



RICE MARKET MONITOR

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ROUND UP

The **2014 paddy season** is virtually concluded. Although the dreaded effects of an El Niño weather event failed to materialize so far, the campaign was marred by various climatic setbacks, which were mostly behind an anticipated 0.5 percent contraction in 2014 world paddy production to 741.3 million tonnes (494.4 million tonnes, milled basis), 3.3 million tonnes less than anticipated last December. Although small, the seasonal decline stands out as the first registered since 2009, another campaign marked by weather anomalies. Particularly affected were a number of Asian countries (India, Thailand and Sri Lanka, in particular, but also Cambodia, the Democratic People's Republic of Korea, Indonesia, Nepal and Pakistan), which endured late and insufficient rains and/or floods. The 2014 season also ended negatively in Oceania, where Australia faced water supply limitations. The campaign unfolded more favourably in the other regions, helping the global season to close with an above-average production outturn, notwithstanding the decline from the excellent 2013 output. Although the lack of growth in 2014 is to be attributed principally to natural events, a lingering tendency for prices to fall also played a role. Indeed, weakening world quotations made it more difficult for a number of governments to bear the burden of bulging stock holdings and to sidestep concerns over the negative environment impacts of paddy cultivation. As a result, several countries, especially in Asia, have recently engaged in less expansionary paddy production policies, for instance through the freezing of official rice producer prices or the imposition of more stringent rice cultivation limits. At the same time, however, the pursuance of self-sufficiency remains a mainstay of policies, especially in Asian importing countries.

Against this backdrop, FAO's first forecast sees **global paddy production in 2015** recovering by a modest 1.1 percent to 749.8 million tonnes (499.9 million tonnes, milled basis). The prospect is highly tentative at this stage, since, although along and south of the equator, the main 2015 crops are already being harvested, in the northern hemisphere, where the bulk of rice is produced, many countries will only start sowing their 2015 crops in May/June. This especially concerns Asia, where the progress of the monsoon will prove critical in determining whether the area and yield losses incurred in 2014 will be recuperated. Assuming growing conditions normalize, the region is predicted to drive the 2015 global expansion, with sizable gains expected in India, Indonesia, Philippines, Sri Lanka and Thailand, that would more than compensate

for anticipated contractions in Bangladesh, the Chinese Province of Taiwan, the Republic of Korea, Pakistan and Viet Nam. Outside of Asia, early prospects for Africa point to some output increases arising from improved weather conditions and/or strong prices. In Eastern and Southern parts of the continent, growing conditions have so far been favourable, despite some floods and storms, with sizeable output gains anticipated in Madagascar, Tanzania and Uganda. The production outlook is also positive for West Africa, assuming more normal growing conditions, while a dull market situation may foster another decline of output in Egypt. Moderate output gains are also anticipated in Europe, sustained by attractive Japonica prices in the EU and the Russian Federation, and in Latin America and the Caribbean, in spite of unseasonal weather and tight profit margins. The increase would likely stem from gains in Bolivia, Colombia, Ecuador and Peru while output is seen falling in Argentina, Uruguay and Venezuela, and stagnating in Brazil. In North America, the USDA forecasts a small contraction of output in the United States, reflecting a prolonged drought in California and

GLOBAL RICE MARKET SUMMARY

	2012-13	2013-14	2014-15	2014-15/ 2013-14
		est.	f'cast	Var
	<i>million tonnes, milled eq.</i>			<i>%</i>
Production	490.1	496.6	494.4	-0.5
Supply	690.6	714.6	717.4	0.4
Utilization	476.4	491.2	499.4	1.7
Food use	401.2	409.2	414.6	1.3
Feed use	13.3	14.0	14.4	2.8
Other uses	62.0	68.0	70.3	3.4
Trade ^{1/}	37.2	42.4	41.3	-2.5
Ending stocks ^{2/}	176.7	181.0	176.6	-2.4
	<i>%</i>			
Global stock-to-use ratio	36.0	36.2	34.9	-
Major exporters' stock-to-disappearance ratio ^{3/}	28.6	26.8	23.4	-

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

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

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

weak price prospects. Output in Australia is also poised to contract in 2015, given recurring water availability constraints.

Following the release of consolidated custom data for the full calendar year, FAO's estimate of **world rice trade in 2014** has undergone a considerable 2.2 million tonne upward revision since December, with international flows now gauged to have grown by 14 percent from 2013 to a new record of 42.4 million tonnes (milled basis). On the demand side, the heightened 2014 import estimates mostly concerned Far Eastern countries, which emerged as the prime drivers of 2014 import growth, with Bangladesh, China (Mainland), Indonesia, Malaysia, the Philippines and Sri Lanka all gauged to have let in much larger volumes than in 2013. Revised import estimates also show imports to have increased since 2013 in a number of African countries, especially Guinea, Kenya, Mozambique, Nigeria and Senegal, while inflows to Burkina Faso, Cote d'Ivoire, Ghana and South Africa are estimated to have fallen compared to 2013. On the export side, the largest upward revision concerned India, now assessed to have retained its prime position among world suppliers, shipping an unprecedented 11.3 million tonnes, or 7 percent more than in 2013. More competitive prices boosted 2014 exports by Thailand even more than previously expected, with deliveries from country expanding by 66 percent year-on-year to a new high of 11.0 million tonnes. Revised figures also show an 18 percent increase of exports by Pakistan. By contrast, Argentina and Viet Nam shipped less than foreseen last December, with these countries, along with Australia, Cambodia, China (Mainland) and the United States, delivering less rice on the international arena than in 2013.

FAO's forecast of **international trade in calendar 2015** has also been upgraded to 41.3 million tonnes since December, a level now standing 2 percent short of the 2014 record. Underlying the forecast contraction in world imports are expectations of reduced deliveries to Asia, in particular to Far Eastern countries, where many important buyers now appear well placed to cut imports, either due to refurbished stockpiles from large purchases in 2014 or as a result of production gains. Although these same factors, combined with currency depreciations, are anticipated to constrain purchases by West African countries, overall deliveries to Africa are likely to change little, owing to a firm demand from Eastern and Southern African buyers. Poor harvest results are instead predicted to sustain a further increase in imports by Latin America and the Caribbean, with demand in Europe also holding strong, while it abates in the United States. Among exporters, much of the global trade contraction this year could be shouldered by India, a result of more limited export availabilities. Very competitive prices, however, are likely to keep Indian exports well above pre-2011 levels. Supply constraints are also behind lower expected sales by Argentina, Australia, Brazil and Uruguay. Although Thailand harvested less rice in 2014, continued sales from government granaries are expected to keep the country's exports rising. Sales by the United States are also expected

to rebound, facilitated by falling export quotations in the aftermath of a good 2014 harvest. Cambodia, China (Mainland), the European Union, Myanmar, Pakistan, Paraguay and Russian Federation are similarly forecast to export more in 2015, while consignments by Viet Nam are expected to remain subdued for a third consecutive season.

Consistent with reductions to 2014 production figures, FAO's forecast of **world rice utilization in 2014/15** has been lowered to 499.4 million tonnes (milled basis), which is 1.7 percent, or 8.2 million tonnes, more than the estimate for 2013/14. The forecast growth mostly mirrors expectations of 1.3 percent progress in world food consumption to 414.6 million tonnes, a level that would support a small, 0.2 percent, increase in average per caput food intake to 57.4 kilos. Based on FAO's first outlook, global rice utilization in 2015/16 could increase to 505.7 million tonnes, again sustained by expanding food consumption to 419.8 million tonnes.

World rice **carry-over stocks** at the close of seasons ending in 2015 are now predicted to fall 2.4 percent short of their opening level to 176.6 million tonnes, marking the first world stock contraction to occur in a decade. The five major rice exporters (India, Thailand, Viet Nam, Pakistan and the United States) are likely to account for most of the global stock draw-down, cutting their inventories by 5.7 million tonnes to 41.4 million tonnes. This level would bring their stock-to-disappearance ratio to its lowest since 2010, at 23.4 percent. Individually, India is predicted to incur the largest off-load. On the other hand, FAO's first forecast of rice stocks at the close of marketing seasons ending in 2016 has been set at 171.0 million tonnes, implying that global rice utilization is likely to surpass production for the second consecutive year. The expected 5.6 million tonne annual stock drawdown would position the global stocks-to-use ratio at 33.2 percent, down from 34.9 percent in 2015, but still sufficient to cover 4.1 months of projected world rice consumption.

International rice prices have fallen steadily since September 2014, a tendency that has resulted in the FAO All Rice Price Index (2002-2004=100) hitting a four-and-a-half year low of 219 points in March 2015. Much of the weakness recorded since December concentrated in the Japonica market, where, in spite of tighter availabilities, prices were depressed by limited buying interest. Nevertheless, weak sentiment continued to prevail over the long-grain segment, where ample supplies at hand, coupled with intense competition for markets, resulted in the High and Low Quality Indica Indices shedding 3 and 2 percent since December to 189 and 187 points, respectively. The fragrant segment has stood out as the only exception to this downward tendency, with the Aromatic index regaining 4 percent of its value, relative to the seven-year low touched in December 2014. From an annual perspective, the January-March value of the Index stands 6 percent below year-earlier levels, with the decline mirroring the easing of fragrant quotations, as well as softer Indica prices.

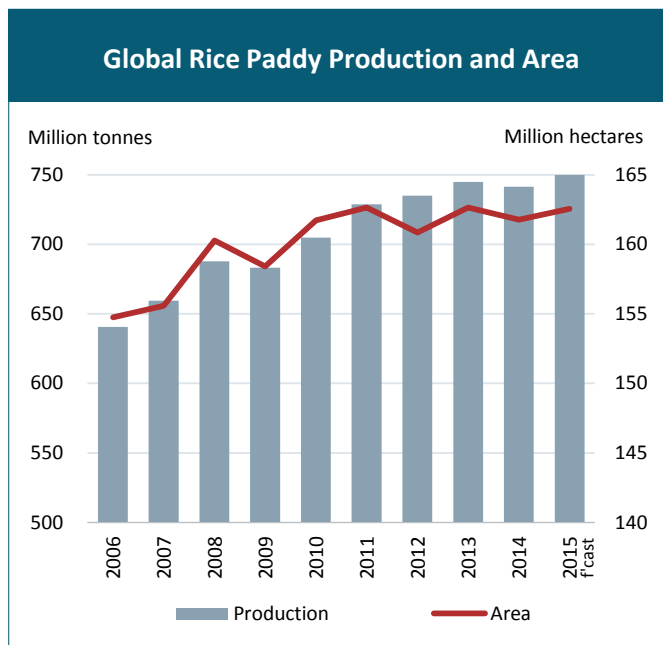
PRODUCTION

Production prospects deteriorate, but the 2014 season still set to close with an above-average global crop

With the closure of the 2014 season approaching,¹ the effects of the inclement weather that has characterized much of the year's campaign, particularly over Asia, is becoming more evident. This has prompted FAO to lower its December forecasts of global paddy production by 3.3 million tonnes. At a country level, the largest downward revision has concerned Thailand, where unseasonable dryness leading to severe constraints in water availability for irrigation has taken a heavy toll on secondary crop production. The effects of a poor monsoon have also been felt in the offseason cycle in India, causing crop prospects for the country to deteriorate further, whereas officials in Sri Lanka indicate that a prolonged drought bore even greater consequences on production than previously envisaged. Outside of Asia, revisions to historical figures also entailed downward adjustments to estimates for both Ecuador and the Islamic Republic of Iran. Combined, these cuts more than outweighed upward adjustments to forecasts namely for Indonesia, Nepal and the United Republic of Tanzania, as well the Dominican Republic, Iraq, and Venezuela.

Taking these revisions into account, global paddy production in 2014 is now predicted to fall 0.5 percent below the 2013 record to 741.3 million tonnes (494.4 million tonnes, milled basis). All the contraction would arise from area and yield cuts in Asia, where crops were hindered by late and insufficient rains and/or floods. Nevertheless, the season also ended with negative results in Oceania, where Australia, the region's leading producer, was also faced with limited water supplies. The paddy campaign proved more favourable in the other regions, thus helping ensure that the global season closes with an above-average outturn. For instance, prospects of improved margins led to a bumper crop in the United States. Positive results are also expected in Africa, as gains in Eastern and Southern parts of the continent, compensate for poor showings in Western Africa and Egypt. Improved growing conditions, namely in the southern cone, similarly boosted output in Latin America

¹ The 2014 rice production season normally includes rice from the main paddy crops whose harvests fall in 2014, 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 2014 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 2015. In the case of southern hemisphere countries, production in 2014 normally comprises rice from the main paddy crops assembled in the first part of 2014, plus rice from the secondary crops, generally gathered in the latter part of 2014. This approach to assess rice production is applicable to any given season.



and the Caribbean, with Europe also assessed to have gathered a somewhat larger crop.

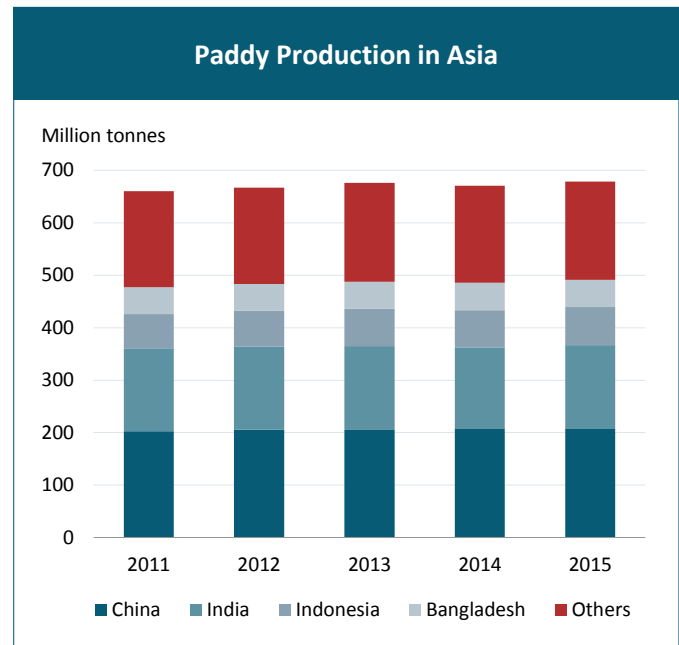
Meanwhile, FAO's first forecast of global production in 2015 sees world paddy output staging a 1.1 percent recovery to 749.8 million tonnes (499.9 million tonnes, milled basis). Although countries along and south of the equator are already harvesting their first 2015 crops, the world forecast is still preliminary. Indeed, the campaign is at very early stages in the northern hemisphere, where the bulk of rice is produced and where sowing activities will mostly get underway in May/June. This will be chiefly the case of Asia, where the progress of the monsoon will prove critical in determining whether area and yield losses incurred in 2014 can be recuperated. Assuming growing conditions normalize, the continent is predicted to drive much of the 2015 global expansion. Yet, unlike previous years, the season's growth would mostly stem from productivity improvements, as a combination of easing prices in important producers and land constraints may contain the expansionary drive witnessed until 2013. Outside of Asia, early prospects also point to further inroads being promoted by improved weather conditions and/or strong prices in Africa and Latin America and the Caribbean, with larger crops also anticipated in Europe. By contrast, output is poised to contract in Australia, again as a result of tight water supplies, and in the United States, reflecting lower quotations and continued drought conditions in California.

Asia

Area and yield losses due to adverse weather depress paddy production in Asia by 5.3 million tonnes in 2014

Since December, FAO has lowered its forecast of 2014 production in Asia, where offseason harvests are in progress, by 3.5 million tonnes to 670.8 million tonnes (447.5 million tonnes, milled basis). The downward revision is consistent with deteriorating crop prospects for offseason crops in **Thailand** and **India**, in both cases associated with reduced water availabilities for irrigation following a subdued rainfall performance. The new estimate would imply a 0.8 percent year-on-year contraction of output in the region, imputable to a large extent to the two countries. Indeed, **India**, **Thailand**, along with **Sri Lanka**, are assessed to have incurred the strongest year-to-year retrenchments, accounting for the bulk of the region's 5.3 million tonne production shortfall. Adverse weather, in the form of poor or torrential rains, also impaired crops in **Cambodia**, the **Democratic People's Republic of Korea**, **Indonesia**, **Nepal** and **Pakistan**, whereas an output fall in **Japan** was mostly linked to producers' reaction to poor prices. By contrast, record-breaking crops were harvested in **Bangladesh**, **China (Mainland)**, the **Philippines** and **Viet Nam**, with additional gains also registered in **Afghanistan**, the **Islamic Republic of Iran**, **Iraq** and **Myanmar**.

Turning to the 2015 season, assuming no major setback is incurred, FAO tentatively forecasts paddy production in Asia at 679.0 million tonnes (452.8 million tonnes, milled basis), a level that would represent a 1.2 percent recovery in the region's output and a new record. The predicted 8.1 million tonne expansion would primarily rely on yield increases to an average of 4.7 tonnes per hectare, sustained by more conducive growing conditions. This is while easing or already low local quotations in important producing countries are anticipated to preclude a full recovery in area under paddy, now forecast in the order of 144.5 million hectares. Many countries that faced unfavourable weather during the previous season are anticipated to see production recover over the course of 2015. Foremost amongst these would be **India**, where farmers are likely to continue favouring paddy cultivation given strong state incentives. Similarly relying on renewed public assistance, **Indonesia**, the **Philippines** and **Sri Lanka** may record sizeable output gains, with **Cambodia**, **China (Mainland)**, **Democratic People's Republic of Korea**, **Nepal**, **Myanmar**, **Thailand** and **Timor Leste** also expected to gather larger crops. Depressed prices are instead predicted to curb production in **Japan** for a second consecutive season. Poor margins in **Bangladesh**, combined with state efforts to divert area away from paddy in **Pakistan** and **Viet Nam**, may lead to smaller crops in those countries. Production is also expected to fall

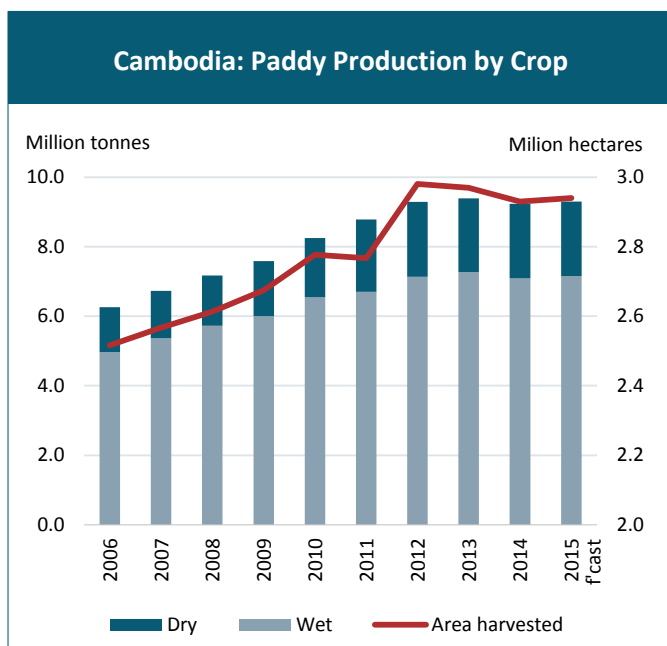


in the **Chinese Province of Taiwan** and the **Republic of Korea**.

The 2014 production forecast for **Bangladesh** has been adjusted slightly downwards since December to 52.2 million tonnes (34.8 million tonnes, milled basis), still 1 percent over the already good 2013 outcome. The revision follows the release of a less buoyant official estimate of the Aus crop, the smallest of the three crops that are grown every season, which is pegged at a largely stable level of 3.5 million tonnes (2.3 million tonnes, milled basis). Meanwhile, FAO has retained its positive outlook for the December-concluded Aman and the April-June Boro harvests at 19.8 million and 29.0 million tonnes (13.2 million and 19.3 million tonnes, milled basis), respectively. In both cases, gains would primarily arise from overall favourable growing conditions, but prospects of positive returns at planting time are also assessed to have supported further expansions in area under paddy. This is despite some flooding problems last August and concerns over the impact of input shortages on Boro yields. The latter are linked to disruptions in the supply of fertilizers and fuel associated with a prolonged transport blockade gripping the country since January 2015, which are also reported to have significantly impaired milling operations and marketing of produce. The higher production costs associated with such disruptions came at a time of increasing downward pressure on local quotations. Ahead of the 2014 Boro harvest and of the launch of 2015 Aus sowing, prices already stood 14 percent below year-earlier levels. If protracted, these factors could translate into cuts in area cultivated in 2015. This is even as the sector benefits from strong government support and has achieved steady productivity gains, on the back of growing adoption of improved seed varieties, which have

positioned the country as the seventh highest yielding in the Asian Far East. Thus, FAO tentatively forecasts Bangladesh to gather 51.8 million tonnes (34.5 million tonnes, milled basis) in 2015, 1 percent below current 2014 expectations, yet still an above-average performance.

In **Cambodia**, where the offseason harvest is underway, officials indicate that 9.2 million tonnes (5.9 million tonnes, milled basis) would be gathered in 2014. The forecast level is somewhat below earlier expectations and would imply a halt to a nine-year expansionary trend, as it stands 2 percent short of the 2013 high. The disappointing outturn primarily reflects a combination of floods and drought, which depressed the main crop by 3 percent to 7.1 million tonnes (4.5 million tonnes, milled basis). As to prospects for 2015 production, assuming average conditions prevail, FAO foresees Cambodia gathering 9.3 million tonnes (6.0 million tonnes, milled basis). All of the year's 1 percent recovery would stem from productivity gains, as weak local quotations, which by February stood between 11 and 27 percent below year-earlier levels, could deter a recovery in area planted to paddy.



