimum support prices by 5.4 percent for common paddy to INR 15 500 (USD 239) per tonne and by 5.3 percent for Grade A paddy to INR 15 900 (USD 245) per tonne.
India	Jun-17	Trade agreement	Decided that it would allow 67 640 tonnes of rice, along with other products, to be exported to the Republic of Maldives in 2017/18, without any existing or future restrictions. The measure is effective from April 2017.
Iraq	May-17	Import regulation	Authorised the Ministry of Trade to purchase rice and wheat through direct contracts.
Iraq	Jun-17	Import agreement	Extended a Memorandum of Understanding (MOU) on the purchase of rice from the United States for its public distribution system until January 2018.
Kenya	Jun-17	Production support	Announced that it would waive KES 100 million (USD 0.9 million) worth of service charges payable by rice farmers in the Mwea Irrigation Scheme, in order to assist them cope with losses incurred in 2016 as a result of drought.
Kenya	Jun-17	Import tariff	Renewed exemptions to the 75 percent rice import duty applicable under the Common External Tariff of the East African Community. Import tariffs for paddy, husked, milled and broken rice will continue to be 35 percent (or USD 200 per tonne, whichever is higher) for a period of one year, effective 1 July 2017.
Nigeria	Apr-17	Import restrictions	Barred imports of rice through established free trade zones (FTZ) to ensure adherence to the ban on rice through land borders.
Pakistan	May-17	Budgetary allocations, production support	As part of its budgetary allocations, announced that it would maintain subsidies on fertilizer prices and electricity rates for agricultural tube wells in 2017/2018. Among other measures to promote agricultural production growth, it would also reduce customs duties levied on combine harvesters, along with sales taxes on agricultural diesel engines. In addition to raising the agriculture credit target for 2017/2018 by 43 percent to PKR 1 001 billion (USD 9.5 billion), it also announced that it would launch a new credit scheme providing smallholders cultivating up to 12.5 acres (5.1 hectares) with up to PKR 50 000 (USD 473.5) of credit at a concessionary rate of 9.9 percent per year.
Pakistan	May-17	Export promotion	Announced that it would allow rice to be warehoused outside Pakistan in order to facilitate rice exports.
Philippines	May-17	Import quota	Decided that MAV commitments on rice will remain at 805 200 tonnes and continue to accrue a 35 percent in-quota tariff, until 30 June 2020 or until rice tariffication provisions are made in Republic Act No. 8178, whichever is earlier. Thereafter, the in-quota tariff rate will be set at 40 percent.

