



Quarterly International Trade Report

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Rice

World Situation and Outlook

Global PS&D The 2003/04 world rice situation and outlook is forecast to be virtually the same as the previous year. In general, global consumption continues to outpace production. Consequently, for the second year in a row, global stocks are forecast to drop about 20 percent. However, nearly all of this decline is accounted for by China and, therefore, had little-to-no affect on world prices. Since they hit record lows in October 2001, prices have been slow to bounce back as India – the second largest rice producing country - unloaded burdensome stocks onto the world market at very low prices. World prices will likely remain under pressure if India continues to implement an aggressive export program. Meanwhile, government representatives from key rice-exporting countries are working together as the Council on Rice Trade and Cooperation to improve prices.

SUMMARY POINTS

- Global consumption outpaces production and pulls stocks down
- India's exports shrink
- U.S. exports fall from the 2002/03 record

Global Trade Global demand in 2003/04 is forecast down about 1.7 million tons from last year. This is largely due to reduced demand in Latin America, Africa, and Asia given larger regional production. For example, in Latin America, Brazilian imports are forecast to drop 50 percent. On the supply side, neither the United States nor India is expected to reach the record export volumes attained in recent years. Additionally, with relatively fewer exportable supplies in India, Vietnam is expected to reclaim its position as the second largest rice exporter and Thailand is forecast to reach 8.25 million tons – no single exporter has ever achieved this level of exports. Essentially, global trade and market shares are expected to return to pre-2002 levels.

U.S. Situation and Outlook

In 2002, the United States was carrying substantial stocks after two years of record and near-record production. Consequently, prices sank to near-record lows and spurred demand for U.S. rice, particularly in nearby, rough rice (paddy) markets, such as Brazil. In calendar year 2003, U.S. exports exceeded the previous record (CY2002) by 20 percent, despite a reduction in food aid programming. However, as the year progressed, stocks were virtually drained and U.S. export prices surged approximately 75 percent. As the spread between U.S. and Asian prices widened, the United States lost business in nearby markets to Asian suppliers.

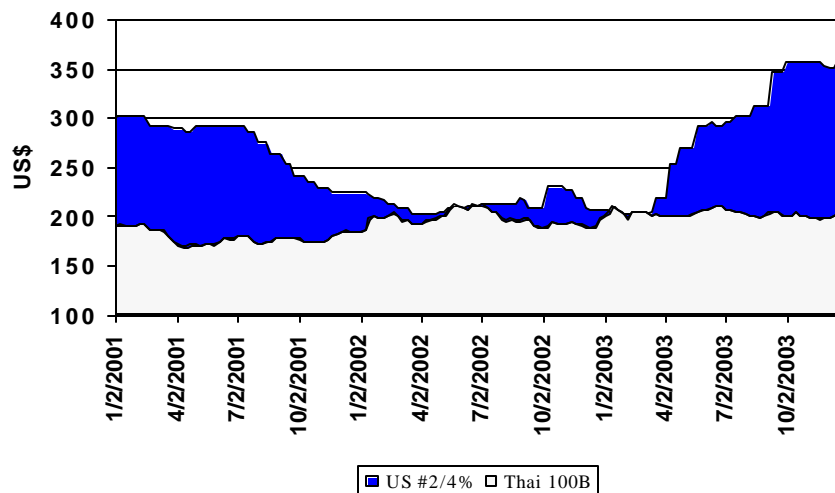
While Latin America is a traditional market for U.S. rice exports, under certain circumstances - such as El Niño-induced crop failures - Latin American importers have bought from Asia. Over the past year, as U.S. supplies tightened and prices soared, some Latin American importers have looked to Asia to fill domestic demand. In 2003, Chile has turned to Thailand throughout the year, while Brazil turned to Thailand and Vietnam.

For more information, please contact:

Michelle Moore at (202) 720-9523 or Michelle.Moore@usda.gov

Stephanie Murphy at (202) 690-4298 or Stephanie.Murphy@usda.gov

US#2/4 and Thai 100B Price Quotes



WORLD RICE PRODUCTION, CONSUMPTION AND STOCKS					
	2001/02	2002/03	2003/04	Year to Year Change 02/03 to 03/04	
	MMT	MMT	MMT	MMT	Percent
Production	398.425	380.846	390.433	9.587	-3%
Consumption	411.169	411.398	414.106	2.708	-1%
Trade	27.888	27.357	24.712	-2.645	10%
Ending Stocks	136.821	106.269	82.596	-23.673	22%
U.S. RICE PRODUCTION, CONSUMPTION AND STOCKS					
Production	6.714	6.536	6.324	-0.212	-3%
Consumption	3.85	3.535	3.853	0.318	9%
Exports	3.295	3.85	3	-0.85	-22%
Ending Stocks	1.2	0.829	0.791	-0.038	-5%