There have been no changes to 2014 production figures for **China (Mainland)**, where the season came to a close in October, with the gathering of the late rice crop. Underpinned by improved productivity, output is officially assessed at a new high of 206.4 million tonnes (141.4 million tonnes, milled basis), up 1 percent from the 2013 weather-depressed level. Turning to the 2015 season, it has by now reached the early-crop seedling/transplanting stage. Continuing with the previous year's trend, FAO currently anticipates that the country will gather 207.0 million tonnes (141.8 million tonnes, milled basis), suggesting a modest growth of 0.3 percent. On 1 February,

Chinese officials released the Number 1 Central Document, the year's main policy statement, focusing this issue on agricultural reform and modernization. The document reiterated the Government's commitment towards wheat and rice self-sufficiency, but called upon the pursuit of quality, efficiency, environmental and sustainability aspects of agricultural production to be given equal emphasis as that of production volume. Underlying these calls would be key constraints faced by the sector, namely a shrinking resource base and environmental concerns. High production costs arising from a combination of fragmented holdings, rising costs of investment, labor and land use, would compound on these, particularly as they have been accompanied by increases in prices to internationally uncompetitive levels, which have in turn attracted large imports. While direct grain subsidies and government local purchases are to be continued, these aspects, together with caps to agricultural support mandated by WTO agreements, would call upon a more efficient use of agricultural subsidies, greater investment in the sector, as well as technological innovation. In line with these premises, the National Development and Reform Commission (NDRC) subsequently announced that government procurement prices for the 2015 season will be kept unchanged at Yuan 135-155 per 50 kg bag (USD 440-506 per tonne).² Principles also set out under a March released National Plan on Sustainable Agricultural Development were also incorporated in a new Government plan that would target to reduce growth in agrochemical consumption, namely fertilizers and pesticides, to zero by 2020, while also capping agricultural water use.

The 2015 season opened in the **Chinese Province of Taiwan** under the spell of the worst drought in a decade, which led to a fast depletion of water supplies in major reservoirs. Although water conservation efforts had left 2014 secondary crops largely unscathed, the precipitation shortfalls endured during the latter half of 2014 prompted officials to announce in December that they would suspend the irrigation of 22 000 hectares of main crop fields across five regions. Affected producers would be extended TWD 78 000-85 000 (USD 2 494-2 717) per hectare, as an incentive to leave paddies fallow, while TWD 39 000-62 000 (USD 1 247-1 982) per hectare would be provided to farmers cultivating less water intensive crops. As a result of the unfavourable climate, FAO anticipates 2015 production in the Chinese Province of Taiwan to fall by 11 percent to 1.5 million tonnes (1.1 million tonnes, milled basis).

The Government of **India** released its Second Advanced Estimates of 2014 production in February, assessing that a 12 percentage point deficiency in monsoon rains, coupled

² All currency conversions are as of 1 April 2015.

with storm damages, caused production losses on the Kharif crop in the order of 3.0 million tonnes. This would position output from this main-crop at 134.3 million tonnes (89.6 million tonnes, milled basis), which is 150 000 tonnes less than previously foreseen by FAO and 2.1 percent short of the 2013 cyclone-depressed turnout. Indian officials, however, point to an even poorer outcome for the ongoing, secondary, Rabi harvest. Mirroring constraints in the availability of water for irrigation and electricity shortages in southern producing states, output from this smaller crop is gauged at 20.2 million tonnes (13.5 million tonnes, milled basis), nearly 800 000 tonnes lower than forecast by FAO and down 11 percent year-on-year. As a result, overall 2014 output in India is now pegged at 154.5 (103.0 million tonnes, milled basis), implying a 3 percent, yield-driven, annual contraction, but still the fourth largest crop on record.

Prospects for the 2015 season in India are preliminary at this stage, as much will depend on the performance of the monsoon rains, which are critical to the development of the main Kharif crop. Tentatively, FAO has set its forecast of 2015 production at 158.2 million tonnes (105.5 million tonnes, milled basis), 2.4 percent, or 3.7 million tonnes, more than the 2014 estimate. The outlook assumes no major setback is incurred, permitting yields to recover to more normal levels, and that farmers will continue to favour rice over other crops, given the state incentives provided in the form of large public sector acquisitions. Decisions as to potential changes to minimum support prices over the season are still forthcoming however. The Indian Government is also contemplating a number of reforms to the Food Corporation of India (FCI), the state procurement agency, as recommended by a high level committee established in August 2014. Amongst its findings, the committee reports that only 14 percent of

paddy farmers selling produce in July-December 2012 actually did so to a procurement agency, highlighting that state purchase operations concentrate in a few states mostly to the benefit of larger scale farmers. With this in mind, it recommended that the FCI cede procurement operations of paddy and wheat to the local agencies of states having sufficient experience and necessary infrastructure. These would namely be Andhra Pradesh, Chhattisgarh, Haryana, Madhya Pradesh, Odisha and Punjab, which combined accounted for 70 percent of total local purchases in 2013/14. Under the new stance the FCI, would accept produce purchased in these states for transport to deficit areas only when it exceeded the states' needs under the National Food Security Act, focusing its activities instead on states with smaller holdings and where sales were predominantly concluded below minimum support prices. The latter would namely concern eastern states, where the "Bringing the Green Revolution to Eastern India" (BGREI) scheme is being implemented. Additional recommendations include setting limits to purchases conducted under statutory levy; discouraging states from issuing bonuses over and above the prevailing minimum support prices, as well as adjusting the buffer stock norms, while introducing a policy to liquidate excess stocks. Some of these measures, including changes to the buffer stock norms and procurement under the levy system, have already been adopted by the Indian Government, with other recommendations remaining under consideration.

Meanwhile, India's 2015-16 budgetary allocations place particular emphasis on issues related to soil and water, with related interventions seen as key to addressing overall low productivity levels and large disparities in yields within the country. In this connection and further to efforts to boost agricultural credit and create a National

INDIA: GOVERNMENT RICE PROCUREMENT

STATES/ UTs	2010-11	2011-12	2012-13	2013-14	2014-15 ^{1/}
	(Million tons)				
INDIA	34.20	35.04	34.04	31.85	24.22
Punjab	8.64	7.73	8.56	8.11	7.78
Telangana	9.61	7.54	6.49	4.35	1.59
Andhra Pradesh				3.74	1.75
Chhattisgarh	3.75	4.12	4.80	4.29	3.36
Odisha	2.47	2.87	3.62	2.80	2.25
Haryana	1.69	2.01	2.61	2.41	2.00
West Bengal	1.31	2.04	1.77	1.36	1.21
Uttar Pradesh	2.55	3.36	2.29	1.13	1.54
Madhya Pradesh	0.52	0.64	0.90	1.05	0.80
Bihar	0.88	1.53	1.30	0.94	1.07
Others	2.79	3.21	1.72	1.70	0.87

1/ As of 01.04.2015

Source: Ministry of Consumer Affairs, Food and Public Distribution, Department of Food and Public Distribution

Agriculture Market, officials are to support organic farming through the “Paramparagat Krishi Vikas Yojana” scheme, as a complement to on-going efforts to extend soil health cards to farmers. On the water front, Rupees 53 billion (USD 847 million) would be reserved to the “Pradhanmantri Gram Sinchai Yojana” scheme, with an ambitious target to extend irrigation to all farmers and enhance water use efficiency, as well as for micro-irrigation and watershed development. At the same time, programmes such as the “Rashtriya Krishi Vikas Yojana” (RKVY), of which the Bringing the Green Revolution to Eastern India scheme is part, as well as the National Food Security Mission, will fall under a new cost-sharing mechanism between the central government and states.

March released assessments by the Government of **Indonesia** have lifted estimates of 2014 production in the country by a further 225 000 tonnes. The adjusted figure of 70.8 million tonnes (44.6 million tonnes, milled basis), would still suggest a small, 0.6 percent, production contraction from 2013, which came in the aftermath of flood related losses. Meanwhile, after a slow onset particularly over Java, the seasonal rains were fully established over much of the country by December. Barring this delay and lingering concerns over land encroachments, the 2015 paddy campaign has progressed favourably. The Government’s staunch stance towards rice self-sufficiency is, meanwhile, placing strong emphasis on infrastructural improvements, especially on addressing dilapidated irrigation systems over 3 million hectares and constructing new ones outside of Java. These interventions come in addition to on-going seed and fertilizer assistance, as well as higher Government procurement prices, which were raised by 11-12 percent in March to Rupiah 3 700-7 300 per kilo (USD 296-584 per tonne). Assuming main-crop planting delays are compensated with larger off-season sowings, FAO presently anticipates that the combination of fewer flood-related losses and greater state assistance will translate into a 3 percent year-on-year output recovery in Indonesia to 73.0 million tonnes (46.0 million tonnes, milled basis).

Officials in **Japan** indicate that the October-ended 2014 harvest yielded 10.5 million tonnes (7.6 million tonnes, milled basis), down 2 percent year-on-year and some 50 000 tonnes lower than previously foreseen by FAO. The poor outcome was mostly imputable to area cuts, a response to unattractive prices, but also to reduced sunshine conditions that depressed yields to an average of 6.7 tonnes per hectare. The 2015 season in Japan is still at early stages, as planting activities were launched just in April. FAO forecasts the country to see a further output contraction in 2015 to 10.5 million tonnes (7.6 million tonnes, milled basis). The forecast 50 000 tonne cut stems from expectations of continued area retrenchments, prolonged by a depressed price situation, which however

could be partly compensated by a return to more normal yield levels.

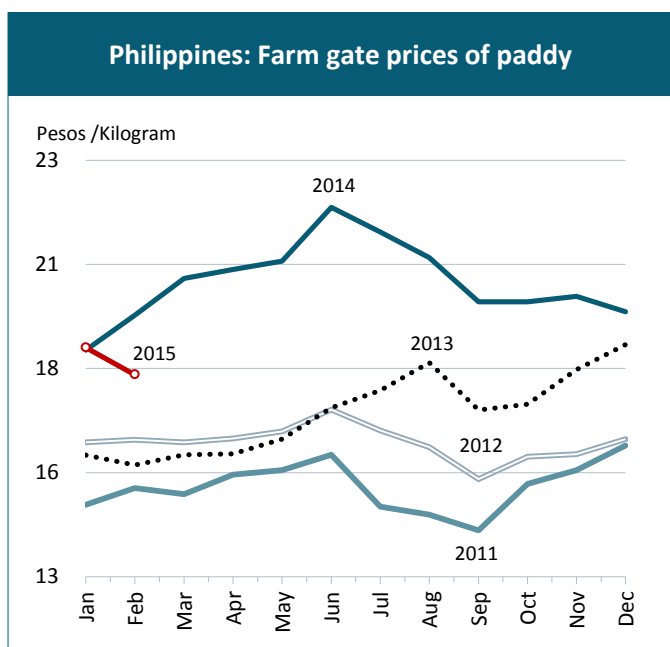
There have been no changes to the 2014 estimate of production in the **Republic of Korea**, which is officially assessed to have remained steady year-on-year at 5.6 million tonnes (4.2 million tonnes, milled basis). As for 2015, prospects are very preliminary, since the season will not be opened until June, when the sowing operations start. FAO currently foresees the country to garner 3 percent less than in 2014, or 5.5 million tonnes (4.1 million tonnes, milled basis). The decline assumes a continued trend in area diversions to other purposes, but also a less ideal climate, resulting in yields falling below the strong level of 6.9 tonnes per hectare attained in 2014. Farmers in the country will benefit this year from an 11 percent increase in direct area payments offered under the Rice Income Compensation Act to Won 1 000 000 (USD 900) per hectare. As part of its farm income stabilization measures, the Government is also fostering area consolidations, including by targeting an expansion in farms cultivated under joint management by 25 percent to 40 000 hectare and by increasing the cap on farm subsidies from 50 to 400 hectares.

The 2014 paddy campaign in **Nepal** was beset by a late start of the seasonal rains, which delayed transplanting activities, negatively impacting yields. Compounding on the erratic rains were area losses incurred to torrential August rains, which led to floods. As a result of the adverse weather, Government assessments indicate that a 5 percent contraction of production was incurred to 4.8 million tonnes (3.2 million tonnes, milled basis). Provided growing conditions normalize and basic inputs are available, Nepal could regain much of these losses over the course of the 2015 season, garnering 5.0 million tonnes (3.3 million tonnes, milled basis).

Heavy downpours and floods were also behind a negative 2014 seasonal outcome in **Pakistan**, although their impact was partly dampened by a swift recession of waters, thus limiting the production decline to 1 percent to 10.1 million tonnes (6.7 million tonnes, milled basis). Unlike previous year’s inundations, the 2014 floods were largely confined to basmati areas in Punjab, where attractive prices had prompted farmers to replace Irri rice with fragrant strains. This was contrary to the tendency prevailing in previous years, which had seen steady declines in basmati cultivation, as farmers favoured especially hybrids, in part because of their shorter growing cycle. Yet, and in spite of the damages incurred, the recent steep declines in basmati rice quotations call into question producers’ willingness to maintain plantings in this segment at levels recorded in 2014. This is while in the non-basmati front, also been affected by easing quotations, water logging and salinity problems have prompted officials in Sindh to seek

enforcement of a longstanding ban on the cultivation of rice on areas situated on the left bank of the Indus river, where paddy has increasingly replaced cotton. Announcements of a possible steep hike in gas prices, and hence on fertilizer costs, have also raised wider sector concerns, even though producers stand to benefit from lower fuel prices. Based on these factors, FAO has tentatively set its 2015 production forecast for Pakistan at 9.7 million tonnes (6.5 million tonnes, milled basis), implying 4 percent year-on-year contraction. Nevertheless, the availability of water for irrigation and prices of alternative crops will also prove critical in determining the season's outcome.

According to the latest Government assessments, the **Philippines** is poised to gather 19.0 million tonnes (12.4 million tonnes, milled basis) over the 2014 season,³ 1 percent above the previous record and 260 000 tonnes more than previously reported. The improved outlook mostly mirrors more buoyant expectations for the ongoing offseason harvest. Underpinned by sufficient water supplies and increased usage of high yielding varieties, especially hybrids, the crop is now officially seen rising by a small, 0.4 percent, margin to 8.4 million tonnes (5.5 million tonnes, milled basis). This volume would add to an already ample main-season harvest of 10.6 million tonnes (6.9 million tonnes, milled basis), which was supported by a combination of strong prices, sufficient inputs (including water), as well as steps to restore damages incurred to super-typhoon Haiyan in 2013.



As to prospects for 2015, these are extremely preliminary at this stage, as planting activities will not begin until the June arrival of the rainy season. Assuming average growing conditions prevail and considering the still favourable

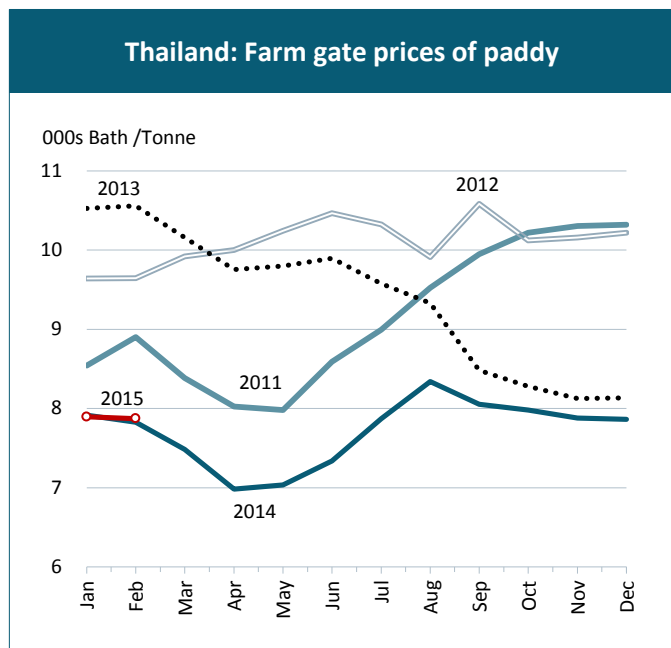
³ July 2014 to June 2015.

prices fetched by producers, coupled with concomitant reductions in costs of basic inputs, production in the Philippines is provisionally forecast to outdo the 2014 good performance by 4 percent to 19.8 million tonnes (12.9 million tonnes, milled basis). On the policy front, Government support to the sector concentrates on expanding irrigation infrastructure and promoting greater usage of hybrids, the latter being targeted to cover 150 000 hectares by 2016. While steps to advance farm mechanization are also being taken, small-scale rice producers across 25 provinces also benefit from special credit to finance purchase of inputs under the Sikat Saka Program.

Final estimates of production released by the Department of Census and Statistic indicate that **Sri Lanka** gathered 3.4 million tonnes (2.3 million tonnes, milled basis) in 2014, some 200 000 tonnes less than previously estimated and 27 percent below the record 2013 outcome. The shortfall concerned both the Maha (main) and Yala (secondary) crop harvests, as plantings and yields were impaired by severe shortages of water for irrigation due to drought. The outlook is much improved for the ongoing 2015 season, which has seen abundant rains benefiting Maha crops and replenishing reservoirs. This is even as copious precipitation in December led to floods, affecting nearly 160 000 hectares of plantings mostly in eastern and north central provinces. Still much scope exists for these losses to be recovered in the forthcoming Yala campaign, especially given the still attractive local quotations. In this connection, officials have announced higher guaranteed purchasing prices for paddy of Rupees 45-50 per kilo of paddy (USD 330-367 per tonne), which would come in addition to fresh debt-relief measures and steps to enhance access to agricultural machinery. As a result, FAO presently anticipates 2015 production in Sri Lanka to rebound by 21 percent to 4.1 million tonnes (2.8 million tonnes, milled basis).

Estimates of 2013 production in **Thailand** have been brought in line with the latest Government figures, which show that the season concluded with a 3 percent year-on-year contraction to 36.8 million tonnes (24.4 million tonnes, milled basis). The reduction was associated to a 600 000 hectare cut in plantings, mostly of the main season paddy, compounded by the loss of another 660 000 hectares worth of sowings. Prospects for the 2014 season, about to be concluded, have also deteriorated since December, with FAO's forecast now pointing to a 7 percent slide from the poor 2013 level to 34.3 million tonnes (22.7 million tonnes, milled basis). The contraction mostly mirrors a fall in the secondary crop output, due to cuts in area planted. These come in the aftermath of severe water shortages, particularly over central growing regions, which led officials to curtail the release of irrigation water. The abnormal weather aggravated an

already depressed market situation that saw producer prices falling sharply in 2013, with quotations in the country failing to regain ground by a significant margin since then.



Forecasts issued by the Thai Meteorological Department, indicate that the abnormally dry conditions that have gripped Thailand are likely to persist through May, with rainfall levels normalizing thereafter. This would be of particular relevance for the 2015 main season crops, set to be sown as of May. FAO currently forecasts the country to harvest 35.0 million tonnes (23.2 million tonnes, milled basis) over the 2015 season, implying a 2 percent recovery from the 2014 poor harvest. The forecast assumes that part of the areas left uncultivated in the on-going offseason crop-cycle will return to paddy cultivation next year and that average yields will recover from their drought-depressed levels. This is even as Thai officials have approved plans to cut paddy production further, to address an estimated 4.4 million tonnes excess supply in the country. The plan, which is part of a five-year programme to restructure agriculture, aims to shift 290 000 hectares of paddies to other crops in two years and to cut 64 000 hectares of offseason paddies. Additional interventions would aim to improve productivity levels, lower production costs, boost quality of supplies and assist farm cooperatives.

By mid-March, officials reported than plantings of the 2015 winter-spring crop in **Viet Nam** stood at 3.1 million hectares, only marginally below the 2014 corresponding period. The paddy campaign has progressed generally well so far, with ample availability of water supplies and warm temperatures particularly benefiting progress in northern parts of the country. This is despite ongoing concerns over salt water intrusion in the south and fear that potential

water shortages in the central producing region could impact the summer-autumn crop, to be planted in April. Under the Government’s area diversion plan, up to 172 000 hectares would have to be diverted to alternative crops, such as maize and soybeans, during the ongoing 2015 season, so as to meet the plan’s target. At the same time, officials are promoting greater vertical integration, including through a new directive that makes it requisite for exporters to engage in contract farming, invest in large-scale farms or develop alternative production areas of their own. On the whole, FAO forecast 2015 production in Viet Nam to amount to 44.8 million tonnes (29.9 million tonnes, milled basis), which is 200 000 tonnes below the 2014 record.

Africa

An output recovery in West Africa and further headway in Madagascar to drive a 1 percent production expansion in 2015

With the season nearing completion, FAO has upgraded forecasts of 2014 production in Africa by some 400 000 tonnes to 28.0 million tonnes (18.3 million tonnes, milled basis), now suggesting that the region would outdo the good 2013 result by 2 percent. The adjustment follows the release of buoyant assessments in Eastern Africa, in particular the United Republic of Tanzania, which positioned the sub-region as a leading driver of Africa’s production growth in 2014. Improved growing conditions also permitted output in Madagascar to rebound from the 2013 dismal harvest. By contrast, production is estimated to have fallen in Egypt, under prospects of negative returns, and in West Africa, due to a combination of erratic rains and the Ebola outbreak.

Early prospects of 2015 production in the continent indicate that a further 1 percent output expansion is likely to 28.3 million tonnes (18.5 million tonnes, milled basis). The forecast is very preliminary, as crops are not due for planting until the latter part of April in Egypt, the largest producer in the region, and until June in Western Africa. Where the campaign is more advanced, namely in Eastern and Southern Africa, conditions have so far proved conducive for additional output gains, despite some flood and storm related setbacks. The production outlook is also tentatively positive for West Africa, assuming growing conditions prove more normal, while a depressed market situation is expected to bring about additional declines in output in Egypt.