Area	Date	Policy Instrument	Description
Philippines	May-17	Import quota	Announced that volumes imported as part of its 2016 Minimum Access Volume (MAV) commitments would be allowed to enter the country until 30 June 2017.
Philippines	Jun-17	Import regulation, import tender	According to official statements to the press, decided that international rice purchases by the state-owned National Food Authority would not be limited to government-to-government (G2G) transactions. Instead, private sector suppliers would be invited to participate in import tenders launched by the agency. Moreover, total volumes sought would be subdivided into lots to encourage competition; deliveries would be staged in order to avoid peak harvest periods, while the terms of payment are reduced from 365 days to 15 days.
Philippines	Jul-17	Import tender	Issued an international tender to purchase 250 000 tonnes of 25% broken rice, open to private sector entities. Suppliers were invited to submit their bids by 25 July 2017 for eight lots consisting of 25 000-50 000 tonnes of rice from any origin. Of the total volume, 120 000 tonnes should arrive no later than August 2017, with the remainder the following month.
Rwanda	Jun-17	Import tariff	Decided that the 75 percent rice import duty applicable under the Common External Tariff of the East African Community would not be applied for another year. Accordingly, imports of paddy, husked, milled and broken rice would continue to accrue a 45 percent (or USD 345 per tonne, whichever is higher) tariff until 30 June 2018.
Sri Lanka	May-17	Import tariff	Decided that the Special Commodity Levy (SCL) on rice imports of LKR 5 per kilo (USD 32 per tonne) would be valid until 31 August 2017.
Sri Lanka	Jun-17	Import quota	Announced that the government would import 100 000 tonnes of rice shortly, in order to ensure sufficient local availabilities and refurbish stockpiles.
Thailand	Apr-17	Production support	Approved a budget of THB 26 billion (USD 764 million) to implement three programmes geared at improving the quality and quantity of rice produced between 2017 and 2021. Under the schemes, high-quality jasmine rice seeds would be provided to 60 000 rice-farming households at a subsidized price of THB 10 per kg (USD 294 per tonne) for up to 5 rai (0.8 ha). A subsidy of THB 9 000 per rai (USD 1 654 per ha) for up to 15 rai (2.4 ha) would also be provided to promote organic farming over three years. Joint land management would be encouraged in order to reduce production costs and increase productivity, with seeds, agricultural machinery and organic fertilizers also provided.
Thailand	Jun-17	Production support	Approved a budget of THB 1.84 billion (USD 54 million) to extend crop insurance for the 2017 main paddy crop. Under the programme, compensation for damages caused by natural disasters would be raised by 13 percent to THB 1 260 per rai (USD 232 per ha) and by 14 percent in the case of pest or disease related losses to THB 630 per rai (USD 116 per ha). Insurance premiums would also be lowered by 9 percent to THB 97.37 per rai (USD 18 per ha). The scheme is expected to cover up to 30 million rai (4.8 million ha) of paddies and will run between 1 June 2017 to 31 August 2017, except in southern provinces, where it will be implemented until 15 December 2017.
Thailand	Jul-17	Production support	Approved a budget of THB 2.87 billion (USD 84 million) to promote production of rice grown organically and according to Good Agricultural Practices (GAP). The programme will be implemented between 2017 and 2021, with the aim of assisting producers find a market for 600 000 tonnes of organic paddy and 10.3 million tonnes of GAP certified paddy. For the purpose, it will provide a 3 percent interest subsidy on soft loans to entities agreeing to enter into purchase agreements with producers, provided that they pay 15 percent more than market prices for organic rice purchased or 4 percent more in the case of GAP certified rice.



Area	Date	Policy Instrument	Description
Thailand	Apr-17	Stock release	Sold 1.62 million tonnes of rice from Government reserves through an auction held on 23 March 2017. The tender offered a total of 3.66 million tonnes fit for industrial and feed uses.
Thailand	Apr-17	Stock release	Offered 1.0 million tonnes of rice from Government reserves fit for industrial uses only, through a tender held on 28 April 2017. Sales from this tender were suspended in July, after an Administrative Court ordered a temporary stop to Government stock auctions of non-food grade rice.
Thailand	May-17	Stock release	Sold 1.66 million tonnes of food-grade rice through an auction held on 24 May 2017. The tender offered a total of 1.82 million tonnes for sale, including 1.5 million tonnes of fragrant rice, 0.2 million tonnes of white rice and 0.1 million tonnes of glutinous and broken rice.
Thailand	Jun-17	Stock release	Offered 2.2 million tonnes of rice fit for non-food uses through a tender held on 15 June 2017. Sales from this tender were suspended in July, after an Administrative Court ordered a temporary stop to Government stock auctions of non-food grade rice.
Thailand	Jun-17	Stock release	Announced that it would offer 160 000 tonnes of food-grade rice from Government reserves, through an auction on 18 July 2017.
Viet Nam	Jul-17	Export strategy	Approved a rice export development strategy for 2017-2020, with a vision to 2030. The document lays out an annual export target of 4.5-5.0 million tonnes of rice for 2020, valued at USD 2.2-2.3 billion. The country would strive to shore up the value of its rice exports to USD 2.5 billion between 2021 and 2030, while gradually reducing volumes shipped to 4.0 million tonnes. The composition of rice shipments would be restructured, such that deliveries of Indica white rice accounted for 25 percent of overall exports by 2030, while the share of fragrant, Japonica and other specialty rice was raised to a combined 40 percent, that of glutinous rice to 25 percent and of other types to 10 percent. In addition, the country would seek to reduce the share of Asian shipments in overall exports to 50 percent by 2030, while raising its market share in all other regions, especially the Americas, Africa and the Near East.

