

Rice

Introduction

With an average yearly production of approximately 2 million tonnes out of a total world production of about 400 million tonnes and an average yearly consumption of 2 million tonnes out of global consumption of over 400 million tonnes, the EU is neither a leading world producer nor a major consumer of rice. Asia is both the leading producing area and the major consumer.

World Trade

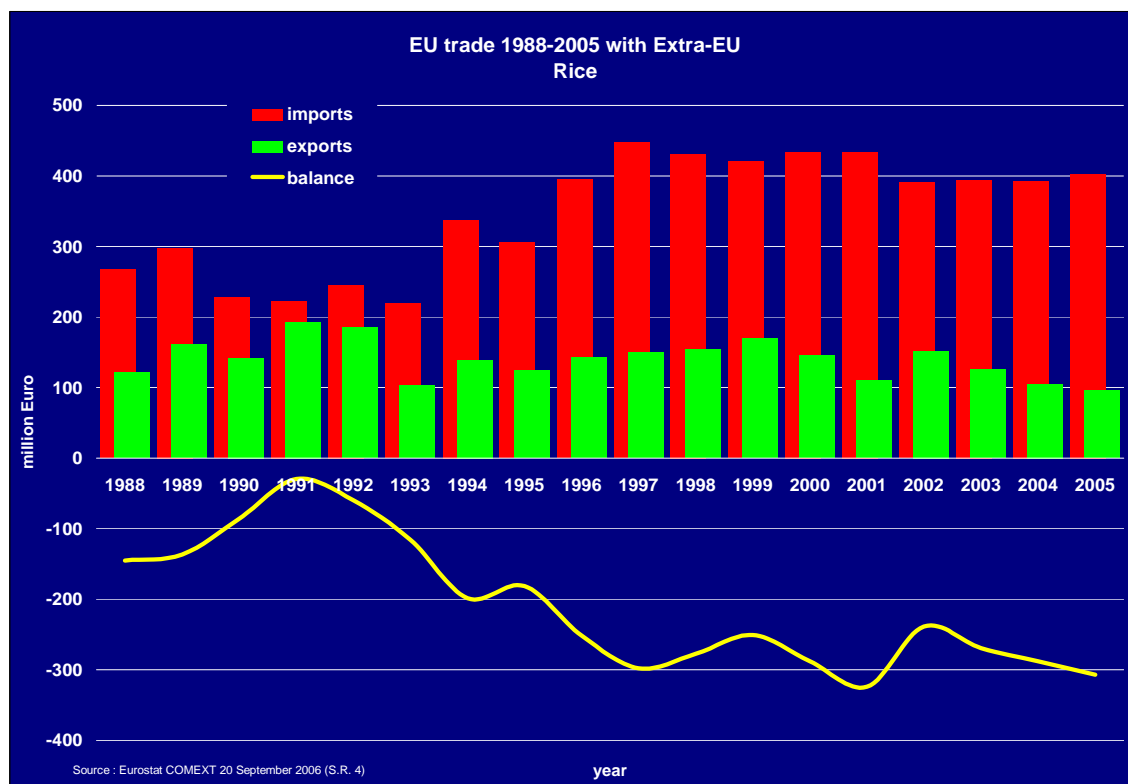
World trade is generally small relative to world production accounting for about 6% - 7% of world production, well below the trade shares of other grains or oilseeds. In the major producing countries, rice production is in fact mainly geared to meet local consumption.

In addition to being a relatively thin market, the global rice market is heavily segmented, with little substitution among types and qualities by producers or consumers.

Global trade currently amounts approximately to 30 million tonnes. World trade is dominated by four major exporters who together account for over 70% of global trade: Thailand, Vietnam, India and Pakistan.

Bangladesh, Indonesia and sub-Saharan Africa are the three largest rice importers.

Pattern of trade



The EU has traditionally been a net importer of rice, primarily high-quality husked rice, while exports consist primarily of milled rice. Imports increased significantly immediately after the end of the Uruguay Round in 1994, basically as a result of the reduction of duties on basmati rice from India and Pakistan and of the preferential regime in favour of ACP countries under the Cotonou agreement. Up until 1994, imports had

remained stable at approximately €200 million, but in 1994 and 1995 they exceeded €300 million. Since 1995, they have constantly been ranging around €400 million. In 2005, imports of all varieties totalled €403 million as against €306 million in 1995. Over the same period, on the other hand, exports declined from €25 million to €6 million.

India, Thailand, the US and Pakistan are the traditional leading exporters to the EU with respectively 29%, 25%, 20% and 12% of the EU market in 2005. They do not compete however for the same rice types and varieties. The US is the largest exporter of husked long grain rice, and Thailand is the main exporter of milled rice. India and Pakistan primarily export husked basmati rice. These two countries have enjoyed respectively 11,4% and 24,3% average annual growth since 1995, primarily due to the preferential market access granted to basmati rice under the Uruguay Round and maintained by the new import regime implemented in 2005. The EU also imports large quantities of husked rice from two ACP countries - Guyana and Suriname - which enjoy preferential access to the EU within a TRQ under the Cotonou Agreement. They account respectively for 7% and 2% of the EU market.

The EU's exports (milled rice) are evenly spread over a variety of markets, each absorbing traditionally around 5%-6% of its exports. In 2005, however, the main destination was, by far, Turkey which absorbed 24% of the EU's exports, followed by Switzerland with 13%.

Main trade partners	EU imports				Average annual growth
	million Euro		% of total		
	1995	2005	1995	2005	
Extra-EU	306	403	100%	100%	2,8%
India	40	116	13%	29%	11,4%
Thailand	37	99	12%	25%	10,4%
Usa	98	82	32%	20%	-1,9%
Pakistan	5	48	2%	12%	24,3%
Guyana	3	28	1%	7%	26,5%
Egypt	0	7	0%	2%	79,4%
Surinam	0	7	0%	2%	41,5%
Vietnam	1	3	0%	1%	13,7%
Uruguay	0	3	0%	1%	40,2%
Ni Antilles	91	2	30%	1%	-30,6%
Rest	31	6	10%	2%	-14,7%

Source : Eurostat COMEXT 20 September 2006 (S.R. 4)

Main trade partners	EU exports				Average annual growth
	million Euro		% of total		
	1995	2005	1995	2005	
Extra-EU	125	96	100%	100%	-2,6%
Turkey	4	23	3%	24%	20,2%
Switzerland	7	12	5%	13%	6,3%
U.A.Emirates	0	6	0%	6%	50,4%
Norway	2	5	2%	5%	9,6%
Usa	6	5	4%	5%	-1,5%
Israel	4	4	3%	5%	0,3%
Lebanon	1	4	1%	5%	19,0%
Algeria	1	4	0%	4%	21,9%
Croatia	2	4	2%	4%	6,2%
Russia	3	3	2%	3%	-2,1%
Rest	96	26	77%	28%	-12,1%

Source : Eurostat COMEXT 20 September 2006 (S.R. 4)