In **Northern Africa**, estimates of 2014 output in **Egypt** are unchanged at 6.0 million tons (4.1 million tonnes, milled basis), which is 2 percent below the 2013 level, on account of area retrenchments. FAO’s 2015 production outlook for the country is also negative at 5.9 million tonnes (4.1

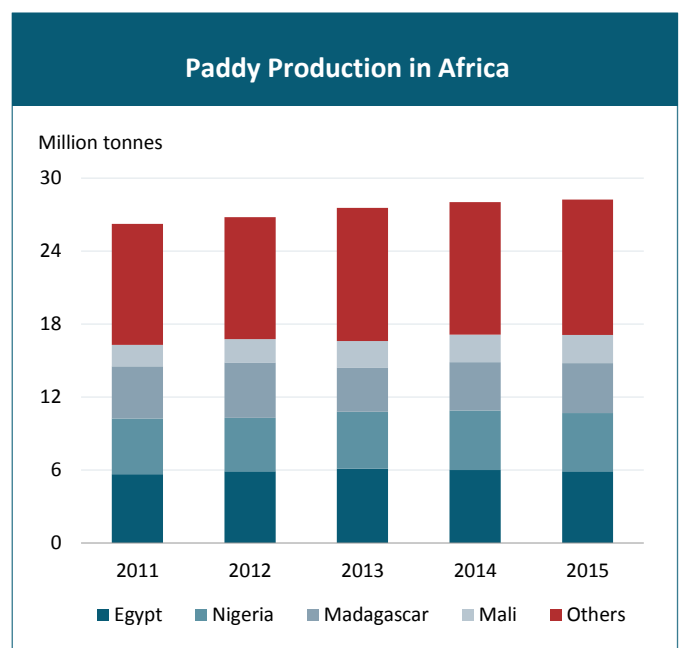
million tonnes, milled basis), as difficulties in placing produce, together with higher production costs are expected to continue negatively influencing producer planting decisions. This is notwithstanding some initiatives reportedly approved by Government in January 2015, which included debt relief measures and cuts in fines levied on violations to government limits on rice cultivation. The latter would have been halved to Pounds 900 (USD 118) per feddan.

The **2014** season has yet to be concluded in **West Africa**, as a few countries have still to gather off-season crops. There have no changes to production forecasts for sub-region since December, with overall output envisaged to fall 2 percent short of the 2013 record outcome to 13.6 million tonnes (8.6 million tonnes, milled basis). The disappointing turnout is imputable to late and poorly distributed rains, which hindered planting operations and depressed yields to an average of 2.1 tonnes per hectare. **Benin, Senegal** and **Togo** were all impacted by the unfavourable growing climate, but particularly sharp production falls were incurred in **Chad, Gambia** and **Guinea Bissau**. Output is also estimated to have declined in **Guinea, Liberia** and **Sierra Leone** due to labour and input shortages ensuing from the spread of the Ebola virus disease (EVD). Nevertheless, a generally favourable climate, combined with state support, permitted the 2014 season to unfold favourably in various West African countries. This is particularly the case of **Burkina Faso, Cote d'Ivoire, Ghana, Mauritania** and **Nigeria** all of which are set to close the season with record-breaking crops. Production in **Mali** looks also set to increase, albeit more modestly, as the country incurred rainfall shortages in the earlier part of the season.

As to the **2015** season, planting activities across much of the continent will not be in full swing until the arrival of the rains in the months to come. FAO preliminarily envisages production in West Africa to recover partially to 13.8 million tonnes (8.7 million tonnes, milled basis). At a country level, provided growing conditions are normal, **Benin, Chad, Gambia** and **Togo** may find themselves in a position to recover losses incurred to bad weather in 2014. In the case of **Burkina Faso**, the approval of a 7 percent increase in floor producer prices from the FCFA 140 per kilo that has prevailed since 2012 (USD 231 per tonne) may encourage farmers to expand plantings further. FAO's current forecast for the country sees output advancing by 1 percent to 330 000 tonnes (218 000 tonnes, milled basis). Further headway is also anticipated to be made in **Cote d'Ivoire** and **Ghana**, in part reflecting the special attention received by the sector, as part of the countries' self-sufficiency drives. In the case of Ghana, this has entailed the allocation of Cedi 22 million (USD 5.8 million) to support the sector in 2014, which adds to ongoing state efforts to promote yield gains through enhanced access to

improved seeds, as well as the distribution of machinery and fertilizers at subsidized rates.

Although rather tentative, FAO sees production in **Guinea, Liberia** and **Sierra Leone** partly recovering from the losses incurred in 2014 due to the spread of the Ebola virus. 2015 production forecasts have been set at 2.0 million tonnes (1.3 million tonnes, milled basis) for Guinea, at 250 000 tonnes (163 000 tonnes, milled basis) for Liberia and 1.2 million tonnes (720 000 tonnes, milled basis) for Sierra Leone. In all cases, however, the final success of the season will depend on whether the prevailing conditions will permit producers to return to fields that were abandoned in fear of contagion, as well as on their ability to access productive inputs, particularly in a context of reduced purchasing power and labour shortages. With regards to the latter, the lifting of most quarantine and restrictions on the movement of people could prove conducive to production recoveries in those countries. This is whilst Governments and international agencies have already announced initiatives to enable greater access to inputs and credit in the affected countries.



FAO forecasts 2015 production in **Nigeria** at 4.8 million tonnes (2.9 million tonnes, milled basis), down 2 percent year-on-year, but still an above average performance. The decline reflects expectations of average yields returning to more normal levels after these had boosted by very favourable growing conditions in 2014. The sector continues to benefit from sustained state support, including incentives to embark in dry-season cultivation, to which much of the recent years production gains have been attributed. However, forecasts released by the Nigerian Meteorological Agency in March indicate that, under the influence of El Niño, the country's 2015 rainy

season could be characterised by a late onset and early cessation of the rains, particularly over northern parts of the country. Below average precipitation would also be expected across numerous southern, central, north-eastern and north-western states.

Although planting activities are not set to begin until June, **Senegal** is provisionally forecast to gather 430 000 tonnes (300 000 tonnes, milled basis) in 2015. This would imply an only partial output recovery from 2014, in the order of 2 percent, as prospects of strong area expansions in the country are clouded by weak domestic quotations and reported difficulties in marketing produce. In this connection, officials have announced that a combined FCFA 8 billion (USD 13 million) would be allocated to improve producer access to credit and the marketing of produce. State entities were also called to get supplies exclusively from local producers, while efforts would also be taken to limit imports in 2016 to 500 000 tonnes. These initiatives are all part of the Government's self-sufficiency programme, which also envisages infrastructural improvements, the provision of machinery and tax concessions.

While most countries in **Eastern Africa** have concluded their 2014 season, there have been important revisions to output figures since the last issue of the RMM. These have raised the aggregate production total for the sub-region to 3.2 million tonnes (2.1 million tonnes, milled basis), a level comparable to the 2010 record outcome. The largest of such adjustments has concerned the **United Republic of Tanzania**, where officials estimate production to have reached 2.6 million tonnes (1.7 million tonnes, milled basis), the second highest volume on record. The revised figure stands some 500 000 tonnes above FAO's earlier expectation and 18 percent over the 2013 outcome, implying an exceptional sector response to ongoing investment programmes and favourable growing conditions. With the 2015 crops already in the ground, FAO expects the United Republic of Tanzania to replicate the good 2014 performance, given an adequate performance of the rains to date, despite indications of average-to-below average precipitation through April over western and central areas of the country. Moreover, domestic rice quotations are reported not to have been affected by the 2014 large harvest, although the bumper crop has entailed greater Government purchases of surplus produce through the National Food Reserve Agency.

In **Ethiopia**, where crop harvesting activities concluded by January, forecasts of 2014 production have been downscaled to 100 000 tonnes (65 000 tonnes, milled basis) to bring them in line with revisions to output figures for 2013, which indicate a 24 percent shortfall from the previous year's record harvest. The adjusted 2014

estimate still implies an 8 percent year-on-year recovery, reflecting the positive impact of adequate rainfall over main producing regions of the country. FAO's preliminary 2015 production forecast sees Ethiopia expanding production further to 105 000 tonnes (68 000 tonnes, milled basis), assuming growing conditions remain average. Meanwhile, investment interest in the sector is being renewed, under a USD 100 million package announced by a Saudi company to advance a commercial farm in the Gambella region. The venture, first launched in 2009, aims to produce up to 50 000 tonnes over 7 000 hectares by mid-2015. This is after its operations over the past six years were reportedly confined to seed development over a limited extension, as well as development of infrastructure and processing plants.

Official assessments of production in **Rwanda** have dispelled concerns over the impact of poor rains on the development of the 2014 Season B crops, as area increases were reported to have more than compensated for the yield losses. As a result, FAO's estimate of 2014 production has been raised to 90 000 tonnes (60 000 tonnes, milled basis), still 6 percent short of the excellent 2013 performance. The fall would be imputable to a drop in Season A production, following deficient rains and constraints in the availability of inputs. Current expectations are that a more normal growing climate will permit output in Rwanda to recover by 8 percent over the 2015 season, with further gains anticipated in **Burundi, Kenya, Sudan and Uganda**.

The 2015 season is more advanced in **Southern Africa**, where many countries are already engaged in crop gathering activities. Overall production prospects for the sub-region remain favourable, especially for **Madagascar**. Up to 4.1 million tonnes (2.7 million tonnes, milled basis) are expected to be gathered in 2015 in the sub-region's largest producer, thanks to good precipitation over the important northern and central producing areas. At the forecast level, production in Madagascar would be some 3 percent above the 2014 level, although short of 4.5 million tonnes (3.0 million tonnes, milled basis) official target for the season and pre-2013 performances. The conservative outlook is mostly attributable to late and deficient rains over southern parts of the country, and to the passage of cyclone Chedza, which in January inundated some 26 000 hectares of plantings in central and northern regions. Prospects are less favourable for other producing countries in the sub-region. In **Malawi**, production is likely to have been hampered by a late onset of the seasonal rains due to arrive in the last quarter of 2014, which was followed by torrential rains in January leading to floods over 15 of the country's 28 districts. As affected areas include important southern and northern producing regions, FAO preliminarily forecast output in Malawi to incur an 8 percent year-on-year contraction to 120 000

tonnes (78 000 tonnes, milled basis). Widespread inundations have also impacted central and northern regions of **Mozambique**. An estimated 87 000 hectares of agricultural crops, including rice, were affected by the floods, in addition to damages being inflicted to irrigation schemes. Consequently, FAO foresees production in Mozambique to undergo a second consecutive season of contraction, amounting to 320 000 tonnes (213 000 tonnes, milled basis).

Central America and the Caribbean

Drought-related losses forecast to be recouped in 2015, despite lingering concerns over water availabilities

Most countries in Central America and the Caribbean have already collected their 2014 main crops, with a few still engaged in off-season crop cultivation. FAO's production outlook for the sub-region continues to point to a likely 2 percent production decline, relative to the good 2013 performance, to 3.0 million tonnes (1.9 million tonnes, milled basis). The poor seasonal outcome primarily reflects the negative impact of deficient rains on plantings and yields, which caused production in **El Salvador, Guatemala, Haiti, Nicaragua** and **Panama** to contract. Compared to figures reported in December, prospects are however more buoyant for the **Dominican Republic**. The largest producer in the sub-region is now estimated to have gathered 948 000 tonnes (569 000 tonnes, milled basis), up 5 percent from a revised 2013 estimate. The expansion was sustained by favourable prices prospects and increased producer access to credit. It took place notwithstanding setbacks incurred during the last quarter of the year, which resulted in tighter water supplies for irrigation. In spite of poor precipitation, field assessments also indicate a favourable seasonal turnout in **Honduras**, where a record harvest of 85 000 tonnes (56 000 tonnes, milled basis) is set to be gathered. Production prospects also remain positive for **Costa Rica**, at 245 000 tonnes, but were upgraded in the case of **Mexico** to 230 000 tonnes (153 000 tonnes, milled basis). The revised figure implies a 28 percent year-on-year expansion, following three years of disappointing outcomes, mirroring the combined effects of greater state incentives and overall favourable growing conditions. On the other hand, official assessments in **Cuba** allude to constraints in the availability of water for irrigation and basic inputs in important producing provinces bearing a more pronounced impact on the sector than anticipated earlier. As a result, FAO has downscaled its 2014 output forecasts for the country by some 70 000 tonnes to 630 000 tonnes (420 000 tonnes, milled basis), which is 6 percent short of the 2013 all-time high, yet the third largest outcome on record.

FAO's first forecast of paddy production for 2015 in Central America and the Caribbean stands at 3.1 million

tonnes (2.0 million tonnes, milled basis), up 3 percent from the current 2014 estimate. These forecasts are very preliminary, since most countries in the sub-region will not begin to sow 2015 paddy crops until the June arrival of the seasonal rains and the concomitant onset of the 2015 hurricane season. Moreover, where the paddy campaign is more advanced, for instance in **Cuba** and **Haiti**, concerns persist over the availability of water to irrigate crops. In the case of Cuba, dry-season planting operations are already reported to have been hindered by limited supplies of water in major reservoirs, particularly over the eastern-most provinces of the country. As a result, and assuming a normalization of the rains permits part of these losses to be compensated by a greater spring crop, FAO forecasts production in Cuba to remain stable around the 2014 level of 630 000 tonnes (422 000 tonnes, milled basis).

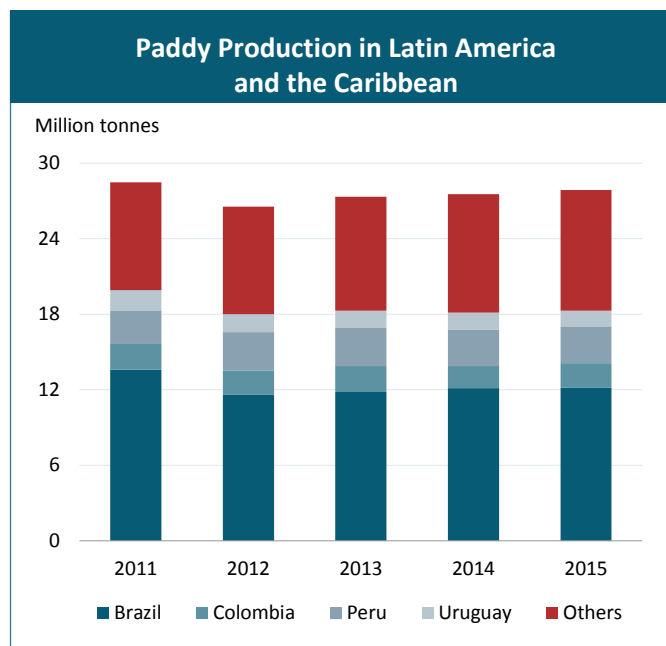
The outlook is more positive for **Costa Rica** at 250 000 tonnes (163 000 tonnes, milled basis), which is 2 percent above current 2014 output expectations. Growth would be sustained by a more normal climate, lower input prices and greater border protection, compensating for lower prices to be fetched by producers. Under a new decree issued in February 2015, a new reference paddy price of Colones 22 139 per 73.6 kilo bag (USD 550 per tonne) has been established to replace the fixed producer price of Colones 22 604.41 (USD 562 per tonne) that had prevailed since 2011. The initiative forms part of ongoing Government efforts to bring the country's agricultural subsidies within limits committed to the WTO, but under a more gradual approach that would permit the industry to make the necessary adjustments to improve its competitiveness. This would be in line with objectives set out under the 2015-2018 National Development Plan, which looks for progressive productivity improvements until 2018, when yields are targeted to reach an average of 5.2 tonnes per hectare. In the **Dominican Republic**, the season is reported to be progressing favorably amid improved rainfall and soil moisture conditions. As a result, output is also envisaged to outdo the 2014 level by close to 3 percent to reach 975 000 tonnes (585 000 tonnes, milled basis). Further production inroads are also expected in **Honduras**, where steps have been taken to enhance producer access to credit and basic inputs. **Guatemala, Nicaragua** and **Panama** are similarly predicted to witness a recovery from the poor 2014 poor outcomes.

South America

Climatic difficulties faced by important producers to limit 2015's pace of production growth to 1 percent

The 2015 paddy season is already well advanced in South America, where several countries are already harvesting their main crops. The sub-region is presently forecast to produce 24.8 million tonnes (16.7 million tonnes, milled basis) in 2015, a mere 1 percent expansion relative to 2014. Indeed, expectations of a more upbeat pace of growth in South America have been curbed by a climatically difficult unfolding of the season in important producing countries. This is the case of **Argentina** and **Uruguay**, which along with **Venezuela**, are forecast to see output constrained by a combination of tight margins and unseasonable weather. Prospects for **Brazil**, the sub-regions' largest producer, also suggest a largely stagnant outturn, given sustained area diversions, coupled with challenging weather. Yet, expectations of disappointing outcomes in these countries are attenuated by anticipation of further gains in both **Guyana** and **Paraguay**, as well as improved growing conditions in **Bolivia**, **Colombia**, **Ecuador** and **Peru**, which should permit producers in these countries to respond to strong local quotations by expanding plantings.

Production prospects have deteriorated in **Argentina**, where the 2015 crop harvest is ongoing. The negative outlook comes amid a combination of unfavourable margins, which caused area planted to contract by 2 percent, and adverse weather conditions. These latter took the form of excessive December and January rains, which caused the Corrientes river to overflow, inundating 5 000 hectares of nearby paddies. These area losses compounded on prospects of yield retrenchments associated with excessive rains and low sunshine conditions this season. As a result, FAO anticipates output in Argentina to fall to 1.5 million tonnes (1.0 million tonnes, milled basis), 6 percent less than in 2014 and the lowest since 2011.



The outlook is more buoyant for **Bolivia**, which, after two consecutive seasons of poor outturns, may experience a 12 percent output recovery in 2015 to 400 000 tonnes (275 000 tonnes, milled basis). The upturn is expected to mirror area gains, sustained by expectations of remunerative prices. Meanwhile, the state enterprise EMAPA, which is reported to have absorbed up to one-third of the 2014 season harvest, has announced that it will raise paddy purchasing prices for 2015 crops by 9 percent to USD 300 per tonne. Supplies purchased by the agency will be channelled to consumers at preferential prices and will serve to replenish the state's strategic food reserve.

Based on the CONAB's latest assessments, 2015 plantings in **Brazil**, which were mostly concluded by December, retreated by 2 percent year-on-year to 2.3 million hectares. The retrenchment principally reflects cuts in north-eastern regions, where rice cultivation has been steadily on the decline and where weather-related setbacks were further incurred. CONAB has, however, kept

BRAZIL: PADDY PRODUCTION BY REGION IN 2014 AND 2015^{1/}

	Area (000 ha)			Yields (Mt/ha)			Production (000 Mt)		
	2014	2015	Var %	2014	2015	Var %	2014	2015	Var %
BRAZIL	2,373	2,333	-1.7	5.1	5.2	2.0	12,122	12,152	0.2
North	269	270	0.6	3.6	3.7	2.0	967	992	2.5
Northeast	540	514	-4.7	1.7	1.7	-0.1	915	871	-4.8
Centre-West	230	222	-3.6	3.5	3.6	0.8	814	791	-2.8
South East	35	27	-23.0	2.5	2.8	11.2	87	74	-14.3
South	1,300	1300	0.0	7.2	7.2	0.9	9,339	9,424	0.9

1/ For Brazil: 2013/14 and 2014/15 paddy seasons.

Source: CONAB – Crop 2014/2015 - Sixth Assessment – March 2015

a positive outlook for yields. At an average of 5.2 tonnes per hectare, these would sustain a 2015 harvest of 12.15 million tonnes (8.1 million tonnes, milled basis). This would be somewhat less than previously foreseen, but largely unchanged from the 2014 result. The forecast stability chiefly relies on expectations of productivity gains in Rio Grande do Sul, where, notwithstanding initial planting delays caused by excess rains, 85 percent of the crop was sown within the recommended time frame. Nevertheless, there is still some uncertainty as to whether the State will achieve the expected high yields, given lingering concerns over the impact of the delayed sowings and a reported incidence of rice blast due to unseasonable February weather.