TABLE I: WORLD PADDY PRODUCTION

	2012-2014	2015	2016	2017	Annual Change		2017	
	Average		Estimate	Forecast	2017 / 2016		Previous	Revision
	<i>million tonnes</i>					%	<i>million tonnes</i>	
<b>WORLD</b>	740.9	739.2	753.0	758.8	5.8	0.8	758.9	-0.1
Developed regions	25.2	24.2	25.3	24.2	-1.1	-4.2	-	-
Developing regions	715.7	715.1	727.7	734.5	6.9	0.9	-	-
<b>ASIA</b>	671.8	668.5	681.1	686.1	5.1	0.7	686.4	-0.2
Bangladesh	51.2	52.5 G	52.1 G	52.2	0.1	0.3	53.1	-0.9
Cambodia	9.3	9.3 G	10.0 G	10.0	0.1	0.8	9.7	0.3
China	206.5	209.8	208.5	209.4	0.9	0.4	210.1	-0.7
of which China (Mainland)	204.8	208.2 G	206.9 G	207.7 G	0.8	0.4	208.4	-0.7
India	158.7	156.6 G	163.7 G	165.5	1.8	1.1	165.3	0.2
Indonesia	70.4	73.0	72.7	74.2	1.5	2.1	74.2	0.0
Iran, Islamic Rep. of	2.4	2.3 G	2.5	2.6	0.1	3.2	2.6	0.0
Japan	10.8	10.5 G	10.7 G	10.7 G	0.0	0.1	10.7	0.0
Korea Rep. of	5.6	5.8 G	5.6 G	5.5	-0.2	-3.1	5.5	0.0
Lao PDR	3.6	3.8	3.9	4.0	0.1	2.6	4.0	0.0
Malaysia	2.7	3.3 G	3.0	3.1	0.1	3.7	3.1	0.0
Myanmar	28.1	27.5 G	28.5	28.9	0.3	1.2	28.3	0.6
Nepal	4.8	4.3 G	5.2 G	5.4	0.1	2.3	5.4	0.0
Pakistan	9.7	10.2 G	10.3 G	10.4	0.2	1.5	10.3	0.2
Philippines	18.6	17.5 G	18.5 G	18.7	0.2	1.0	18.6	0.1
Sri Lanka	3.9	4.8 G	4.4 G	2.7	-1.7	-38.2	3.0	-0.3
Thailand	35.5	27.4 G	32.6	33.7	1.1	3.2	33.3	0.4
Viet Nam	44.3	45.2 G	43.6 G	43.8	0.2	0.4	44.0	-0.2
<b>AFRICA</b>	27.7	28.8	30.8	30.9	0.1	0.4	30.7	0.2
<b>North Africa</b>	6.1	6.0	6.3	6.4	0.1	1.3	6.2	0.2
Egypt	6.1	5.9	6.3	6.4	0.1	1.3	6.2	0.2
<b>Western Africa</b>	13.5	14.3	15.4	16.0	0.6	3.7	16.0	0.0
Côte d'Ivoire	0.8	0.9	0.8	0.9	0.0	1.3	0.9	0.0
Guinea	2.0	2.0 G	2.2 G	2.2	0.1	2.4	2.2	0.0
Mali	2.1	2.3 G	2.8 G	2.9	0.1	2.8	2.8	0.0
Nigeria	4.7	4.8	5.0	5.3	0.3	6.1	5.3	0.0
Sierra Leone	1.2	1.0 G	1.1 G	1.1	0.0	1.2	1.1	0.0
<b>Central Africa</b>	0.5	0.5	0.5	0.5	0.0	1.3	0.5	0.0
<b>Eastern Africa</b>	2.9	3.7	4.1	3.8	-0.3	-7.3	3.7	0.2
Tanzania, United Rep. of	2.2	3.0 G	3.4 G	3.1	-0.3	-9.6	3.1	0.0
<b>Southern Africa</b>	4.6	4.3	4.3	4.1	-0.2	-5.5	4.1	0.0
Madagascar	4.0	3.7 G	3.8 G	3.5	-0.3	-8.3	3.5	0.0
Mozambique	0.4	0.4 G	0.3 G	0.4	0.0	8.6	0.4	0.0
<b>CENTRAL AMERICA &amp; CAR.</b>	2.8	2.6	2.8	2.9	0.1	2.6	2.9	0.0
Cuba	0.6	0.4 G	0.5 G	0.5	0.0	3.1	0.5	0.0
Dominican Rep.	0.9	0.9 G	0.9 G	1.0	0.0	1.0	0.9	0.0
<b>SOUTH AMERICA</b>	24.2	25.7	23.6	25.3	1.6	6.8	24.9	0.4
Argentina	1.6	1.6 G	1.4 G	1.3 G	-0.1	-5.0	1.4	0.0
Brazil	11.8	12.4 G	10.6 G	12.3 G	1.7	16.2	11.9	0.4
Colombia	1.9	2.1 G	2.6	2.6	-0.1	-2.7	2.6	0.0
Ecuador	1.2	1.3 G	1.3	1.3	0.0	0.8	1.3	0.0
Peru	3.0	3.2 G	3.2 G	3.0	-0.2	-5.2	3.1	-0.1
Uruguay	1.4	1.4 G	1.3 G	1.4 G	0.1	8.1	1.4	0.0
<b>NORTHERN AMERICA</b>	9.3	8.8	10.2	8.7	-1.5	-14.7	9.1	-0.4
United States	9.3	8.8 G	10.2 G	8.7 G	-1.5	-14.7	9.1	-0.4
<b>EUROPE</b>	4.1	4.2	4.2	4.1	-0.2	-3.8	4.1	-0.1
EU	3.0	3.0 G	3.0 G	2.9	-0.1	-3.0	2.9	0.0
Russian Federation	1.0	1.1 G	1.1 G	1.0	-0.1	-6.2	1.1	-0.1
<b>OCEANIA</b>	1.0	0.7	0.3	0.8	0.6	222.2	0.9	0.0
Australia	1.0	0.7 G	0.3 G	0.8 G	0.6	233.8	0.9	0.0

**NOTES:**

The 2017 paddy production season normally includes rice from the main paddy crops whose harvests fall in 2017, to which rice from all subsequent secondary crops, if any, is added.

Totals computed from unrounded data.

G Official figure.

TABLE 2: WORLD RICE IMPORTS

	2012-2014	2015	2016	2017	Annual Change		2017	
	Average		Estimate	Forecast	2017 / 2016		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
<b>WORLD</b>	42.0	44.9	41.4	44.2	2.8	6.7	43.3	0.9
Developed regions	3.9	4.4	4.4	4.4	-0.1	-1.6	-	-
Developing regions	38.0	40.5	37.0	39.9	2.9	7.7	-	-
<b>ASIA</b>	20.1	23.4	19.2	21.6	2.5	12.8	20.8	0.8
Bangladesh	0.5	1.1 G	0.1 G	1.0	0.9	1,526.0	0.3	0.8
China	5.5	7.1	6.3	6.4	0.1	1.4	6.5	-0.1
of which China (Mainland)	5.0	6.6	5.8	5.9	0.1	1.3	6.0	-0.1
Indonesia	1.1	1.3	1.3	0.8	-0.5	-36.0	0.8	0.0
Iran, Islamic Rep. of	1.6	1.3	1.2	1.3	0.1	6.6	1.3	0.0
Iraq	1.3	1.0	0.9	1.1	0.2	18.3	1.1	0.0
Japan	0.7	0.7 G	0.7 G	0.7	0.0	2.1	0.7	0.0
Malaysia	1.0	1.1 G	0.8 G	1.0	0.1	15.6	1.0	0.0
Philippines	1.2	2.0	0.7	1.5	0.7	100.0	1.5	0.0
Saudi Arabia	1.3	1.6 G	1.2 G	1.3	0.1	8.0	1.3	0.0
United Arab Emirates	0.7	0.8	0.9	0.9	0.0	0.0	0.9	0.0
<b>AFRICA</b>	14.7	13.7	14.0	14.5	0.5	3.6	14.4	0.1
Côte d'Ivoire	1.3	1.4	1.4	1.4	0.0	0.7	1.4	0.0
Nigeria	3.3	2.2	2.2	2.4	0.2	9.1	2.5	-0.1
Senegal	1.2	1.4	1.1	1.2	0.1	7.5	1.2	0.0
South Africa	1.0	0.9 G	0.8 G	0.8	0.0	2.5	0.8	0.0
<b>CENTRAL AMERICA &amp; CAR.</b>	2.0	2.2	2.4	2.4	0.0	-1.0	2.3	0.0
Cuba	0.4	0.5 G	0.6	0.5	0.0	-5.5	0.5	0.0
Mexico	0.6	0.6 G	0.7 G	0.7	0.0	1.3	0.7	0.0
<b>SOUTH AMERICA</b>	1.6	1.6	1.8	1.7	-0.1	-4.7	1.7	0.0
Brazil	0.7	0.3 G	0.7 G	0.7	0.0	0.3	0.7	0.0
<b>NORTHERN AMERICA</b>	1.1	1.1	1.2	1.2	-0.1	-6.2	1.2	0.0