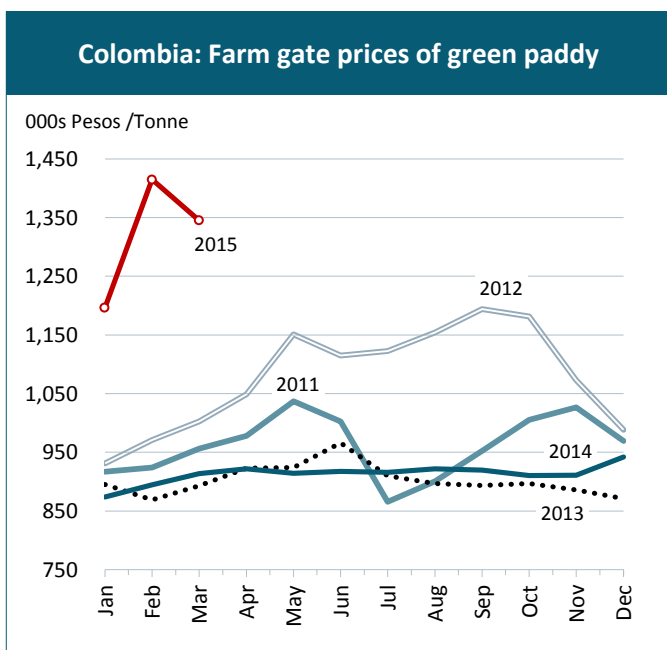
With the season now fully concluded in **Colombia**, FAO has lowered its estimate of 2014 production in the country by 150 000 tonnes, to 1.8 million tonnes (1.2 million tonnes, milled basis), or 14 percent less than the 2013 high. The revision follows the release of lower estimates of area under paddy. Plantings in the country are assessed to have fallen by 19 percent from 2013, to 423 000 hectares, following unseasonably dry conditions and prospects of low returns. As for the 2015 season, FAO projects output in Colombia to stage a 10 percent recovery to 1.95 (1.3 million tonnes, milled basis). The forecasts rests on expectations that a rebound in producer prices, which by January stood 32 percent above year-earlier levels at Pesos 1 153 000 (USD 443) per tonne, combined with Government efforts to facilitate access to inputs, will encourage producers to reclaim part of the area losses incurred over the previous season.

assessed to have contracted by 4 percent to 1.17 million tonnes (737 000 tonnes, milled basis), on account of a smaller winter crop, the larger of the two crops cultivated each year, which was depressed by insufficient precipitation and protracted pest attacks. Prospects are more positive for the 2015 season, which, by now, has seen winter seeding operations come to a close. Despite some initial delays in sowing activities over some areas, due to a late onset of the seasonal rains, FAO anticipates 2015 production in Ecuador to recover by 5 percent to 1.23 million tonnes (775 000 tonnes, milled basis). The expected growth would be mostly on the basis of yield improvements, facilitated by a return to more normal growing conditions and by on-going Government efforts to promote the adoption of high yielding varieties through subsidising on the cost of seeds, fertilizers and other basic inputs.

In **Guyana**, official assessments of production indicate that the December-ended 2014 harvest yielded 977 000 tonnes of paddy (635 000 tonnes, milled basis), some 70 000 tonnes more than previously expected and a new record. FAO's outlook for the 2015 season harvest is also positive, with output expected to touch the 1.0 million tonne mark (650 000 tonnes, milled basis), twice its level just five-years ago. The projected 2 percent expansion is expected to be sustained by further yield improvements, as large carry-over stocks and reported delays in the issuance of payments to farmers may discourage a further expansion of plantings. Productivity gains would ensue from generally favourable growing conditions and the release of high-yielding rice varieties, including a new aromatic rice strain.

In **Peru**, final assessments of production indicate that tight water supplies depressed output in 2014 by 6 percent to 2.87 million tonnes (1.96 million tonnes, milled basis). Production prospects are more positive for the on-going 2015 season. Indeed and despite some setbacks associated with some delays in the arrival of the rainy season, by February, water levels in major reservoirs in northern coastal zones, the most affected by last year's unseasonal dryness, were reported to stand between 155 to 167 percent above their 2014 level. As a result, production is forecast to stage a 2 percent recovery in 2015, to 2.9 million tonnes (2.0 million tonnes, milled basis).

The 2015 season in **Uruguay** has by now reached the harvest stage. Since its onset, the paddy campaign has been characterised by excess rains, which interrupted planting activities, delaying them beyond recommended dates. The industry reports that, as a consequence, up to 10 000 hectares of paddies were left unplanted, with concerns related to the impact of delays and low sunshine conditions on productivity levels also persisting. Principally



Historical production estimates for **Ecuador** have been subject to revision to account for the high moisture content of previously reported figures. Over the December-ended 2014 season, output in the country is

mirroring these setbacks and pending an assessment of final yields attained, FAO anticipates Uruguay to incur a 7 percent output contraction from to the already subdued 2014 performance to 1.25 million tonnes (875 000 tonnes, milled basis).

Reversing earlier expectations of a decline, industry assessments in **Venezuela** indicate that the unseasonable dryness gripping much of the country mid-way through 2014 bore little to no impact on production, with farmers in the country instead reacting to favourable price prospects by expanding area under paddy. As a result, FAO has raised estimates of 2014 production in Venezuela by 120 000 tonnes to 1.1 million tonnes (770 000 tonnes, milled basis). The outlook is less favourable for the 2015 season, which is seeing producers in Venezuela ready to launch the summer crop harvest. Indeed, production prospects in the country have been dampened by a combination of tight margins and arrears in the issuance of direct payments approved last year, which are reported to be aggravated by further disruptions in the availability of basic inputs and scarce foreign exchange to import agricultural machinery. These factors would have already translated into a smaller summer crop extension, additionally leaving crops susceptible to damages from pests and diseases. Consequently and although part of the losses could be recuperated with a larger winter-crop, FAO anticipates 2015 output in Venezuela will slide 5 percent below the 2014 five-year high to 1.05 million tonnes (735 000 tonnes, milled basis).

North America, Europe and Oceania

Tight water supplies to continue constraining japonica plantings in the US and Australia

In **North America**, there have been only minor revisions to estimates of 2014 production in the **United States**, which is still officially assessed to have surpassed the poor 2013

performance by 16 percent to 10.03 million tonnes (7.1 million tonnes, milled basis). The rebound was made possible by an 18 percent upturn in area under paddy, a producer response to more favourable returns. The season's yield attainment of 8.5 tonnes per hectare also stood-out as the second highest on record, despite standing 2 percent short of 2013 yields. As to the 2015 crop, the USDA's first outlook for the season released in February saw production in the United States falling by a small margin of 1 percent to 9.9 million tonnes (7.0 million tonnes, milled basis), as greater medium/short-grain output in southern producing states helped offset long-grain losses resulting from lower margins, as well further medium/short-grain cuts in California. However, the survey of planting intentions, released in March, paints a slightly different picture. While overall acreage in the country is still expected to be only slightly diminished year-on-year, the breakdown of plantings across varieties is slightly different. According to the survey, larger medium/short-grain plantings in the South would not fully compensate for area retrenchments in California, which continues to be gripped by a severe drought. Long-grain plantings, nonetheless, look set to be more resilient, confirming earlier official expectations that in spite of weaker prices, lower expected margins for substitute crops, coupled with lower energy prices, are likely to dissuade producers from shifting away from paddy cultivation.

In **Europe**, 2014 production estimates for the October-ended harvest in the **European Union** have been raised to 2.8 million tonnes (1.7 million tonnes, milled basis), following officially upgraded yields for both Italy and France. Despite the 40 000 tonne revision, production in the EU is assessed to have fallen 2 percent below the already poor 2013 outcome. The year-to-year contraction mostly mirrored shortfalls in Italy, the EU's leading producer, which together with Portugal and Hungary, faced unseasonably rainy and cool growing conditions, causing yields to decline. Poor results in these countries,

USA – 2015 RICE PROSPECTIVE PLANTINGS: AREA BY CLASS AND STATE^{1/}

Region	2014 (000 ha)				2015 (000 ha)			
	Long Grain	Medium Grain	Short Grain	All	Long Grain	Medium Grain	Short Grain	All
USA	893	282	15	1,189	889	278	13	1,180
Arkansas	514	87	0	601	494	89	0	583
California	2	160	14	176	1	152	13	165
Louisiana	159	28	-	187	162	32	-	194
Mississippi	77	0	-	77	85	0	-	85
Missouri	85	2	-	87	89	2	-	91
Texas	57	4	-	61	59	2	-	61

1/ Released March 31, 2015

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

but also in Bulgaria and Greece, more than outweighed gains in France, Spain and Romania, all associated with productivity gains. FAO's first outlook of 2015 production in the European Union, points to a 2 percent growth to 2.9 million tonnes (1.7 million tonnes, milled basis). The forecast assumes growing conditions remain normal over the season, which may foster a yield recovery to normal levels in Greece and Portugal and, in particular, Italy. Prospects of further area cuts in the region are also partly abated by firm domestic quotations, particularly in the Japonica segment, which may keep overall plantings stable even in the face of sustained import competition in the Indica segment. Evidence of this trend is already visible in a first survey of plantings intentions in Italy, which points to a likely stable rice area of 220 000 hectares, in spite of a 48 percent cut in the Indica plantings. Elsewhere in the region, the 2015 outlook is also positive for the **Russian Federation**, reflecting expectations that producers will respond to attractive medium grain prices, by expanding plantings further. Output in the country is presently seen rising 1 percent over the already good 2014 level of 1.1 million tonnes (704 000 tonnes, milled basis).

In **Oceania**, following a four-year period of steady output recoveries from a drought that crippled the sector between 2006 and 2009, **Australia** looks set to end the 2015 season with another disappointing result. Based on ABARES' latest assessment, the ongoing harvest looks set to end 18 percent short of the already reduced 2014 level, at 684 000 tonnes (456 000 tonnes, milled basis). The forecast sees plantings falling further, amid tight water availabilities for irrigation and high water prices. This is while yields are also predicted to return to more normal levels, after reaching an all-time high of close to 11 tonnes per hectare in 2014. With drought impeding the sector's ability to respond to otherwise favourable market conditions, the local rice industry has been encouraged to look for new production areas outside of New South Wales, which accounts for the near totality of Australian rice output. The sector attention has turned to North Queensland, with a potential to produce 100 000 tonnes of paddy by 2022, thanks to ample availabilities of water for irrigation, the suitability of rice cultivation in rotation with sugarcane in the area, as well as access to key infrastructure.

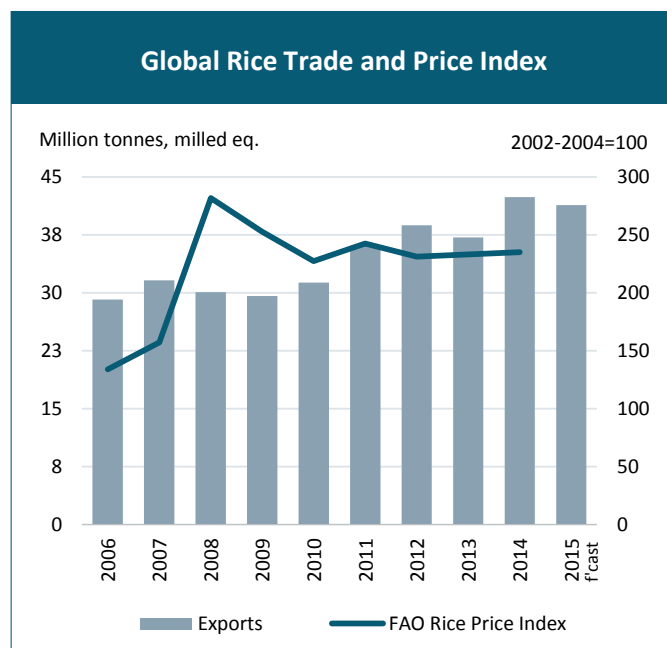
INTERNATIONAL TRADE

World trade in rice rebounds by 14 percent in 2014, while 2015 deliveries set to retreat by 2 percent

Following the release of consolidated data for the full calendar year, FAO's estimate of world rice trade in 2014 has undergone a considerable upward revision, with international flows estimated at 42.4 million tonnes (milled basis). The revised level would stand 2.2 million

tonnes above figures reported in December and imply a 14 percent annual trade rebound to a new record. On the supply side, the largest upward revision concerned India, now assessed to have retained its position as world's largest rice supplier, shipping an unprecedented 11.3 million tonnes, up 1.3 million tonnes from December forecasts. More competitive prices also boosted exports by Thailand in 2014 by 66 percent year-on-year to a new high of 11.0 million tonnes. That is 750 000 tonnes more than previously reported. Revised export figures also show an even stronger performance by Pakistan. By contrast, Argentina and Viet Nam are gauged to have delivered less, with consignments by these counties now estimated to have fallen below 2013 levels, along with those of Australia, Cambodia, China (Mainland) and the United States.

On the demand side, higher import estimates mostly concerned Far Eastern countries, which emerged as the prime drivers of 2014 import growth. Bangladesh, China (Mainland), Malaysia, the Philippines and Sri Lanka are all gauged to have taken-in larger volumes than previously envisaged. Revised import estimates also show higher deliveries to African countries, namely for Angola, Guinea, Kenya, Mozambique, Nigeria and Senegal, while the opposite is the case mostly for Cote d'Ivoire, Ghana and South Africa.



FAO's December forecast of deliveries during calendar 2015 has also been upgraded to 41.3 million tonnes, a level that would however suggest a likely 2 percent contraction in global rice trade from the 2014 record. Underlying the forecast contraction are expectations of a retrenchment in deliveries to Asia, in particular to Far Eastern countries, where many important buyers now

appear well placed to cut reliance on imports due to either refurbished stockpiles from a spate of purchases in 2014 or as a result of larger production. While these same factors, combined with currency depreciations, may also constrain purchases by West African countries in 2015, overall deliveries to the continent are envisaged to remain largely stable, thanks to firm demand from Eastern and Southern African buyers. Poor harvest results are instead predicted to sustain a further increase in imports by Latin America and the Caribbean, with import demand in Europe also holding strong, while it abates in the United States.

Among exporters, much of the global trade contraction in 2015 is predicted to be shouldered by India, chiefly as a result of more limited exportable availabilities. This is even if very competitive offerings are still likely to maintain exports by the country well above pre-2011 levels. Supply constraints are also behind lower expected sales by Argentina, Australia, Brazil and Uruguay. Although Thailand harvested a smaller crop in 2014, continued sales from government granaries may keep the country's exports rising. Sales by the United States are also expected to rebound, facilitated by lower export quotations in the aftermath of a good 2014 harvest. Cambodia, China (Mainland), the European Union, Myanmar, Pakistan, Paraguay and Russian Federation are similarly forecast to count on sufficient supplies to export more in 2015, while consignments by Viet Nam are expected to remain subdued for a third consecutive season.

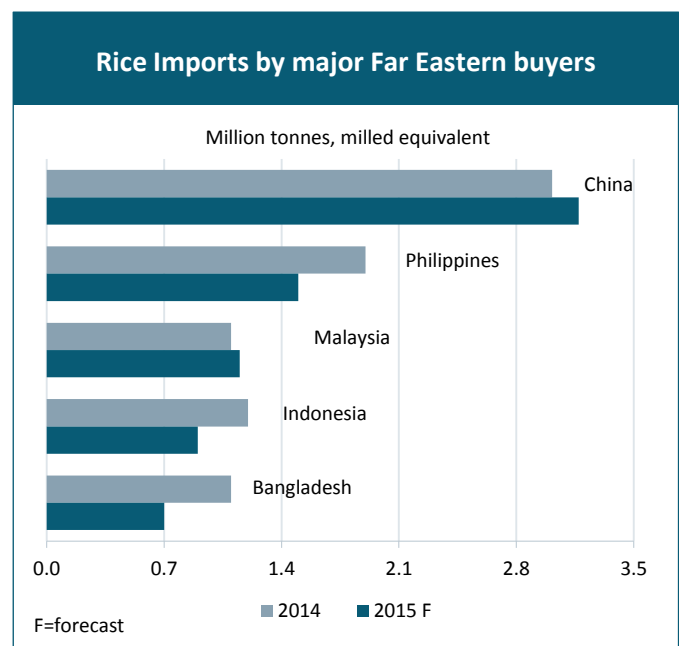
Imports

Reduced import demand in the Far East to curb world trade in rice in 2015

Based on the latest forecast of 41.3 million tonnes, world trade in rice in 2015 is set to fall 2 percent short of the 2014 record. Nearly all of this decline is expected to mirror cuts in **Asia**, in particular the Far East, which may reduce rice inflows to the region by 6 percent to 19.5 million tonnes. At a country level, after large price differentials boosted purchases by **Bangladesh** to a three year high of 1.1 million tonnes in 2014, these are anticipated fall to 700 000 tonnes in the current year. The decline relies on expectations of local prices easing further, in light of favourable prospects for 2014 crops. However, the prolonged transport blockade gripping the country since January is reported to have significantly constrained processing and transport of local produce, thereby maintaining demand for cheaper foreign produce firm. Meanwhile, officials predict that 224 000 tonnes will be imported in the first half of the year, all of which by the private sector, as the Government has abstained from recurring to international markets since 2011-12, relying

instead on local purchases to meet its public distribution programme needs.

Forecasts also suggest sizeable cuts in imports by both Indonesia and the Philippines. In **Indonesia**, deliveries in 2015 are expected to be curbed by 25 percent to 900 000 tonnes, consistent with the favourable outlook for 2015 crops. However, a better picture of import intentions, including those by the public sector, will not likely emerge until the completion of the 2015 main crop harvests. Rice prices in Indonesia increased considerably in recent months, rising up to 11 percent over December levels to Rupiah 10 420 (USD 0.8) per kilo. While much of this strength was associated to seasonal tightness, as well as disruptions in the subsidised rice distribution, the upsurge has prompted authorities to step-up market operations, releasing 300 000 tonnes of rice from public stocks. At the same time, however, the state agency Bulog has downscaled its local procurement target for the year to 2.5-2.8 million tonnes, which is close to the 2.4 million tonnes absorbed in 2014, but well below the 3.6 million tonnes procured in 2013. Reflecting the improved prospects for the ongoing harvest, **the Philippines** is now expected to trim imports by 400 000 tonnes to 1.5 million tonnes in 2015. This volume would comprise private sector deliveries, including those undertaken as part of the 2014 and 2015 Minimum Access Volumes, and those carried out by the National Food Authority (NFA), which has been called to source 500 000 tonnes of rice for delivery by the end of April to ensure mandated stock floors are met ahead of the lean season.



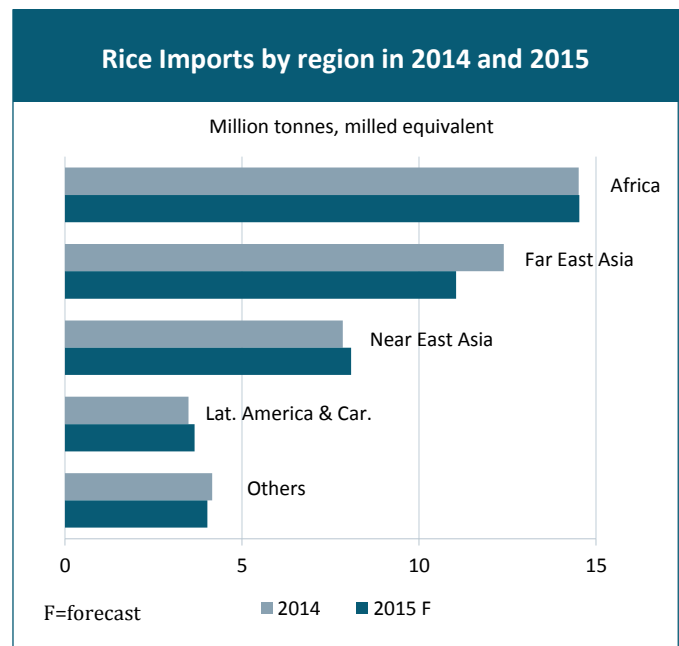
Given expectations of a rebound in local output, **Sri Lanka** too is predicted to slash its purchases from 600 000 tonnes in 2014 to a more normal level of 150 000 tonnes this year. The reduction would also be facilitated by the

reinstatement of import duties of Rupees 20 per kilo (USD 147 per tonne), valid through April. After a weather-affected crop induced **Timor Leste** to raise purchases to new highs in 2014, an improved local supply situation may enable the country to halve its purchases in 2015 to a more normal level of 70 000 tonnes. Instead, weak local quotations in **Thailand** are also expected to depress rice inflows, sourced mainly from neighbouring countries across borders in the form of paddy.

Import demand is instead expected to remain strong in **China (Mainland)**, as high local quotations continue to encourage traders to rely on cheaper rice from abroad. Official flows to the country are currently seen rising to a total 2.7 million tonnes in 2015, up from a revised estimate of 2.55 million tonnes in 2014. Chinese authorities have left the tariff-rate import quota, as per its obligations to the WTO, unchanged at 5.32 million tonnes for 2015. As in the past, this volume is to be equally divided between the private sector and state-owned enterprises. This year has, however, seen Chinese officials introduce major changes to the way these quotas are allotted. The measures entail tying the allocation of private sector quotas to the purchases of rice from public reserves via special auctions, and at levels exceeding the prevailing government procurement prices (USD 440-506 per tonne). The first of such auctions resulted in the sale of 1.4 million tonnes of Indica and 133 000 tonnes of Japonica varieties. The move comes as Chinese authorities strive to relieve pressure from bulging Government inventories, which are increasingly becoming uncompetitive with imports. Whether the move will result in even greater quantities being shipped unofficially across borders is difficult to assess, especially given the size of such inflows in the most recent years (with 2.3 million tonnes in 2013 and 1.9 million tonnes in 2014 reportedly sourced in Viet Nam and Myanmar alone). While curbing cross-border inflows remains at the forefront of Government attention, state-owned enterprises, which have been exempted from these new requirements, are in the process of concluding a large purchase order of 2.0 million tonnes with Thai officials for delivery in 2015 and 2016.

Elsewhere in the region, a smaller crop is expected to boost deliveries to the **Democratic People's Republic of Korea** to 100 000 tonnes in 2015. In the case of the **Republic of Korea**, import forecasts have been set at 460 000 tonnes, comprising a portion of 2014 minimum access commitments and assuming scheduled purchases for 2015 are delivered by year's end. Growing domestic requirements are also forecast to result in **Malaysia** stepping up purchases to 1.15 million tonnes. Likewise, combined imports by *Near Eastern Asian countries* are anticipated to rise by 3 percent to 8.1 million tonnes, underpinned by attractive international prices and the

need to refurbish stockpiles. This growth would mostly mirror expectations of a re-kindling of demand from the **Islamic Republic of Iran**, where imports were depressed in 2014 by ample availabilities, coupled with the imposition of higher duties and a standstill in the issuance of import licences. Shipments to the country are envisaged to pass from an officially reported level of 1.4 million tonnes in 2014 to 1.55 million tonnes this year. **Iraq, Jordan, Kuwait, Saudi Arabia** and the **United Arab Emirates** are also forecast to take-in larger volumes. Only **Turkey** is expected to import less, following a spate of purchases in 2014, with an anticipated reduction of 23 percent to 300 000 tonnes.