United States	0.7	0.8 G	0.8 G	0.8 G	0.0	-2.3	0.8	0.0
<b>EUROPE</b>	2.0	2.3	2.3	2.3	0.0	0.1	2.3	0.0
EU 1/	1.4	1.8 G	1.8 G	1.8	0.0	-2.4	1.8	0.0
Russian Federation	0.2	0.2 G	0.2 G	0.2	0.0	4.6	0.2	0.0
<b>OCEANIA</b>	0.5	0.5	0.5	0.5	0.0	1.7	0.5	0.0

**NOTES:**

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.

TABLE 3: WORLD RICE EXPORTS

	2012-2014	2015	2016	2017	Annual Change		2017	
	Average		Estimate	Forecast	2017 / 2016		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
<b>WORLD</b>	42.0	44.9	41.4	44.2	2.9	7.0	43.3	0.9
Developed regions	4.2	4.2	4.0	4.4	0.3	8.4	-	-
Developing regions	37.8	40.7	37.3	39.9	2.5	6.8	-	-
<b>ASIA</b>	34.0	37.3	33.5	36.3	2.7	8.2	35.3	0.9
Cambodia	1.2	1.3	1.2	1.3	0.0	0.6	1.2	0.1
China	0.4	0.3	0.5	0.8	0.3	73.4	0.4	0.4
of which China (Mainland)	0.4	0.3 G	0.4 G	0.8	0.4	102.6	0.4	0.4
India	10.8	11.2 G	10.0 G	11.0	1.0	9.5	10.8	0.2
Myanmar	1.4	1.7 G	1.4	1.8	0.4	26.8	1.4	0.4
Pakistan	3.7	4.1 G	3.9 G	3.8	-0.1	-3.2	4.0	-0.1
Thailand	8.1	9.8 G	9.9 G	10.5	0.6	5.9	10.4	0.1
Viet Nam	8.2	8.4	6.1	6.9	0.7	11.5	6.9	0.0
<b>AFRICA</b>	0.6	0.5	0.6	0.4	-0.2	-28.9	0.5	0.0
Egypt	0.4	0.4	0.3	0.2	-0.1	-32.3	0.3	0.0
<b>SOUTH AMERICA</b>	3.2	2.9	3.2	3.2	-0.1	-1.6	3.2	-0.1
Argentina	0.5	0.3 G	0.5 G	0.5	0.0	-5.2	0.5	0.0
Brazil	0.9	0.9 G	0.6 G	0.6	0.0	-1.6	0.7	0.0
Guyana	0.3	0.4 G	0.4	0.4	0.0	4.8	0.5	0.0
Uruguay	0.9	0.7 G	0.9 G	0.9	0.0	2.3	0.9	0.0
<b>NORTH AMERICA</b>	3.2	3.4	3.4	3.6	0.2	6.7	3.6	0.1
United States	3.2	3.4 G	3.4 G	3.6 G	0.2	6.7	3.6	0.1
<b>EUROPE</b>	0.4	0.4	0.5	0.4	0.0	-4.3	0.4	0.0
EU 1/	0.2	0.2 G	0.3 G	0.3	0.0	0.1	0.3	0.0
Russian Federation	0.2	0.2 G	0.2 G	0.2	0.0	-10.6	0.2	0.0
<b>OCEANIA</b>	0.5	0.3	0.2	0.3	0.1	79.9	0.3	0.0
Australia	0.5	0.3	0.2	0.3	0.1	80.2	0.3	0.0