With the year's closure, FAO has also upgraded estimates of 2014 deliveries to **Africa** by 410 000 tonnes to 14.5 million tonnes, representing an all-time record and accounting for 34 percent of global imports. Much of the revision reflects stronger than previously anticipated demand from West African countries, which combined lifted their volume of purchases 9 percent over the 2013 depressed level to 9.0 million tonnes. As to prospects for 2015, current expectations are that shipments to the continent will remain close to 2014 levels. At a sub-regional level, however, *West African countries* may reduce imports by 2 percent to 8.9 million tonnes, after sufficient availabilities were accumulated from the 2014 fast pace of purchases. This would mainly be the case of **Guinea, Mauritania, Senegal** and **Togo**, but reductions are also expected in **Burkina Faso** and **Ghana**, given the 2014 favourable production results. Moreover, prospects of import growth for the sub-region are partly dampened by currency depreciation. This is particularly, but not exclusively, so for **Nigeria**, which is now predicted to cut its purchases somewhat to 2.9 million tonnes. In February, authorities in the country already suggested that restrictions on the use of foreign exchange to fund imports

of rice and other commodities could be imposed, as part of measures geared at alleviating pressure on the Naira, although it remains unclear how the measure will be effectively enacted. This is while implementation of the tariff regime approved in July 2014, which grants a lower import duty to traders possessing processing facilities and backward linkages, is reported to be beset by arrears in the payments of duties and purchases over and above granted allocations. Within the sub-region, current forecast point to larger inflows needed in **Chad, Gambia, Guinea-Bissau** and **Niger** to compensate for production shortfalls. **Liberia** and **Sierra Leone** are similarly forecast to take greater volumes to meet domestic requirements in the aftermath of output losses associated with the spread of the Ebola virus. Parts of these consignments are expected to be made in the form of food aid.

Import forecasts are more buoyant elsewhere in the continent, particularly in Southern Africa, notwithstanding prospects of smaller deliveries to **Madagascar** following an improved local supply situation. For instance, **South Africa** is anticipated to require 1.1 million tonnes in 2015, 21 percent more than the 2014 restrained level, in order to refurbish stockpiles and meet higher consumption needs, especially in the face of rising local maize quotations. In the case of **Mozambique** and **Malawi**, greater inflows would be needed to compensate for flood related losses. On the other hand, deliveries to **Angola** are predicted to remain largely stable at 450 000 tonnes and generally in line with a newly established import quota. The latter initiative forms part of the country's efforts to curb reliance on food and non-food imports, on the backdrop of reduced foreign exchange flows. Demand is also likely to remain firm in **Ethiopia, Kenya** and **Rwanda**, while deliveries to **the United Republic of Tanzania** may decline thanks to a bumper crop.

Overall, countries in **Latin America and the Caribbean** are predicted to import 3.7 million tonnes in 2015, up 5 percent from a revised 2014 estimate. Compared to figures reported in December, forecasts now indicate that much of this growth is likely to concentrate in **South America**, which looks set to absorb 1.5 million tonnes as a whole. **Colombia** would be responsible for much of this increase, propelling its purchases from a revised low of 90 000 tonnes in 2014 to 200 000 tonnes this year. Underpinning this growth are tight domestic availabilities ensuing from the 2014 drought-reduced crop and surging local quotations, which prompted the Government to open an import quota of 80 000 tonnes from Ecuador. This volume would be in addition to volumes entering the country free of duties from the United States as part of the US-Colombia Trade Promotion Agreement. Although the latter amounts to 90 152 tonnes in 2015, sales of up to 170 000 tonnes have been reportedly concluded with the United States already. This would be in spite of an

80 percent import duty levied on out-quota shipments. Within the sub-region, import demand is also predicted to remain strong in **Chile** and **Peru**, whereas in **Venezuela**, production shortfalls sustain a 40 000 tonne rise in deliveries to 340 000 tonnes. Increased imports by these countries are envisaged to be partly offset by cuts in **Bolivia**, consistent with an improved supply situation, but also in **Brazil**. The latter is now predicted to buy 570 000 tonnes on foreign markets, down from an already reduced 2014 level of 590 000 tonnes. Much of this fall would be associated with a steep depreciation of the local currency, which would render imports more costly. Brazil has traditionally relied on fellow South American countries to meet much of its import requirements, namely Argentina, Uruguay and, increasingly, Paraguay. This is even as the country purchased 60 000 of rice from Thailand in 2014, after a near 9-year lull in acquisitions from this Asian supplier.

Purchases by *Central American and Caribbean* countries are similarly expected to remain strong in 2015. In the case of **Guatemala, Panama** and **Haiti**, larger volumes would be needed to make up for production shortfalls. This is now also expected to be the case of **Cuba**, which, given a deteriorated production outlook, is envisaged to raise purchases to 390 000 tonnes in 2015. The opposite is predicted for **Mexico**, which may take in 640 000 tonnes, 3 percent less than in 2014. The decline would be consistent with prospects of an excellent harvest in 2014, but also with the January imposition of a 9 and 20 percent tariff on imports of paddy and semi/wholly milled rice, respectively, if carried out outside of existing trade agreements. Authorities in **Costa Rica** have also adopted a greater protective stance, approving in January the application of safeguard measures on selected classes of milled rice imports. The move has raised tariffs accrued on these classes from 35 percent to 62.06 percent, with the rate to be progressively reduced in equal instalments over a four-year period. While the country is understood to have negotiated compensatory measures with the Argentina and Uruguay, the main origins of such imports which, combined, shipped 20 000 tonnes of rice under the affected tariff lines, details of this agreement are still forthcoming. FAO presently anticipates overall deliveries to Costa Rica to fall to 70 000 tonnes, 11 percent below the 2014 depressed level.

Elsewhere, officials in the **European Union** indicate that the pace of deliveries to the region is likely to remain brisk in 2015, with 1.5 million tonnes set to enter the Union, up 7 percent year-on-year. Meanwhile, import tariffs for the second half of the 2014-15 EU marketing year (September-August) are set to remain unchanged at the lower range of Euro 30 (USD 32.3) per tonne for husked rice (excluding basmati), as cumulative deliveries of 126 000 tonnes in the first half of the year fell short of the 191 113 tonne

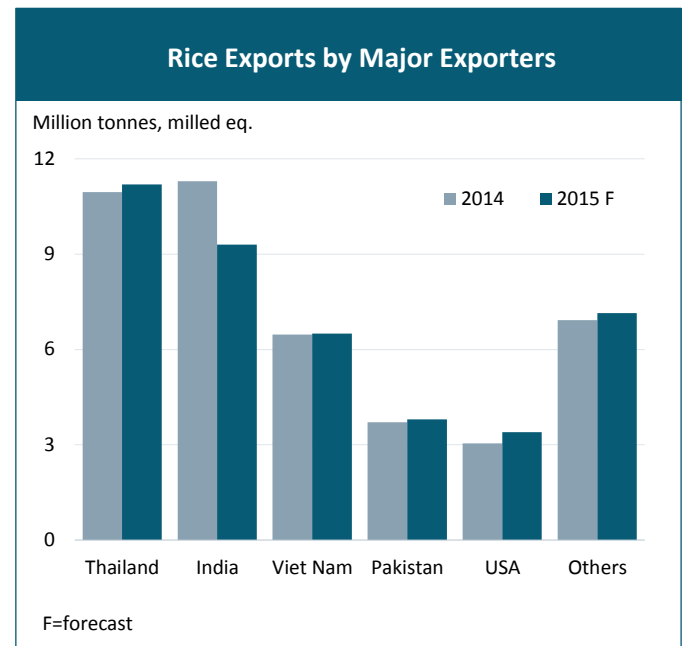
threshold. Duties levied on semi/wholly milled rice will instead remain at the upper range of Euro 175 (USD 188.5) per tonne, as 303 000 tonnes were consigned by the end of February, which is 66 percent over the 182 239 tonne threshold that triggers the higher duty. Ample availabilities from a good crop are instead expected to entail fewer purchases by the **Russian Federation**. These are forecast to pass from a high of 300 000 tonnes in 2014 to 260 000 tonnes this year. On the other hand, the USDA has left its forecast of 2015 purchases by the **United States** unchanged at 670 000 tonnes. This would be down from a somewhat higher estimate for 2014 of 754 000 tonnes, with the revision reflecting sustained demand for broken.

Exports

Competition for markets likely to intensify further in 2015

FAO's forecast of world rice trade in calendar 2015 points to global exchanges falling 2 percent short of the 2014 high to 41.3 million tonnes. On the export side, much of the decline is predicted to be borne by **India**, especially as demand from the country's key Asian outlets is projected to shrink. Nevertheless, tighter supply situations are also poised to constrain exports by **Argentina, Australia, Brazil** and **Uruguay**, while consignments by **Viet Nam** remain subdued for a third consecutive year, much as a result of more limited buying interest in Asia, coupled with intense competition for markets. This would be particularly the case if current expectations of a still strong export performance by **Thailand** are confirmed. Indeed and despite the poor 2014 production performance, Thailand still counts on the large supplies held in Government granaries, which are progressively entering the market, easing Thai export quotation further. Ample availabilities are also set to restore the **United States'** competitive edge, thus sustaining a strong rebound in its sales, with **Cambodia, China (Mainland), Ecuador, Egypt, the European Union, Guyana, Myanmar, Pakistan, Paraguay** and **Russian Federation** also predicted to increase exports above their respective 2014 levels.

FAO anticipates **Cambodia** to ship 1.1 million tonnes in 2015, implying a 9 percent year-on-year recovery. All of the projected growth is anticipated to come from progress in the official export front, as ample availabilities and easing prices in Thailand and Viet Nam would keep demand for paddy for shipment across borders subdued for a second consecutive season. In 2014, Cambodia's official milled rice exports amounted to 387 100 tonnes, with the bulk of this volume, or some 233 000 tonnes, consisting of aromatic varieties. This segment is seen as particularly promising by the local industry, which is also looking to expand its outlets, with particular focus being placed on China (Mainland). Already last year, a deal for 100 000 tonnes was struck with the latter, with an



agreement for 30 000 also reportedly signed this year, along with a memorandum of understanding for another 250 000 tonnes.

Officials in **China (Mainland)** indicate that cumulative deliveries by the country amounted to 395 000 tonnes in 2014, which is 17 percent less than in 2013. Amid expectations of greater demand for Japonica varieties in the Korean Peninsula, FAO forecasts Chinese exports to recover over the course of 2015 by 6 percent to 420 000 tonnes.

Estimates of 2014 deliveries by **India** have been raised to an all-time high of 11.3 million tonnes, following the release of consolidated customs data for the year. The revised level would stand some 1.3 million tonnes above FAO's previous expectations and some 7 percent above the good 2013 performance. All of the year's growth mirrored a surge in deliveries to South Asian outlets, especially for white rice, with Bangladesh standing foremost amongst these outlets, along with Nepal and Sri Lanka. On the contrary, basmati deliveries dropped by 5 percent to 3.6 million tonnes, primarily due to diminished demand from the Islamic Republic of Iran. Meanwhile, FAO's forecast of 2015 exports by India stands at 9.3 million tonnes, implying an 18 percent year-on-year retrenchment. The forecast contraction is expected to come amid a combination of supply shortfalls and reduced demand from Asian outlets, especially Bangladesh and Sri Lanka. This is while, in the parboiled segment, India's market share in important African destinations, such as Nigeria and South Africa, has already been partly displaced by Thailand. The outlook may, however, prove more positive in the fragrant segment, given weaker quotations and an expected return of the Islamic Republic of Iran to the market. Indeed, exporters in the country have been much encouraged by news of Iran resuming the issuance

of import licences as of April, after a six-month hiatus. Progress is also reportedly being made in securing phytosanitary requirements to open the Chinese market to Indian basmati.

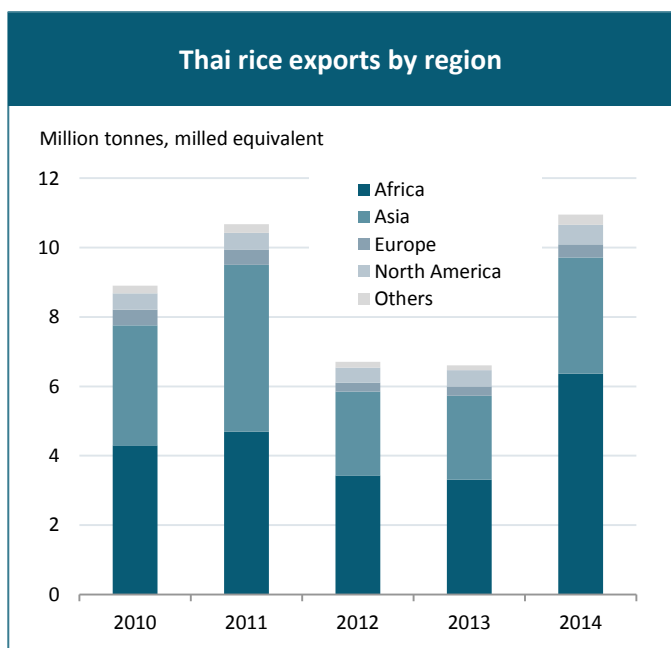
Estimates of 2014 deliveries by **Pakistan** have undergone a significant upward adjustment too, with officials reporting that an unparalleled 3.7 million tonnes were exported over the year. This would be 400 000 tonnes above previous expectations and 18 percent more than in 2013. Much of this advance was underpinned by greater sales of non-basmati varieties, although consignments of fragrant rice also recovered by 5 percent to 684 000 tonnes. Given the ample supply outlook for the country and its well-established hold over important East African markets, FAO sees Pakistan in a position to lift its consignments in 2015 by a further 3 percent to 3.8 million tonnes.

Mostly mirroring a surge in December consignments, estimates of 2014 exports by **Thailand** have also been upgraded by 750 000 tonnes to 10.95 million tonnes. This level represents a 66 percent rebound in deliveries relative to the poor 2013 level. Underpinning much of this rise was a restored competitiveness, following the abolition of the paddy pledging programme and the release of supplies from the Government stockpile. Although strong sales to Asian markets were also registered, unprecedented volumes were shipped to African destinations, which absorbed 6.4 million tonnes, or nearly 60 percent of overall deliveries. Against this backdrop, prospects of slowing demand from key African outlets, in part due to steep currency devaluations, together with intense competition with India, have been a source of concern for the industry. Prospects for Thai exports to Asia, however, are more upbeat, to a large extent due to progress made in securing large Government-to-Government sales to

China (Mainland). These would have up to 2.0 million tonnes shipped between 2015 and 2016, in addition to a 700 000 tonne delivery still pending from a previous agreement. Indeed, and considering the Thai Government’s intentions of disposing of much of its stockpiles in two years’ time, FAO anticipates that Thailand could outdo the 2014 level of exports by 2 percent, shipping 11.2 million tonnes in 2015.

By contrast, forecasts of 2015 deliveries by **Viet Nam** have been downgraded by 400 000 tonnes since December, with aggregate deliveries by the country now forecast to largely stagnate at the 2014 depressed level of 6.5 million tonnes. The revision is consistent with prospects of more subdued demand from key Asian buyers, namely the Philippines and Indonesia, which, combined, accounted for nearly a third of Viet Nam’s deliveries in 2014. Moreover and although ample availabilities are expected to enable the country to remain a competitive origin, recent purchase agreements struck between Thailand and China (Mainland) raise further prospects of its official exports to its largest single outlet being potentially displaced. This is while greater border controls by China are already assessed to have slashed cross-border deliveries to the country by 27 percent in 2014 to 1.1 million tonnes. In this context, officials in Viet Nam are trying to revive sales to much vied for African markets. The plan would envisage establishing bonded warehouses in countries, such as Angola, Cameroon and Mozambique, while also pursuing greater purchase commitments in the form of memoranda of understandings.

Outside of Asia, officials in the **United States** have left forecasts of 2015 shipments unvaried at 3.4 million tonnes while cutting the estimate for 2014 to 3.0 million tonnes. The projected 12 percent rebound in deliveries would rely on greater sales of long-grain varieties, particularly to Latin American and Caribbean, facilitated by easing US prices in the aftermath of the strong 2014 production recovery. Notwithstanding concerns over the impact of a strong dollar on exports and over limited sales to Iraq, in the first quarter of the year the US rice sector secured a large shipment to Colombia, further to regular flows to Central American and Caribbean markets. The local industry has also been much encouraged by official steps taken to restore relations with Cuba, a potentially substantial and advantageously located outlet that has been untapped since June 2008 due sanctions imposed on the isle. Of particular relevance have been amendments to the definition of “cash in advance” regulations, to mean “cash before transfer of title”, as opposed to a previous reading that required cash payments ahead of ships’ departure from the United States. US financial institutions have, moreover, been permitted to open correspondent accounts in Cuban banks, thus facilitating payments for deliveries.



In the Japonica segment, FAO has maintained its negative outlook for 2015 shipments by **Australia**, given expected cuts in local output. Deliveries by the country are envisaged to fall by 4 percent from a revised 2014 level to 390 000 tonnes. Prospects are more favourable for other medium-grain suppliers. In the case of the **Russian Federation**, exports may rise to 190 000 tonnes, up 5 percent year-on-year, with consignments benefitting from combination of ample availabilities and a significantly weaker currency. Under similar circumstances, 2015 deliveries by the **European Union** are officially seen rising to 250 000 tonnes, up 2 percent from 2014 and a five-year high. On the other hand, and although still pointing to an overall 7 percent annual expansion, forecasts of deliveries by **Egypt** have been downscaled to 450 000 tonnes. The revision reflects the slow progress of official milled rice deliveries to date, given the stringent export conditions imposed by officials in October 2014. These would have traders liable to a USD 280 per tonne export tax, further to mandatory sale of a tonne of rice to the General Authority for Supply Commodities at Pounds 2 000 per tonne (USD 261) for every tonne they intend to export.

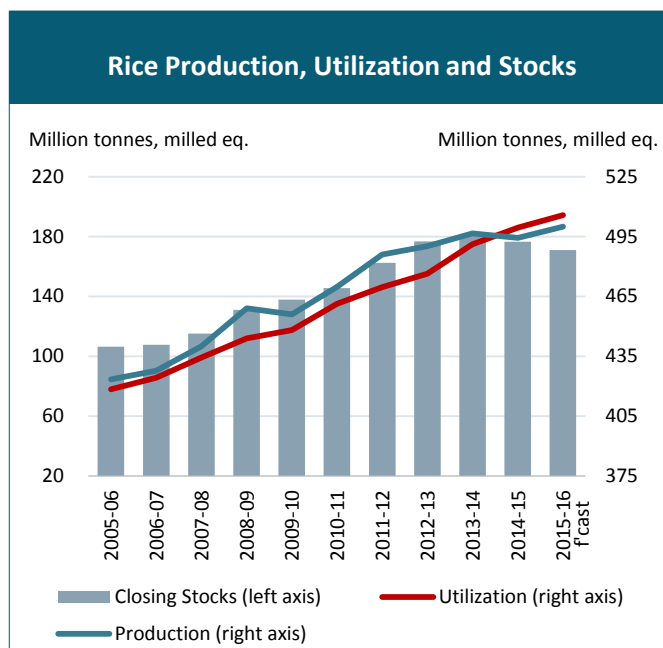
Export prospects also remain negative for the main South American origins. In the case of **Argentina**, supply shortfalls are expected to lower 2015 shipments by 5 percent to 470 000 tonnes. This would be down from an already depressed level of 493 000 tonnes in 2014, when increased sales primarily to Iraq, were insufficient to counterweigh a fall in deliveries to its largest traditional outlet, Brazil, but also to Venezuela. Anticipation of still subdued demand from Brazil, in part due to the steep depreciation of the Real, also clouds the export outlook for **Uruguay**, which like Argentina is also facing prospects of a smaller crop and growing rivalry with Paraguay over the Brazilian market. The imposition of greater protective measures in both Mexico and Costa Rica are also likely to negatively impact Uruguay's performance, although in the case of latter, governments are understood to be negotiating compensatory measures. FAO's forecast of 2015 exports by country currently stands at 820 000 tonnes, representing an 8 percent year-on-year retrenchment. Under current expectations of stagnant production and reduced imports, export forecasts for **Brazil** also point to a 4 percent contraction in deliveries to 800 000 tonnes. Calendar 2014 saw significant headway made by Brazil in placing greater produce in the Near East. The country has also been able to compensate for declining parboiled exports to Africa by consolidating its position in Latin American markets, (namely Cuba, Venezuela and Nicaragua), which combined accounted for 44 percent of total deliveries last year. Meanwhile, current expectations are that good crops will enable **Guyana** and **Paraguay** to expand shipments further in 2015, while the return of **Ecuador** into the export market after a one year

pause is associated to an improved supply outlook, coupled with the opening of an 80 000 tonne import quota in its largest traditional buyer, Colombia.