**NOTES:**

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.



TABLE 4: END OF SEASON STOCKS I /

	2013-2015	2016	2017	2018	Annual Change		2018	
	Average		Estimate	Forecast	2018 / 2017		Previous	Revision
	<i>million tonnes, milled basis</i>				<i>%</i>		<i>million tonnes</i>	
<b>WORLD</b>	169.0	170.7	169.9	170.8	0.9	0.5	170.7	0.1
Developed regions	5.7	5.9	5.7	5.4	-0.4	-6.2	-	-
Developing regions	163.3	164.8	164.2	165.5	1.3	0.8	-	-
<b>ASIA</b>	159.3	160.3	160.0	161.0	1.0	0.6	160.9	0.1
Bangladesh	7.0	7.3	6.4	6.7	0.2	3.6	6.7	0.0
Cambodia	1.6	1.6	1.7	1.8	0.1	4.0	1.8	0.0
China	84.9	98.0	100.9	103.2	2.2	2.2	103.3	-0.1
of which China (Mainland)	84.6	97.8	100.7	102.9	2.2	2.2	103.0	-0.1
India	24.0	18.1	18.5	18.7	0.1	0.8	18.6	0.1
Indonesia	6.8	6.6	6.7	6.9	0.2	3.0	6.9	0.0
Iran, Islamic Rep. of	0.7	0.7	0.4	0.5	0.1	22.0	0.5	0.1
Japan	3.6	3.4	3.3	3.3	0.0	0.3	3.3	0.0
Korea Rep. of	1.2	1.6	1.5	1.5	0.0	-2.6	1.5	0.0
Lao PDR	0.3	0.5	0.5	0.5	0.0	-2.8	0.5	0.0
Malaysia	0.3	0.5	0.4	0.4	0.0	1.4	0.4	0.0
Myanmar	2.9	2.4	2.5	2.7	0.3	10.2	2.4	0.3
Nepal	0.4	0.3	0.5	0.5	0.1	11.1	0.5	0.0
Pakistan	0.5	0.5	0.7	0.7	0.0	3.1	0.8	-0.1
Philippines	2.3	2.7 G	2.2	2.5	0.3	13.6	2.5	0.0
Sri Lanka	0.3	0.7	0.6	0.3	-0.3	-49.1	0.3	0.0
Thailand	17.8	10.7	8.3	6.0	-2.3	-27.7	6.1	-0.1
Viet Nam	2.9	2.8	3.4	3.4	0.1	2.4	3.5	0.0
<b>AFRICA</b>	5.1	4.9	4.9	4.8	-0.1	-1.3	4.9	-0.1
Egypt	0.6	0.5	0.7	0.7	0.0	4.5	0.8	-0.1
Nigeria	0.9	0.7	0.5	0.5	0.1	15.6	0.5	0.0
<b>CENTRAL AMERICA &amp; CAR.</b>	0.5	0.5	0.6	0.6	0.0	-2.6	0.5	0.1
Dominican Rep.	0.1	0.0	0.1	0.1	0.0	-16.7	0.0	0.0
<b>SOUTH AMERICA</b>	2.0	2.5	2.0	2.3	0.3	15.8	2.1	0.2
Argentina	0.1	0.4	0.3	0.1	-0.1	-47.2	0.1	0.0
Brazil	0.9	0.7 G	0.3 G	0.8 G	0.6	189.8	0.6	0.3
Ecuador	0.1	0.1	0.1	0.1	0.0	-3.7	0.1	0.0
Peru	0.4	0.4	0.4	0.4	0.0	-5.4	0.4	0.0
<b>NORTHERN AMERICA</b>	1.3	1.6	1.5	1.1	-0.4	-28.3	1.2	-0.1
United States	1.2	1.5 G	1.5 G	1.0 G	-0.4	-29.2	1.1	-0.1
<b>EUROPE</b>	0.7	0.8	0.8	0.8	0.0	1.8	0.9	0.0
EU	0.5	0.5 G	0.6	0.6	0.0	5.2	0.6	0.0
Russian Federation	0.1	0.1	0.1	0.1	0.0	-14.3	0.1	0.0
<b>OCEANIA</b>	0.2	0.3	0.2	0.2	0.1	26.6	0.2	0.0
Australia	0.2	0.2	0.1	0.2	0.0	32.1	0.2	0.0
<b>GOVERNMENT STOCKS</b>								
Bangladesh	0.9	1.0 G	0.5 G	0.6	0.1	16.3	0.7	-0.1
India	18.6	15.9 G	16.5	16.1	-0.4	-2.7	16.0	0.1
Japan	1.5	1.5	1.4	1.4	0.0	0.0	1.4	0.0
Philippines	0.6	0.9 G	0.2	0.5	0.4	233.3	0.5	0.0

**NOTES:**

Totals computed from unrounded data.

G Official figure.

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

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

	Opening Stocks	Production	Imports	Total Supply	Domestic Use	Exports	Closing Stocks
<i>thousand tonnes, milled basis</i>							
<b>INDIA</b>							
2015-16	21 500	104 405 G	1 G	125 906	97 460	10 346 G	18 100
2016-17 est.	18 100	109 150 G	1	127 251	98 401	10 350	18 500
2017-18 f'cast	18 500	110 352	1	128 853	99 743	10 460	18 650
<b>PAKISTAN</b>							
2015-16	720	6 801 G	12 G	7 533	2 813	4 180 G	540
2016-17 est.	540	6 849 G	9	7 398	2 998	3 750	650
2017-18 f'cast	650	6 950	8	7 608	3 013	3 925	670
<b>THAILAND</b>							
2015-16	16 200	18 153 G	250	34 603	13 877	10 026 G	10 700
2016-17 est.	10 700	21 581	250	32 531	14 011	10 220	8 300
2017-18 f'cast	8 300	22 276	270	30 846	14 746	10 100	6 000
<b>UNITED STATES</b>							
2015-16	1 552 G	6 133 G	766 G	8 451 G	3 580 G	3 396 G	1 475 G
2016-17 est.	1 475 G	7 117 G	746 G	9 338 G	4 191 G	3 683 G	1 464 G
2017-18 f'cast	1 464 G	6 074 G	768 G	8 306 G	3 809 G	3 461 G	1 036 G
<b>VIET NAM</b>							
2015-16	3 150	29 390 G	490	33 030	21 808	8 422	2 800
2016-17 est.	2 800	28 343 G	550	31 693	22 202	6 141	3 350
2017-18 f'cast	3 350	28 470	530	32 350	22 070	6 850	3 430

**FOOTNOTES:**

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

Totals computed from unrounded data.

G Official figure.

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

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

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

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

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