RICE UTILIZATION AND DOMESTIC PRICES

Consumer prices sliding in major rice exporting countries and much of Africa

Consistent with reductions to 2014 production figures, FAO's forecast of world rice utilization in **2014/15** has been lowered to 499.4 million tonnes (milled basis), 1.7 percent, or 8.2 million tonnes more than in 2013/14. The forecast growth mostly mirrors expectations of 1.3 percent progress in world food consumption to 414.6 million tonnes, a level that would support a small, 0.2 percent, increase in average per caput food intake to 57.4 kilos. Volumes destined to animal feed are also seen rising by 2.8 percent to 14.4 million tonnes, while seeds, industrial use and post-harvest losses, all combined, reach 70.3 million tonnes, an increase of 3.4 percent year-on-year. Based on FAO's first outlook for **2015/16**, global rice utilization could increase further to 505.7 million tonnes. Greater food consumption is again anticipated to drive this growth, accounting for 419.8 million tonnes, or 83 percent, of total volumes consumed. This is even as both feed and other uses continue to advance to 14.5 million and 71.3 million tonnes, respectively.



Looking at retail/wholesale price developments in the past few months, quotations followed mixed trends in **Asia**, when compared to their levels a year earlier. Amid ample availabilities and meek import demand, domestic prices in traditional rice exporters, such as **Cambodia**, **Pakistan** and

Viet Nam weakened considerably. Prices in both **Japan** and **Thailand** also failed to regain ground in spite of production cuts, as pressure continued to be exerted by large rice inventories. These trends were not evident elsewhere in the continent, where quotations remained largely stable or even rose. For instance, **Indonesia** witnessed a sudden surge starting in December. The strength is associated to seasonal tightness, in the context of a reduced 2014 crop and delays in the 2015 harvest, although disruptions in the supply of subsidised produce are also reported. The inflationary pressure prompted the Government in February to release 300 000 tonnes of rice from state reserves through market operations. In **Nepal**, firmer quotations are consistent with the disappointing 2014 seasonal outturn. Prices in **Sri Lanka** also stand noticeably higher than a year-earlier, even though the progressive arrival of a good Maha harvest has tended to ease quotations in recent months. A smaller crop has similarly underpinned some year-to-year increases in **India**, but not as significantly as in other countries, with quotations in India actually tending to dip since February. Prices were also slightly up in the **Philippines**, but have eased in the past few months, coinciding with the arrival of a good 2014 main crop into the local market.

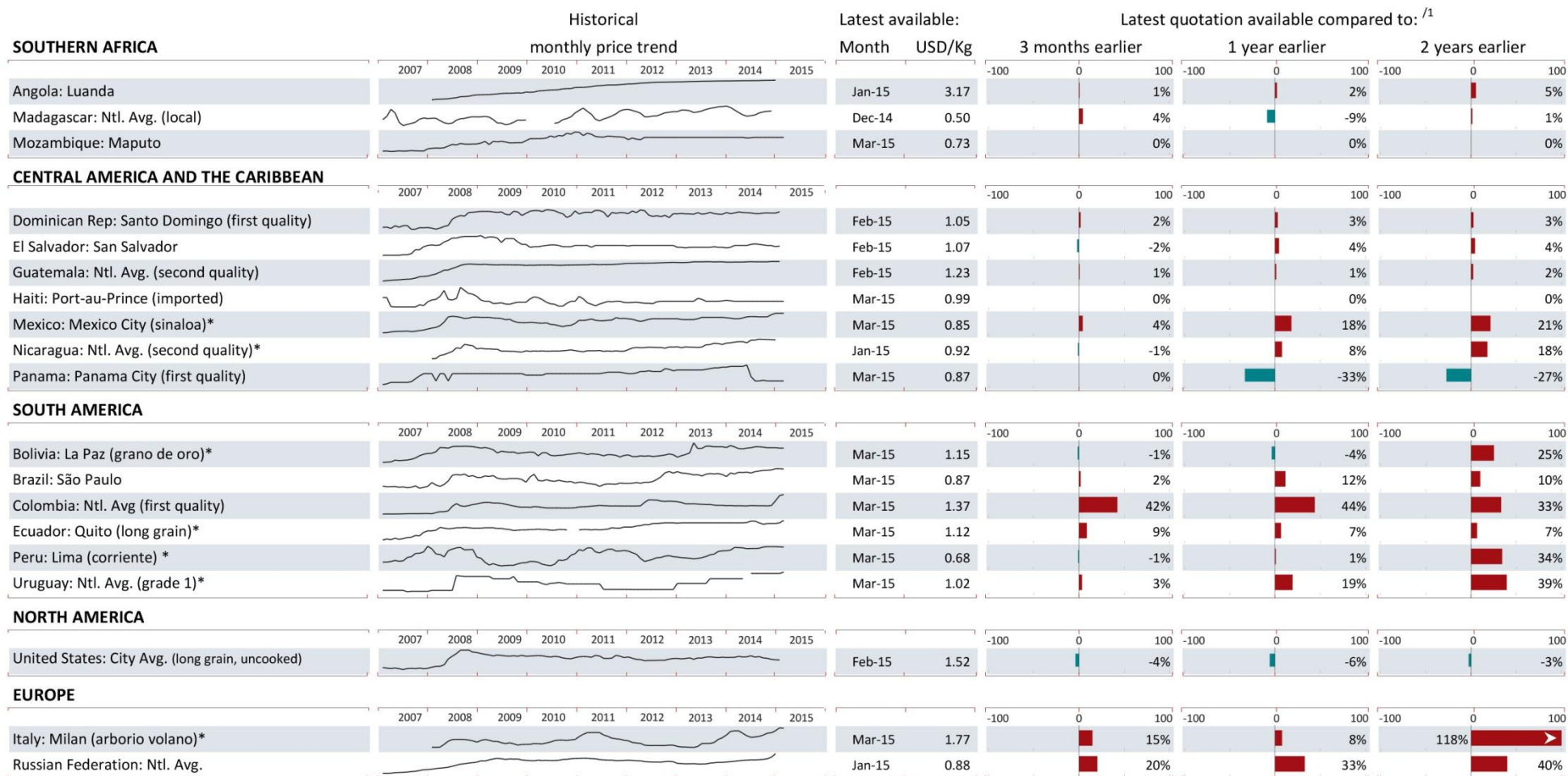
Meanwhile, retail/wholesale prices have weakened across much of **Africa**. In Eastern parts of the region, the easing comes amid overall favourable harvest results, with declines in Western Africa following the arrival of main crops to the market, which have been supplemented by large 2014 imports. **Liberia** and **Mauritania** stand as notable exceptions to this trend. A price escalation in the former was triggered by production and supply disruptions ensuing from the Ebola outbreak, although harvest pressure has supported a weakening in prices in recent months. In the case of Mauritania, an upsurge is likely linked to a substitution of sorghum for rice, due to short domestic availabilities.

Local quotations have also strengthened across much of **Latin America and the Caribbean**, with the exception of **Bolivia** and **Panama**. While in the former, this would come after a spate of 2014 imports and follow expectations of an improved 2015 crop, prices in Panama have remained at the low levels registered since ceilings were introduced in the country in July 2014. By contrast, particularly steep increases have been registered in **Colombia**, as a consequence of a considerable reduction in the 2014 harvest and depleted rice inventories. The situation encouraged officials to promote greater rice imports, namely through the opening of an 80 000 tonne import quota in March this year. A spike in quotations ahead of the 2015 season harvest also called on the Government of **Ecuador** to intervene in the market by releasing more affordable supplies from reserves.

Elsewhere in the world, a large crop has tended to ease quotations in the **United States**, whereas the opposite was the case in **Italy** and the **Russian Federation**. In the latter, the upsurge comes notwithstanding ample availabilities from a good crop, being in line with the general escalation of food prices ensuing from a steep currency devaluation and the institution of imports bans on agricultural produce.

DOMESTIC RICE PRICES IN SELECTED COUNTRIES

ASIA	Historical monthly price trend	Latest available: Month	USD/Kg	Latest quotation available compared to: ^{/1}		
				3 months earlier	1 year earlier	2 years earlier
Bangladesh: Dhaka (coarse)		Mar-15	0.43	-2%	-3%	6%
Cambodia: Phnom Penh (mix)*		Mar-15	0.40	0%	-11%	-11%
China: 50 City Avg. (japonica second quality)		Mar-15	1.00	2%	3%	7%
India: Delhi		Mar-15	0.46	-3%	4%	6%
Indonesia: Ntl. Avg. (medium quality)		Mar-15	0.80	11%	15%	25%
Japan: Ku-area of Tokyo (non-glutinous)		Jan-15	3.91	-2%	-6%	-11%
Republic of Korea: Ntl. Avg.		Mar-15	2.02	-1%	-2%	-3%
Lao PDR: Vientiane (glutinous first quality)		Dec-14	0.99	3%	3%	0%
Mongolia: Ulaanbaatar		Feb-15	1.19	0%	1%	37%
Myanmar: Yangon (Emata, Manawthukha FQ)*		Mar-15	0.35	7%	0%	3%
Nepal: Kathmandu (coarse)		Dec-14	0.45	0%	10%	25%
Pakistan: Karachi (irri)		Mar-15	0.51	-9%	-9%	0%
Philippines: Ntl. Avg. (well-milled)		Mar-15	0.94	-3%	2%	18%
Sri Lanka: Colombo (white)		Mar-15	0.55	-6%	9%	25%
Thailand: Bangkok (5% broken)*		Mar-15	0.37	-3%	1%	-23%
Viet Nam: Dong Thap (25% broken)*		Mar-15	0.32	-4%	-7%	-5%
WESTERN AFRICA						
Benin: Cotonou (imported)		Feb-15	0.92	0%	0%	0%
Burkina Faso: Ouagadougou (imported)*		Mar-15	0.58	-13%	-10%	-8%
Cape Verde: Santiago (imported)		Jan-15	0.97	1%	4%	-5%
Chad: N'Djamena (imported)		Jan-15	0.85	-5%	-4%	-4%
Liberia: Monrovia (imported)		Jan-15	0.64	-11%	16%	17%
Mali: Bamako*		Mar-15	0.54	0%	0%	-13%
Mauritania: Nouakchott (imported)		Feb-15	1.43	5%	52%	74%
Niger: Niamey (imported)*		Mar-15	0.63	0%	0%	-12%
Senegal: Dakar (imported)		Jan-15	0.61	-16%	-22%	-25%
Togo: Lomé (imported)		Feb-15	0.66	-4%	-30%	-30%
EASTERN AFRICA						
Djibouti: Djibouti (Belem)*		Jan-15	0.56	-2%	-4%	0%
Rwanda: Kigali*		Mar-15	0.86	2%	-10%	-11%
Somalia: Mogadishu (imported)		Feb-15	0.56	-14%	-8%	-6%
Uganda: Kampala*		Mar-15	0.74	2%	-23%	-30%



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

* Wholesale prices.

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

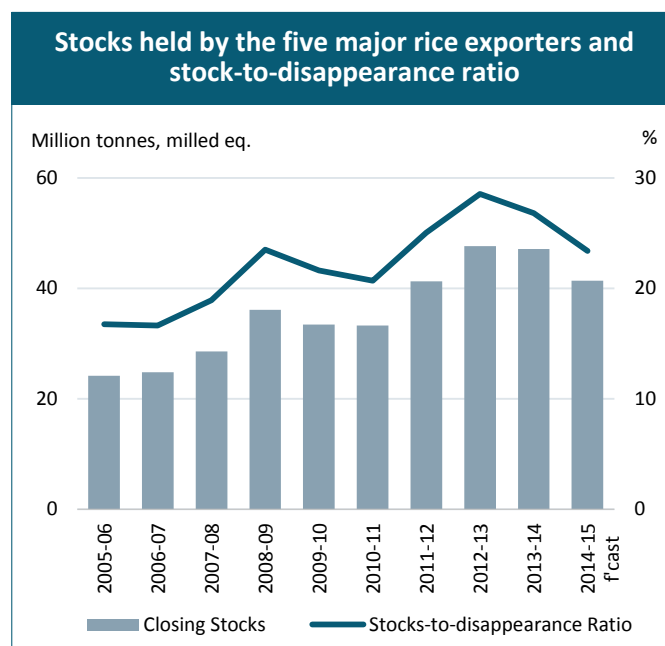
CLOSING STOCKS

Stock draw-downs in India and Thailand behind forecast cuts in world rice inventories

FAO has lowered its December forecast of global rice inventories at the close of marketing years ending in **2015** by 900 000 tonnes to 176.6 million tonnes (milled basis). The adjustment is mainly in line with a less buoyant outlook for 2014 production, as well as revised expectations of 2015 world rice flows. This is chiefly the case of both India and Thailand, which are now predicted to close their marketing years with lower inventories, amid poorer output prospects and larger than expected deliveries abroad. Nevertheless, a better export performance than previously envisaged also called upon a downward revision to inventories in Pakistan, while expectations of lower imports were behind cuts for Brazil, Mali and Nigeria. These reductions were only partly met by upward adjustments in Bangladesh, Egypt, Sri Lanka, the United Republic of Tanzania and Viet Nam.

Based on these amendments, world rice carry-overs are now predicted to fall 2.4 percent short of their opening level to 176.6 million tonnes, marking the first world stock contraction to occur in a decade. All of the reduction would concentrate in **developing countries**, which as group, would hold 4.5 million tonnes less, or 171.6 million tonnes. Conversely, **developed nations** look set to amass 2 percent more to hold 5.0 million tonnes.

From a trade perspective, the **five major rice exporters**⁴ remain predicted to drive most of the world stock draw-down, cutting their inventories by 5.7 million tonnes to 41.4 million tonnes. This level would bring their **stock-to-disappearance ratio**⁵ to its lowest since 2010, at 23.4 percent. Individually, **India** is predicted to incur the largest drawdown, with total (public and private) carryovers dropping from an estimated 23.0 million tonnes in 2014 to 18.9 million tonnes in 2015. The reduction would be consistent with a weather-reduced crop, combined with



still large deliveries abroad. Efforts to dispose of excess public inventories are also likely to contribute to this decline, even though the forecast level still provides for public reserves in excess of the mandated level under the revised Buffer Stocks Norms. These were amended in January this year, lifting the floor on public reserves at the close of the country's marketing year on 1 October by 3.1 million tonnes to 10.25 million tonnes. Yet, this increase was accompanied by announced intentions to liquidate supplies through open sales or exports when stocks in the Central Pool exceed these mandated levels. In this connection, proposals would have already been put forward to dispose of 2.0 million tonnes of public reserves via open market sales, although an official confirmation of such decision is still to come. Next to India, **Thailand** is predicted to see the largest stock decline, cutting reserves by 17 percent to 14.4 million tonnes. This is in the aftermath of a poor seasonal turnout and robust sales abroad. Officials in the country have also previewed their intentions to step-up the release of public reserves, aiming

INDIA: BUFFER STOCK NORMS (MILLION MT)^{1/}

	Existing since April, 2005			Revised		
	Buffer Norms	Strategic Reserve	Total	Buffer Norms	Strategic Reserve	Total
1st January	11.8	2.0	13.8	5.61	2.0	7.61
1st April	12.2	2.0	14.2	11.58	2.0	13.58
1st July	9.8	2.0	11.8	11.54	2.0	13.54
1st October	5.2	2.0	7.2	8.25	2.0	10.25

1/ Refers to rice component only.

Source: Ministry of Consumer Affairs, Food and Public Distribution.

⁴ India, Pakistan, Thailand, the United States and Viet Nam.

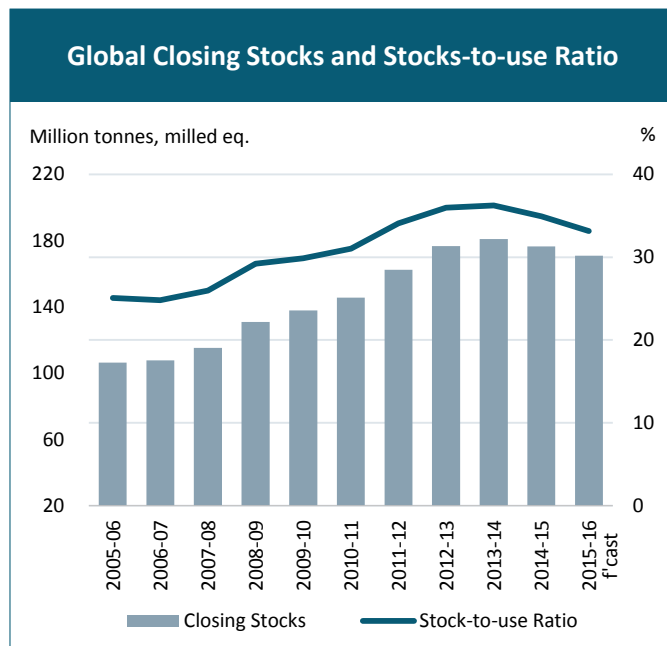
⁵ Defined as the sum of the five major exporters' stocks divided by the sum of the five countries' domestic utilization plus exports.

to dispose of them completely in two years' time. The pace of sales has, however, been restrained by the need to avoid pressuring local quotations. Since the last issue of the RMM, an additional 1.5 million tonnes have been approved by Thai officials for sale on the domestic and export markets. This is out of a total of 17.0 million tonnes of rice being held in public store. Conversely, and based on an improved export outlook, **Pakistan** is now anticipated to hold inventories largely steady at 580 000 tonnes, while in the case of **Viet Nam**, these have been raised to a high of 6.2 million tonnes, based on a good crop and a limited pace of sales. Officials in the **United States** have also lifted forecasts of rice carry-overs in the country, which underpinned by an excellent seasonal result, are now set to surpass their opening levels by 28 percent to 1.3 million tonnes.

By contrast, forecasts of reserves held by **rice importing countries** have been upgraded by 1.2 million tonnes, while still pointing to a 2 percent contraction to 30.1 million tonnes, overall. Among countries in the group, a 13 percent cut in inventories in **Indonesia** to 5.6 million tonnes is mostly behind the reduction. This would come as a result of a poor 2014 crop, which also inhibited government local procurement activities and was only partly compensated by imports. Against the backdrop of limited imports and robust sales abroad, **Brazil** too is officially assessed to have closed the season with a 26 percent decline in stocks to a low of 539 000 tonnes. To some extent, this reduction also mirrors Government efforts to liquidate public inventories, which have seen nearly 400 000 tonnes of paddy sold since July last year. A number of African countries are also expected to meet consumption needs by drawing on the inventories accumulated by large purchases the previous year. This would be particularly the case of **Guinea, Nigeria, Senegal** and **South Africa**, while in the case of the **European Union**, officials anticipate the cut to be in the order of 17 percent to 390 000 tonnes. By contrast, the large volume of imports registered in 2014, combined with still favourable expectations for local crops, has lifted forecasts of rice inventories in **Bangladesh** by 5 percent to 6.9 million tonnes. Among other important buyers, **Japan**, the **Republic of Korea** and the **Philippines** are all likewise envisaged to refurbish stockpiles over their 2014/15 marketing years.

On the other hand, FAO's first forecast of rice stocks at the close of marketing seasons ending in **2016** has been set at 171.0 million tonnes, implying that global rice utilization is likely to surpass production for the second consecutive year. The expected 5.6 million tonne annual stock drawdown would position the **global stocks-to-use ratio** at 33.2 percent, down from 34.9 percent in 2015, but still sufficient to cover 4.1 months of projected world rice consumption. Largely reflecting expectations of further

cuts in both India and Thailand, the decline would be driven by a 3 percent cut in stocks held by **developing countries** to 165.8 million tonnes. By contrast, **developed nations** look set to refurbish stockpiles by 3 percent more to 5.1 million tonnes.



INTERNATIONAL PRICES

FAO All Rice Price Index hits a four-and-a-half year low, as ample availabilities and tepid import demand continue to weigh on prices

International rice prices have fallen steadily since September 2014, a tendency that has resulted in the FAO All Rice Price Index (2002-2004=100) hitting a four-and-a-half year low of 219 points in March 2015. Much of the weakness recorded over the first quarter of this year concentrated in the Japonica market, where, in spite of tighter availabilities, prices were depressed by limited buying interest. Nevertheless, weak sentiment continued to prevail over the long-grain segment, where ample supplies at hand, coupled with intense competition for markets, resulted in the High and Low Quality Indica Indices shedding 3 and 2 percent to 189 and 187 points, respectively. The fragrant segment has stood out as the only exception to this downward tendency, with the Aromatic index regaining 4 percent of its value, relative to the seven-year low touched in December 2014. From an annual perspective, the January-March value of the Index stands 6 percent below year-earlier levels, with the decline mirroring the considerable easing of fragrant quotations registered to date, as well as softer Indica prices.

Among the various origins, benchmark 100 % B in **Thailand** has weakened by 2 percent since December 2014, reaching USD 419 per tonne. Prices in the country

continue to be heavily influenced by the disposal of Government stocks. The three auctions called by Thai officials since the December issue of this report offloaded a combined 1.5 million tonnes for use in domestic and export markets, effectively negating all support provided by expectations of a smaller crop and a stronger Baht. At the same time, however, and notwithstanding announced plans of liquidating up to 10 million tonnes over the course of 2015, Thai officials remain intent on avoiding too much pressure on local quotations. This has justified the delay of a fourth state auction to after May 2015, or until offseason season crop harvests are largely concluded. A firmer tone was evident in the fragrant segment, which saw more upbeat buying interest, combined with reduced seasonal pressure, drive a 2 percent price recovery relative to December values.

Quotations in **India** have been more mixed. In the low-quality Indica market, weak buying interest along with strong competition commanded some declines, with 25% broken quoted 1 percent below December values. The drop was significantly more pronounced in the Aromatica segment, which saw traditional basmati shed 20 percent of its December value to USD 1 325 per tonne, while Pusa Basmati slid by another 13 percent to USD 1 175 per tonne. In both cases, the weakness came amid sustained pressure from large availabilities and the absence of major buyers, namely the Islamic Republic of Iran. Indian parboiled quotations were more resilient, with IR64 PB 5% gaining 1 percent to USD 390 per tonne, sustained by demand from West African buyers.

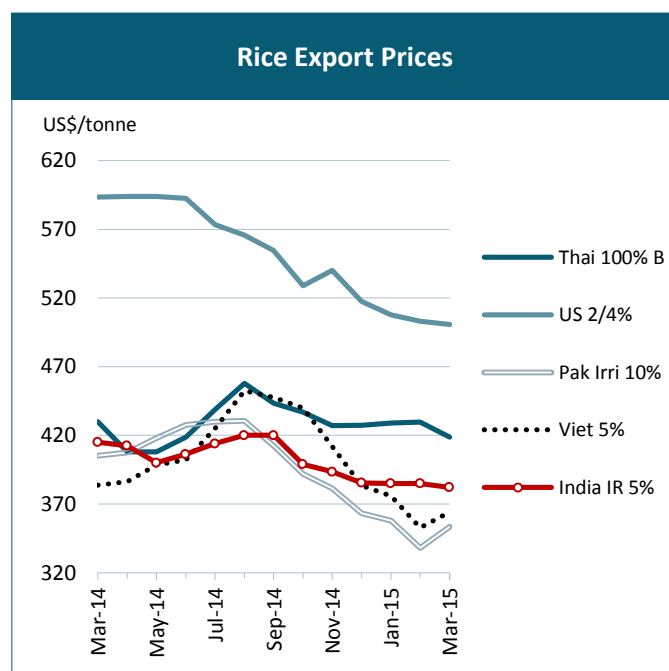
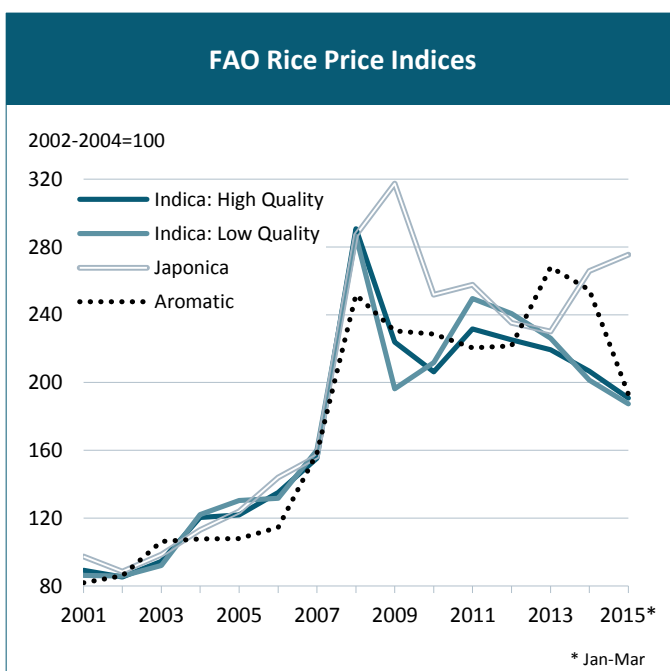
In **Viet Nam**, meek buying interest, together with a small Dong devaluation, extended the downward streak of 25% broken quotations into February. This trend came to a halt in March, however, with quotations finding support in the

award of a 300 000 tonnes sale to the Philippines, more robust demand from China (Mainland) and the launch of a government stockpiling programme for 1.0 million tonnes of winter-spring rice. Meanwhile, the Viet Nam Food Association has adjusted minimum export prices for 25% broken twice, last setting them at USD 350 per tonnes, down 8 percent from their October 2014 level.

Price weakness has continued to dominate the long-grain market in the **United States**, where US N.2 4% is now quoted at its lowest since October 2010. Contributing to this bearish tone has been overall slow buying interest and a bumper harvest. This is notwithstanding consistent sales to traditional Central American and Caribbean outlets and a short-lived boost provided by large out-of-quota sales to Colombia in February. The weakness has also extended into the medium-grain segment, where US N.1/4 quotes now stand 5 percent below December values, pressured by a slower pace of deals with the Far East.

Eagerness to attract sales was also behind a 4 percent fall in 25% broken quotations in **Pakistan**, although reviving interest from Near Eastern buyers lent support in the fragrant segment. This tended to lift basmati prices 11 percent over December values to USD 985 per tonne. This latest gain was, however, insufficient to reverse the heavy losses incurred over the latter part of 2014, with Pakistani basmati prices still quoted 28 percent below year earlier values in March.

International rice prices could come under further downward pressure in the coming months, as supplies from secondary crops in the northern hemisphere and those of main crops in countries located south of the Equator are due to enter the market as of April. This is particularly so as prospects of reduced exportable



availabilities, namely in India and Thailand, continue to be overshadowed by the still large stockpiles held by both countries. As such and given announced official intentions to liquidate such reserves, policy decisions will continue to hold particular sway. Other influential factors will include those affecting the progress of the 2015 season in the northern hemisphere, as well as developments in other cereal markets. Yet, recent months have brought foreign exchange considerations to the forefront of attention. While currencies of major Asian suppliers have proven more resilient to date, various exporters have already seen their relative competitiveness enhanced by currency depreciations. This while, however, the impact of a strengthening dollar on import demand, in determining countries' ability to pay for supplies abroad, cannot be discounted.

FAO Rice Price Indices					
	All	Indica		Japonica	Aromatic
		Higher quality	Lower quality		
2002-2004 = 100					
2011	242	232	250	258	220
2012	231	225	241	235	222
2013	233	219	226	230	268
2014	235	207	201	266	255
2014 March	238	207	199	270	264
April	237	205	198	268	264
May	235	207	199	262	264
June	236	209	202	263	265
July	239	212	206	265	265
August	242	215	213	263	271
September	239	207	208	265	272
October	235	203	204	260	268
November	233	199	200	289	211
December	224	195	191	283	187
2015 January	222	194	189	279	189
February	220	189	186	276	196
March	219	189	187	272	195
2014 Jan.-Mar.	234	210	198	257	263
2015 Jan.-Mar.	220	191	187	276	193
% Change	-5.8	-9.2	-5.4	7.0	-26.6

Source: FAO

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

EXPORT PRICES FOR RICE														
	Thai White 100% B Second grade	Thai Parboiled 100%	U.S. Long Grain #2, 4%	Thai 5%	Viet 5%	Uru 5% 1/	India 25%	Pak 25%	Thai 25%	Viet 25%	Thai A1 Super 2/	U.S. California Medium Grain #1, 4%	Pak Basmati 3/	Thai Fragrant 4/
	<i>(US \$/tonne, f.o.b.)</i>													
2010	518	532	510	492	416	559	...	372	444	387	386	737	881	1 045
2011	565	563	577	549	505	546	409	433	511	467	464	821	1 060	1 054
2012	588	594	567	573	432	584	391	396	560	397	540	718	1 137	1 091
2013	534	530	628	518	391	598	402	371	504	363	483	692	1 372	1 180
2014	435	435	571	423	410	599	377	366	382	377	322	1 007	1 324	1 150
2014														
March	430	428	594	422	384	581	381	374	366	358	312	1 100	1 362	1 170
April	408	417	594	395	386	581	381	376	352	356	307	1 081	1 350	1 172
May	408	418	594	389	398	596	384	382	347	364	298	1 025	1 350	1 166
June	419	428	592	397	402	611	385	385	356	365	313	1 025	1 350	1 164
July	439	444	574	420	425	611	385	390	373	379	325	1 025	1 350	1 178
August	458	452	566	442	452	609	385	392	408	409	343	1 025	1 430	1 185
September	444	436	554	432	448	598	384	359	410	408	336	1 019	1 450	1 178
October	437	430	529	428	440	597	371	345	409	403	345	1 000	1 435	1 167
November	427	420	540	418	412	600	362	352	400	379	338	1 000	1 181	1 062
December	427	418	518	418	384	600	350	331	398	355	332	945	885	1 058
2015														
January	429	424	508	420	376	595	349	326	400	349	330	930	876	1 078
February	430	430	503	420	353	593	350	316	400	334	331	904	978	1 083
March	419	416	501	410	364	585	348	318	392	345	330	896	985	1 082
2014 Jan.-Mar.	451	451	598	444	391	594	377	362	375	368	311	980	1 369	1 158
2015 Jan.-Mar.	426	424	504	416	364	591	349	320	397	343	330	910	946	1 081
% Change	-5.5	-6.1	-15.8	-6.2	-6.8	-0.5	-7.5	-11.6	5.9	-6.9	6.3	-7.1	-30.9	-6.6

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

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

4/ Hom Mali rice, grade A.

... = unquoted

RICE POLICY DEVELOPMENTS

Area	Date	Policy Instrument	Description
Angola	Jan-15	Import quota, licences	Introduced an import quota for 457 000 tonnes of rice for calendar 2015, as part of broader efforts to boost national production of various items and reduce reliance on oil revenue. The measure is to replace a previous import licensing system.
Bangladesh	Mar-15	Government procurement, purchasing prices	Announced that it would purchase 1.0 million tonnes of rice and 100 000 tonnes of paddy from the 2014-2015 Boro harvest. The procurement drive is to run between May and September 2015 and will offer Taka 22 per kilo of paddy (USD 276 per tonne) and Taka 32 per kilo (USD 402 per tonne) of rice.
Bolivia	Mar-15	Government procurement, purchasing prices	Announced that the state enterprise EMAPA would procure supplies from the 2015 harvest at USD 60 per 200 kilo fanega (USD 300 per tonne), up 9 percent from the previous year.
Brazil	Jan-15	Stock release	Auctioned off 70 671 tonnes of paddy from state reserves, out of a total of 75 071 tonnes offered in two tenders held on 15 January 2015.
Brazil	Jan-15	Stock release	Released 44 166 tonnes of paddy from state reserves, out of a total of 60 000 tonnes offered in four auctions held on 29 January 2015.
Cambodia	Mar-15	Export promotion	Announced that the Phnom Penh Autonomous Port would forgo charges for rice stored in its facilities for up to 18 days.
China (Mainland)	Jan-15	Genetically Modified Organisms (GMOs) policy	Renewed the safety certificates of two pest-resistant, genetically modified rice varieties for five years. The measure will allow evaluations required before varieties are approved for commercial cultivation to continue. Biosafety certificates for the strains were originally granted in 2009, but expired in August 2014.
China (Mainland)	Mar-15	Government procurement	Announced that it would allocate Yuan 154.6 billion (USD 25.2 billion), 33 percent more than in 2014, to purchase grains, oils and other local produce in 2015.
China (Mainland)	Feb-15	Support prices	Announced that government paddy procurement prices for the 2015 season would be kept unchanged year-to-year at Yuan 135 per 50 kg bag (USD 440 per tonne) in the case of early Indica rice; at Yuan 138 per 50 kg bag (USD 450 per tonne) for late/intermediate Indica rice; and at Yuan 155 per 50 kg bag of Japonica rice (USD 506 per tonne).
China (Mainland)	Jan-15	Stock-holding policy	Issued new guidelines entrusting upon provincial governors the responsibility of grain security, including that of raising local grain production, maintaining reserves and ensuring grain circulation.
China (Mainland)	Dec-14	Import quota	Decided to keep the 2015 tariff-rate import quota for rice unchanged at 5.32 million tonnes.
China (Mainland)	Dec-14	Import agreement	Signed a memorandum of understanding with the Government of Thailand to enhance cooperation on trade of agricultural products, namely rice and rubber. Under the agreement, China (Mainland) would commit to purchasing up to 2.0 million tonnes of rice from Thai authorities.
China (Mainland)	Dec-14	Import quota, import	Based on unconfirmed media reports, overhauled its import quota allocation system. The measures would namely

Area	Date	Policy Instrument	Description
		licences	entail tying the issuance of private sector import quotas to the purchase of supplies from public reserves via special auctions and at levels exceeding the prevailing government procurement prices. Import licences would be issued in direct proportion to purchases from state granaries, except for traders located in seven deficit provinces, which would receive an additional 20 percent. In this connection, auctions held between 6 and 8 of February 2015 sold 1.4 million tonnes of Indica supplies from state reserves, further to some 133 000 tonnes of japonica varieties. This is out of a total of 8 million tonnes of rice offered in said auctions.
Colombia	Mar-15	Import quota	Approved imports of 80 000 tonnes of milled rice, or an equivalent paddy amount, from Ecuador. Volumes are to arrive no later than 31 July 2015 or between 1 November and 31 December 2015.
Costa Rica	Feb-15	Consumer prices	Adjusted ceiling and floors for all qualities of rice consumed in the country and of all origins, effective 8 June 2015. In the case of 80-20 rice, these were set at a minimum of Colones 631 and a maximum of Colones 634 per kilo bags (USD 1.15-1.16 per kilo) at the retail level, down 4 percent from previously set bands.
Costa Rica	Feb-15	Support prices	Set a new reference price of Colones 22 139 per 73.6 kilo bag (USD 550 per tonne) of paddy to replace the fixed producer price of Colones 22 604.41 (USD 562 per tonne) prevailing since 2011. The initiative forms part of Government efforts to bring the country's agricultural subsidies within limits committed to the WTO, but under a gradual approach that would permit the industry to make necessary adjustments to improve its competitiveness over the medium term.
Costa Rica	Jan-15	Safeguard measures	Decided to put in place safeguard measures on selected classes of milled rice imports (SAC codes 1006309091 and 1006309099). According to the decision, tariffs for these classes would be raised from 35 percent to 62.06 percent, with the rate to be progressively reduced to its original level of 35 percent in equal instalments over a four-year period.
Ecuador	Mar-15	Consumer prices	Announced that it would release supplies from Government granaries in order to relieve pressure on local quotations. Supplies are to be sold to consumers at a price of USD 1.74 per two kilo packages (USD 0.87 per kilo) or USD 37.5 per quintal (USD 827 per tonne) for a period of 15 days.
Ecuador	Dec-14	Import levies, safeguard measures	Decided to impose a temporary duty of 7 percent for goods originated in Peru and of 21 percent for imports from Colombia. The measure seeks to mitigate the impact of a devaluation in the Peruvian and Colombian currencies on Ecuador's dollarized economy and will be effective starting on 5 January 2015.
Ecuador	Feb-15	Import levies, safeguard measures	Decided to exclude paddy for sowing from the temporary import duties applied on goods originated in Peru and Colombia since January 2015, with immediate effect.
Ecuador	Mar-15	Import levies, safeguard measures	Revoked a January 2015 measure imposing a temporary duty of 7 percent for goods originated in Peru and of 21 percent for imports from Colombia, effective 11 March 2015.
Ecuador	Mar-15	Import levies, safeguard measures	Imposed import surcharges on a wide range of products for a period of fifteen months, starting on 11 March 2015, in an effort to counteract the impact of a decline in international oil prices and a strengthening of the US dollar on its economy. While exceptions were established, including for the lesser developed members of the Latin American

Area	Date	Policy Instrument	Description
			Integration Association (ALADI), in the case of milled rice, the levy was set at 45%, to be applied on top of the duties of 0% - 67.5% normally accrued by milled rice.
India	Feb-15	Budgetary allocations, production support	Announced that in its efforts to address critical factors related to soil and water, it would support organic farming through the "Paramparagat Krishi Vikas Yojana" scheme, as a complement to ongoing efforts to extend soil health cards to farmers. The 2015-16 budget would see an additional Rupees 53 billion (USD 847 million) reserved to the "Pradhanmantri Gram Sinchai Yojana" scheme, with a target of extending irrigation to all farmers and enhance water use efficiency, and for micro-irrigation and watershed development. Further efforts will concentrate on boosting agricultural credit and initiating the process to create a national agriculture market, greater outlays to fertilizer subsidies, as well as enhancing the effectiveness of the Mahatma Gandhi National Rural Employment Guarantee Act. Meanwhile, selected programmes such as the Rashtriya Krishi Vikas Yojana and the National Food Security Mission, will fall under a new cost-sharing mechanism between the central government and states.
India	Feb-15	Budgetary allocations, food subsidies	As part of its 2015-16 budgetary allocations, raised allotments to food subsidies by 1.4 percent to Rupees 1.24 trillion (USD 19.9 billion).
India	Feb-15	Government procurement	Instructed state governments to eliminate all procurement of rice under statutory levy, as of 1 October 2015.
India	Jan-15	Stock-holding policy	Revised quantities mandated to be held in the Central Pool under the Buffer Stock Norms at the start of each quarter of the year. According to the decision, mandated stock levels of foodgrains (wheat and rice) as of 1 January were reduced by 3.6 million tonnes to 21.41 million tonnes (comprising 7.61 million tonnes of rice and 13.8 million tonnes of wheat) and by 200 000 tonnes to 21.04 million tonnes for 1 April (13.58 million tonnes of rice and 7.46 million tonnes of wheat). Stock norms for 1 July and 1 October were instead raised by 9.2 million and 9.6 million tonnes, respectively, to 41.12 and 30.77 million tonnes (including 13.54 million tonnes of rice and 27.58 million tonnes of wheat for 1 July and 10.25 million tonnes of rice and 20.52 million tonnes of wheat for 1 October). The revised quantities are inclusive of a 5.0 million tonne Strategic Reserve (2.0 million tonnes rice and 3.0 million tonnes wheat) applicable for all quarters of the year. Moreover, it announced that supplies would be released on the domestic market through open sales or exports, should inventories held at the Central Pool exceed these revised levels.
India	Feb-15	Tax policy	Re-instated the duty drawback on rice exports, effective 13 February 2015. The measure, which is intended to compensate for duties levied on inputs of products destined to outside markets, is to be extended on a brand rate basis, requiring the submission of an application by individual exporters to determine the rate of drawback based upon actual quantities of inputs used and respective duties paid.
Indonesia	Mar-15	Government procurement, purchasing prices	Raised government purchasing prices by 12 percent to Rupiah 3 700 -3 750 per kilo (USD 296-300 per tonne) per kilo of wet paddy, while in the case of dry paddy and rice they were raised by 11 percent each, to Rupiah 4 600 - 4 650 (USD 368-372 per tonne) and 7 300 per kilo (USD 584 per tonne), respectively.
Nigeria	Jan-15	Production support	Allocated Naira 26 billion (USD 129 million) to support agricultural producers with subsidized inputs through the 2015

Area	Date	Policy Instrument	Description
			Dry Season Farming Program.
Pakistan	Feb-15	Finance and credit facilities	Extended coverage of the Export Refinance Scheme to brown rice exports (in bulk/loose packing) to all destinations, withdrawing the Letter of Credit requirement for such shipments. Only brown rice exports destined to European markets were covered by said scheme previously and upon presentation of a Letter of Credit.
Philippines	Dec-14	Import quota	Announced that applications to import 187 000 tonnes of rice under its 2014 Minimum Access Volume (MAV) commitments would be opened to the private sector, starting 28 December 2014. Imported volumes are to arrive no later than 28 February 2015 and are subject to a duty rate of 40%.
Philippines	Feb-15	Import quota	Approved imports of 500 000 tonnes of rice, to be contracted on a government-to-government basis. Volumes are to be delivered by 30 April 2015 and will serve to refurbish public inventories ahead of the lean season.
Republic of Korea	Jan-15	Export restrictions	Announced that in its efforts to promote shipments abroad and stabilize the domestic market, long-standing restrictions on rice exports, requiring that traders receive prior authorization, would be eliminated effective March 2015.
Senegal	Feb-15	Production support	Announced that FCFA 8 billion (USD 13 million) would be allocated to enhance access to credit and marketing of produce, with state entities henceforth also drawing supplies exclusively from local production. The initiative, part of the Government's self-sufficiency programme, also envisages infrastructural improvements, the provision of machinery and tax concessions and makes the issuance of import licences conditional on the purchase of local produce.
Senegal	Mar-15	Import quota, licences	On the occasion of a memorandum of understanding's signature, whereby sector representatives committed to enhance marketing of domestic produce, announced that rice imports in 2016 would be limited to 500 000 tonnes, with authorities to devise a regulatory mechanism that took into consideration local production, as well as individual trader's market share.
Sri Lanka	Jan-15	Budgetary allocations, production support, support prices, credit	Allocated Rupees 2.5 billion (USD 18 million) to provide a 50 percent waiver on farmer loans of up to Rupees 100 000 (USD 734), as part of the 2015 Interim Budget. Additional support measures will include a higher guaranteed purchasing price for paddy of Rupees 50 per kilo (USD 367 per tonne), the continuation of the subsidized fertilizer programme, as well as efforts to lower prices of agricultural machinery.
Sri Lanka	Feb-15	Government procurement	Approved the purchase of 200 000 tonnes of paddy from the 2015 Maha harvest. The procurement drive is to be undertaken by registered farmer organizations and District Secretaries and will offer Rupees 50 per kilo for Samba paddy (USD 367 per tonne) purchased and Rupees 45 per kilo (USD 330 per tonne) in the case of Nadu paddy.
Sri Lanka	Dec-14	Import tariff, tax policy	Lowered duties levied on paddy, husked, semi/wholly milled and/or broken rice to Rupees 1 per kilo (USD 7 per tonne) for a period of four months, effective 2 December 2014.
Sri Lanka	Jan-15	Import tariff, tax policy	Raised duties levied on paddy, husked, semi/wholly milled and/or broken rice to Rupees 20 per kilo (USD 147 per tonne), valid for a period of four months starting from 22 January 2015.

Area	Date	Policy Instrument	Description
Taiwan province of China	Dec-14	Cultivation limits	Announced that due to severe drought conditions, it would suspend irrigation for 22 000 hectares of main paddy crops across five regions. Affected producers will be extended a TWD 78 000-85 000 (USD 2 494-2 717) per hectare outlay as an incentive to leave paddies fallow, alternatively receiving TWD 39 000-62 000 (USD 1 247-1 982) per hectare should they choose to cultivate less water intensive crops.
Thailand	Feb-15	Production adjustment program	Announced that in an effort to reduce an estimated 4.4 million tonnes of excess domestic supply, it would aim to put 290 000 hectares of paddies to cultivation of other crops in two years, including 112 000 hectares just to sugar. An additional 64 000 hectares of offseason paddies would also be cut.
Thailand	Mar-15	Production adjustment program	Approved a five-year (2015-2019) agricultural restructuring plan. Under its rice component, the programme would aim to improve productivity levels, lower production costs, boost quality of supplies and assist farm cooperatives. Efforts will also concentrate in converting paddies to sugar cultivation and reducing offseason acreage.
Thailand	Jan-15	Stock release	Auctioned off 496 243 tonnes of 5 percent broken and fragrant rice, through an open tender conducted on 29 January 2015, which offered a total of 1.0 million tonnes of rice for sale from public inventories.
Thailand	Feb-15	Stock release	Announced plans to dispose of an estimated 17 million tonnes of rice held in government granaries in two years' time. Officials would expect up to 10.0 million tonnes to be disposed of over the course of 2015, with the remaining volumes to be released in 2016.
Thailand	Mar-15	Stock release	Sold 776 000 tonnes of rice from Government stocks, out of a total of 1.0 million tonnes of white, glutinous and broken rice offered from government stocks through a tender held on 6 March 2015.
Thailand	Mar-15	Stock release	Decided to postpone the release of supplies from Government stockpiles until after the completion of offseason harvests, so as to avoid pressure on local prices.
Turkey	Jan-15	Value added taxes	Lowered value added taxes on milled rice from 8 percent to 1 percent, effective 1 February 2015.
Venezuela	Dec-14	Production support	Approved a one-time subsidy of Bolivares 6.1 per kg of paddy (USD 967 per tonne) for crops gathered between 1 August 2014 and 16 September 2014 in the states of Portuguesa and Barinas, in order to extend support to farmers who collected crops prior to the September 2014 announcement of new producer prices.
Vietnam	Feb-15	Government procurement	Approved a procurement drive for 1.0 million tonnes of winter-spring rice from farmers, to be purchased by member companies of the Vietnam Food Association between March and April 2015. Entities participating in the drive will be availed with Government credit assistance for a period of four months.
Vietnam	Dec-14	Minimum export prices	Set minimum export prices for 5%, 10% and 15% broken rice at USD 385, USD 375 and USD 365 per tonne respectively, effective through January 2015.
Vietnam	Jan-15	Minimum export prices	Lowered minimum export prices for 25% broken rice by USD 20 to USD 360 per tonne, effective 12 January 2015.
Vietnam	Jan-15	Export requirements	In an effort to promote greater vertical integration, issued directives that make it requisite for exporters to progressively engage in contract farming, invest in large-scale farms or develop alternate production areas of their

Area	Date	Policy Instrument	Description
			own in order to secure rice export permits, effective 1 March 2015. The size of production areas to be developed/involved on will be based upon exporters' trade record in 2011-2013 and will be raised progressively through 2020.
Vietnam	Feb-15	Import quota	Renewed import duty exemptions on 70 000 tonnes of rice originating in the Lao PDR, effective until 31 December 2015.
Vietnam	Mar-15	Minimum export prices	Lowered minimum export prices for 25% broken rice by USD 10 to USD 350 per tonne, effective 2 March 2015.

TABLE 1: WORLD PADDY PRODUCTION

	2010-2012	2013	2014	2015	Annual Change		2014	
	Average		Estimate	Forecast	2015 / 2014		Previous	Revision
	<i>million tonnes</i>					%	<i>million tonnes</i>	
WORLD	722.8	744.8	741.3	749.8	8.5	1.1	744.7	-3.3
Developing countries	697.0	719.5	715.0	723.8	8.8	1.2	718.3	-3.3
Developed countries	25.9	25.3	26.3	26.0	-0.3	-1.0	26.4	-0.1
ASIA	655.1	676.1	670.8	679.0	8.1	1.2	674.4	-3.5
Bangladesh	50.6	51.5 G	52.2	51.8	-0.4	-0.8	52.4	-0.1
Cambodia	8.8	9.4 G	9.2 G	9.3	0.1	0.7	9.3	-0.1
China	201.9	205.2	208.1	208.5	0.4	0.2	208.1	-
of which China (Mainland)	200.3	203.6 G	206.4 G	207.0	0.6	0.3	206.4 G	-
India	153.3	160.0 G	154.6 G	158.2	3.7	2.4	155.5	-0.9
Indonesia	67.1	71.3 G	70.8 G	73.0	2.2	3.1	70.6 G	0.2
Iran, Islamic Rep. of	2.7	2.5 G	2.6	2.7	0.0	1.9	3.0	-0.4
Japan	10.6	10.8 G	10.5 G	10.5	0.0	-0.5	10.6	-0.1
Korea Rep. of	5.6	5.6 G	5.6 G	5.5	-0.2	-3.3	5.6 G	0.0
Lao PDR	3.2	3.4 G	3.3	3.4	0.1	3.0	3.3	-
Malaysia	2.5	2.6 G	2.6	2.6	0.0	0.0	2.6	-
Myanmar	29.8	28.3 G	28.9	29.2	0.3	1.0	28.9	-
Nepal	4.7	5.0 G	4.8 G	5.0	0.2	4.4	4.6	0.2
Pakistan	8.3	10.2 G	10.1 G	9.7	-0.4	-3.7	10.1 G	-
Philippines	17.3	18.8 G	19.0 G	19.8	0.8	4.0	18.8	0.3
Sri Lanka	4.0	4.6 G	3.4 G	4.1	0.7	21.3	3.6 G	-0.2
Thailand	37.4	36.8 G	34.3	35.0	0.7	2.1	37.0	-2.7
Viet Nam	42.0	44.0 G	45.0 G	44.8	-0.2	-0.4	44.9 G	0.1
AFRICA	26.4	27.5	28.0	28.2	0.2	0.8	27.6	0.4
North Africa	5.4	6.1	6.0	6.0	-0.1	-1.6	6.0	-
Egypt	5.3	6.1	6.0	5.9	-0.1	-1.7	6.0	-
Western Africa	12.6	13.8	13.6	13.8	0.2	1.4	13.6	0.0
Côte d'Ivoire	0.7	0.8 G	0.8	0.8	0.0	2.6	0.8	-
Guinea	1.8	2.1 G	2.0 G	2.0	0.0	1.5	2.0 G	-
Mali	2.0	2.2 G	2.3 G	2.3	0.0	2.2	2.3	0.0
Nigeria	4.5	4.7	4.9	4.8	-0.1	-2.0	4.9	-
Sierra Leone	1.1	1.3 G	1.2	1.2	0.0	3.9	1.2	-
Central Africa	0.5	0.5	0.6	0.5	0.0	-1.5	0.6	-
Eastern Africa	2.8	2.8	3.2	3.2	0.0	1.2	2.7	0.5
Tanzania	2.2	2.2 G	2.6 G	2.6	0.0	0.5	2.1	0.5
Southern Africa	5.0	4.2	4.5	4.6	0.1	2.0	4.5	-
Madagascar	4.5	3.6 G	4.0 G	4.1	0.1	3.1	4.0 G	-
Mozambique	0.3	0.4 G	0.3	0.3	0.0	-5.9	0.3	-
CENTRAL AMERICA & CAR.	2.9	3.1	3.0	3.1	0.1	3.0	2.9	0.1
Cuba	0.6	0.7 G	0.6	0.6	0.0	0.3	0.7	-0.1
Dominican Rep.	0.9	0.9 G	0.9	1.0	0.0	2.8	0.8	0.1
SOUTH AMERICA	24.0	24.3	24.5	24.8	0.3	1.1	24.8	-0.3
Argentina	1.5	1.6 G	1.6 G	1.5	-0.1	-5.7	1.6 G	-
Brazil	12.3	11.8 G	12.1 G	12.2 G	0.0	0.2	12.1 G	-
Colombia	2.0	2.0 G	1.8	2.0	0.2	10.2	1.9	-0.2
Ecuador	1.3	1.2 G	1.2	1.2	0.1	5.1	1.5	-0.3
Peru	2.8	3.0 G	2.9 G	2.9	0.1	1.9	3.0	-0.1
Uruguay	1.4	1.4 G	1.3 G	1.3	-0.1	-7.3	1.3 G	-
NORTH AMERICA	9.5	8.6	10.0	9.9	-0.1	-1.4	10.0	0.0
United States	9.5	8.6 G	10.0 G	9.9 G	-0.1	-1.4	10.0 G	0.0
EUROPE	4.4	4.0	4.1	4.1	0.1	1.6	4.1	-0.1
EU	3.2	2.9 G	2.8 G	2.9	0.1	2.2	2.8 G	0.0
Russian Federation	1.1	0.9 G	1.0 G	1.1	0.0	0.8	1.2	-0.1
OCEANIA	0.6	1.2	0.9	0.7	-0.1	-17.5	0.9	-
Australia	0.6	1.2 G	0.8 G	0.7 G	-0.1	-17.9	0.8 G	-

NOTES:

The 2015 paddy production season normally includes rice from the main paddy crops whose harvests fall in 2015, to which rice from all subsequent secondary crops, if any, is added.

Totals computed from unrounded data.

G Official figure.

TABLE 2: WORLD RICE IMPORTS

	2010-2012	2013	2014	2015	Annual Change		2015	
	Average		Estimate	Forecast	2015 / 2014		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
WORLD	35.4	37.2	42.4	41.3	-1.0	-2.5	40.5	0.9
Developing countries	30.7	31.9	37.0	35.8	-1.1	-3.1	35.1	0.7
Developed countries	4.7	5.3	5.4	5.5	0.1	1.6	5.3	0.2
ASIA	17.0	16.7	20.7	19.5	-1.2	-5.7	18.9	0.6
Bangladesh	0.7	0.2 G	1.1	0.7	-0.4	-36.4	0.5	0.2
China	1.6	2.7	3.0	3.2	0.2	5.2	3.0	0.2
of which China (Mainland)	1.1	2.2 G	2.5 G	2.7	0.2	5.9	2.4	0.3
Indonesia	1.9	0.7	1.2	0.9	-0.3	-25.0	1.0	-0.1
Iran, Islamic Rep. of	1.2	1.9 G	1.4 G	1.6	0.2	14.8	1.6	-0.1
Iraq	1.3	1.4	1.4	1.5	0.1	4.2	1.5	-
Japan	0.7	0.7 G	0.7 G	0.7	0.0	4.9	0.7	-
Malaysia	1.0	0.9 G	1.1	1.2	0.0	4.5	1.1	0.1
Philippines	1.6	0.7	1.9	1.5	-0.4	-21.1	1.8	-0.3
Saudi Arabia	1.2	1.3 G	1.4	1.5	0.1	4.3	1.4	0.1
United Arab Emirates	0.6	0.7	0.8	0.8	0.0	2.7	0.7	0.1
AFRICA	12.0	13.9	14.5	14.5	0.0	0.1	14.5	0.0
Côte d'Ivoire	1.1	1.2	1.2	1.2	0.1	4.3	1.3	-0.1
Nigeria	2.5	2.4	3.0	2.9	-0.1	-3.3	3.0	-0.1
Senegal	1.0	1.1	1.3	1.2	-0.1	-5.1	1.1	0.1
South Africa	1.0	1.3 G	0.9 G	1.1	0.2	21.0	1.3	-0.2
CENTRAL AMERICA & CAR.	2.1	2.0	2.1	2.1	0.1	2.5	2.1	0.0
Cuba	0.4	0.3 G	0.4	0.4	0.0	2.6	0.4	0.0
Mexico	0.6	0.7 G	0.7 G	0.6	0.0	-2.6	0.7	0.0
SOUTH AMERICA	1.3	1.5	1.4	1.5	0.1	8.6	1.6	0.0
Brazil	0.7	0.7 G	0.6 G	0.6	0.0	-3.3	0.7	-0.1
NORTH AMERICA	1.0	1.1	1.1	1.1	-0.1	-6.7	1.1	0.0
United States	0.6	0.7 G	0.8 G	0.7 G	-0.1	-11.1	0.7 G	-
EUROPE	1.6	1.7	2.0	2.0	0.0	-0.5	1.7	0.3
EU 1/	1.2	1.2 G	1.4 G	1.5 G	0.1	7.3	1.3 G	0.2
Russian Federation	0.2	0.2 G	0.3 G	0.3	0.0	-13.4	0.2	0.1
OCEANIA	0.5	0.5	0.5	0.5	0.0	4.3	0.5	0.0

NOTES:

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.

TABLE 3: WORLD RICE EXPORTS

	2010-2012	2013	2014	2015	Annual Change		2015	
	Average		Estimate	Forecast	2015 / 2014		Previous	Revision
	<i>million tonnes, milled basis</i>				<i>%</i>		<i>million tonnes</i>	
WORLD	35.4	37.2	42.4	41.3	-1.0	-2.5	40.5	0.9
Developing countries	31.0	33.0	38.4	37.0	-1.4	-3.6	36.1	0.9
Developed countries	4.4	4.1	4.0	4.3	0.3	8.6	4.4	-0.1
ASIA	27.6	29.3	34.7	33.3	-1.4	-4.1	32.4	0.9
Cambodia	1.0	1.2	1.0	1.1	0.1	9.1	1.2	-0.1
China	0.5	0.5	0.4	0.5	0.0	5.7	0.4	0.0
of which China (Mainland)	0.5	0.5 G	0.4 G	0.4	0.0	6.3	0.4	0.0
India	5.8	10.5 G	11.3 G	9.3	-2.0	-17.7	8.2	1.1
Myanmar	0.6	0.7	0.7	0.8	0.1	15.2	0.8	0.0
Pakistan	3.1	3.1 G	3.7 G	3.8	0.1	2.6	3.6	0.3
Thailand	8.8	6.6 G	11.0 G	11.2	0.2	2.3	11.0	0.2
Viet Nam	7.3	6.6 G	6.5 G	6.5	0.0	0.5	6.9	-0.4
AFRICA	0.5	0.6	0.6	0.6	0.0	-1.8	0.6	-0.1
Egypt	0.3	0.4	0.4	0.5	0.0	7.1	0.5	-0.1
SOUTH AMERICA	3.0	3.1	3.1	3.2	0.0	1.3	3.3	-0.1
Argentina	0.6	0.5 G	0.5 G	0.5	0.0	-4.6	0.6	-0.1
Brazil	0.9	0.8 G	0.8 G	0.8	0.0	-4.4	0.8	-
Guyana	0.3	0.3 G	0.4	0.5	0.1	11.4	0.5	0.0
Uruguay	0.9	0.9 G	0.9	0.8	-0.1	-7.9	0.8	0.0
NORTH AMERICA	3.5	3.3	3.0	3.4	0.4	11.8	3.4	-
United States	3.5	3.3 G	3.0 G	3.4 G	0.4	11.8	3.4 G	-
EUROPE	0.4	0.3	0.4	0.5	0.0	3.2	0.3	0.1
EU 1/	0.2	0.2 G	0.2 G	0.3 G	0.0	2.5	0.1	0.2
Russian Federation	0.2	0.1 G	0.2 G	0.2	0.0	4.6	0.2	0.0
OCEANIA	0.3	0.5	0.4	0.4	0.0	-3.5	0.4	0.0
Australia	0.3	0.5 G	0.4 G	0.4	0.0	-3.5	0.4	0.0

NOTES:

Totals computed from unrounded data.

G Official figure.

1/ Excluding EU intra-trade.

TABLE 4: END OF SEASON STOCKS I /

	2011-2013	2014	2015	2016	Annual Change		2015	
	Average		Estimate	Forecast	2016 / 2015		Previous	Revision
	<i>million tonnes, milled basis</i>					%	<i>million tonnes</i>	
WORLD	161.6	181.0	176.6	170.9	-5.6	-3.2	177.5	-0.9
Developing countries	156.8	176.1	171.6	165.8	-5.8	-3.4	172.8	-1.2
Developed countries	4.7	4.9	5.0	5.1	0.2	3.5	4.7	0.3
ASIA	153.1	173.5	169.4	164.1	-5.4	-3.2	171.0	-1.6
Bangladesh	6.9	6.6	6.9	6.9	0.0	0.0	6.8	0.1
Cambodia	1.9	2.3	2.4	2.3	-0.1	-4.2	2.4	0.1
China	84.8	100.0	102.5	102.7	0.2	0.2	102.5	-
of which China (Mainland)	84.6	99.8	102.3	102.6	0.3	0.3	102.4	-0.1
India	22.9	23.0	18.9	16.0	-2.9	-15.3	20.0	-1.1
Indonesia	6.0	6.4	5.6	5.7	0.1	1.8	5.5	0.1
Iran, Islamic Rep. of	0.4	0.4	0.4	0.4	0.0	5.7	0.5	-0.2
Japan	2.6	2.8	2.8	2.9	0.0	1.8	2.7	0.1
Korea Rep. of	1.6	1.7	1.8	1.9	0.0	1.6	1.8	0.0
Lao PDR	0.4	0.5	0.5	0.5	0.0	1.0	0.5	0.0
Malaysia	0.3	0.2	0.2	0.3	0.1	30.4	0.2	0.1
Myanmar	4.7	2.2	1.9	1.5	-0.3	-18.4	1.8	0.1
Nepal	0.3	0.5	0.4	0.4	0.0	2.8	0.3	0.0
Pakistan	0.5	0.6	0.6	0.5	-0.1	-13.8	0.7	-0.1
Philippines	2.4	2.0 G	2.2	2.3	0.2	7.0	2.2	-0.1
Sri Lanka	0.3	0.3	0.4	0.4	0.0	10.5	0.2	0.2
Thailand	12.8	17.3	14.4	11.5	-2.9	-20.1	16.1	-1.7
Viet Nam	3.3	5.2	6.2	6.6	0.4	5.6	5.7	0.6
AFRICA	3.5	3.6	3.2	2.9	-0.2	-7.7	2.8	0.4
Egypt	0.5	0.5	0.4	0.2	-0.2	-45.9	0.3	0.1
Nigeria	0.5	0.4	0.3	0.4	0.0	8.8	0.5	-0.1
CENTRAL AMERICA & CAR.	0.4	0.4	0.5	0.4	0.0	-3.1	0.3	0.2
Dominican Rep.	0.1	0.1	0.1	0.1	0.0	6.7	0.0	0.0
SOUTH AMERICA	2.5	1.6	1.4	1.3	-0.1	-10.0	1.5	0.0
Argentina	0.0	0.1	0.1	0.1	0.0	0.0	0.1	0.1
Brazil	1.6	0.7 G	0.5 G	0.4 G	-0.2	-30.9	0.8 G	-0.2
Ecuador	0.1	0.1	0.1	0.0	0.0	-63.6	0.0	0.1
Peru	0.3	0.4	0.3	0.3	0.0	-9.4	0.3	-
NORTH AMERICA	1.4	1.1	1.3	1.6	0.3	19.0	1.3	0.0
United States	1.3	1.0 G	1.3 G	1.5 G	0.2	17.7	1.3 G	0.0
EUROPE	0.6	0.7	0.6	0.6	0.0	-5.4	0.4	0.1
EU	0.5	0.5 G	0.4 G	0.4	0.0	2.6	0.4	0.0
Russian Federation	0.1	0.1	0.1	0.0	0.0	-50.0	0.1	0.0
OCEANIA	0.1	0.2	0.1	0.1	-0.1	-60.6	0.1	0.1
Australia	0.0	0.1	0.1	0.0	-0.1	-71.4	0.1	0.0
GOVERNMENT STOCKS								
Bangladesh	0.7	0.7 G	0.9	0.9	0.0	0.0	0.9	-
India	22.5	18.6 G	15.0	12.5	-2.5	-16.7	16.0	-1.0
Japan	0.8	0.8	0.8	0.8	0.0	0.0	0.8	-
Korea Rep. of	0.8	0.8	0.8	0.8	0.0	0.0	0.8	0.0
Philippines	0.9	0.5 G	0.6	0.6	0.0	9.1	1.0	-0.5

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 1/	Total Supply	Domestic Use	Exports 1/	Closing Stocks
<i>thousand tonnes, milled basis</i>							
INDIA							
2013-14	23 850	106 650 G	100	130 600	96 302	11 298 G	23 000
2014-15 est.	23 000	103 040 G	100	126 140	97 940	9 300	18 900
2015-16 f'cast	18 900	105 500	100	124 500	98 800	9 700	16 000
PAKISTAN							
2013-14	350	6 798 G	60	7 208	2 934	3 704 G	570
2014-15 est.	570	6 720 G	60	7 350	2 970	3 800	580
2015-16 f'cast	580	6 470	60	7 110	3 010	3 600	500
THAILAND							
2013-14	18 000	24 387 G	400	42 787	14 536	10 951 G	17 300
2014-15 est.	17 300	22 700	300	40 300	14 700	11 200	14 400
2015-16 f'cast	14 400	23 170	300	37 870	14 870	11 500	11 500
UNITED STATES							
2013-14	1 156 G	6 117 G	754 G	8 027	3 960	3 042 G	1 025 G
2014-15 est.	1 025 G	7 068 G	670 G	8 763	4 056	3 400 G	1 307 G
2015-16 f'cast	1 307 G	6 971 G	760	9 038	4 150	3 350	1 538 G
VIET NAM							
2013-14	4 300	29 374 G	550	34 224	22 557	6 467 G	5 200
2014-15 est.	5 200	30 011 G	550	35 761	23 061	6 500	6 200
2015-16 f'cast	6 200	29 882	550	36 632	23 482	6 600	6 550

FOOTNOTES:

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

Totals computed from unrounded data.

G Official figure.

1/ Rice trade data refer to the calendar year of the second year shown.

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

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

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

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