Rice Markets of the Americas was affected by Global Price Rises in 2008?

Patricio Méndez del Villar
Centre de Coopération Internationale en Recherche Agronomique pour le Développement (Cirad)
Overview

1. Rise Prices 2008: A crazy year!
2. Global Grain and Oil Price Trends
3. Global Rice Prices and Regional Prices
4. Global Rice Trade and Western Hemisphere Trade
5. Production Outlook in the Americas
6. Consumption Trends
7. Few considerations on prevailing issues for future trends
1. Rise Prices in 2008: A crazy year!

OSIRIZ/InfoArroz International prices Index (IPO)

base 100 = January 2000
source: Osiriz/InfoArroz

From October 2007 to October 2008

Later 2007

Later 2008

May 2008
2. Global grain price trends

[Graph showing global grain price trends for US Wheat, US Corn, and Thai Rice.]
Rice & Oil Price trends

NYMEX Crude Oil Futures Close (Front Month)

OSIRIZ:InfoArroz International prices Index (IPO)

www.infoarroz.org/portal/es/index.php

www.wtrg.com/daily/crudeoilprice.html#Crude
3. Global price trends and regional prices

1. Global prices & regional export market prices
   Thai US & Mercosur

2. Global prices & domestic market prices
   Mercosur and others South American countries
Global rice prices & regional prices

Export rice market prices
Index 100 = October 2007

Global prices of rice and domestic prices
Index 100 = October 2007

Thai prices: Rise 3 times
US prices: Rise 100%
Domestic prices: Rise 50-75%
Rice Trade Outlook in the Americas

- **World imports**: 30 Millions tons
  - **Americas**: 4.5 Mt
  - **Imports-share**: 15% Global trade

- **World exports**: 30 Millions tons
  - **Americas**: 5.5 Mt
  - **Exports-share**: 18% Global trade

**Map notes**
- **North Am Imports**: 1.1 Mt (25% US exports 3 - 3.1 Mt)
- **Central Am & Caribbean Imports**: 2 - 2.3 Mt
- **South Am Imports**: 1.1 Mt (25% Mercosur exports 1.9 Mt)
- **North Am Imports**: 25%
- **Central Am & Caribbean Imports**: 50%
- **South Am Imports**: 25%
- **Mercosur exports**: 35%
Rice import trends in the Americas

- **Significant imports** started in 1990’s & 2000’s (Brazil, Cuba, Mexico, Haiti, Peru, Colombia…) where production decline (**low prices**, high production costs and lack of credit)
Main Rice Importers in the Americas

Brazil

Cuba

Mexico

Haiti

Rice Imports
Others Rice Importers - Americas

Peru

Colombia

Canada

United States
Rice Imports in the Americas: recent impacts?

Recent Import Trends

- Central America & Caribbean: -1% → +1% → +4%
- North America: -2% → +3% → +2%
- South America: +4% → +4% → +5%

In Thousand tons

Rice export trends in the Americas

- First period: one main exporter (USA)
- Second period: two areas (USA & Mercosur countries)
- Recent period: various areas (USA, Uruguay, Argentina, Brazil, Guyana, Ecuador, Venezuela)
Main Rice Exporters in the Americas

United States

Uruguay

Argentina

Brazil
Other Rice Exporters in the Americas

Guyana

Ecuador

Venezuela

Suriname
Rice Exports in the Americas: recent impacts?

**Recent Export Trends**

<table>
<thead>
<tr>
<th>Year</th>
<th>USA</th>
<th>MERCOSUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/2007</td>
<td>4500</td>
<td>1500</td>
</tr>
<tr>
<td>2007/2008</td>
<td>4800</td>
<td>1500</td>
</tr>
<tr>
<td>2008/2009</td>
<td>4500</td>
<td>1500</td>
</tr>
<tr>
<td>2009/2010</td>
<td>4800</td>
<td>1500</td>
</tr>
</tbody>
</table>

- USA: +15%
- MERCOSUR: +1,5%
- MERCOSUR: 15%
Almost rice imports are supplied by **regional exporters**:

- **USA** is a major exporter to Mexico and Canada
- **Argentina and Uruguay** are major exporters to Brazil
- **Guyana** is a major exporter to Jamaica and Trinidad & Tobago
- **Ecuador** exports → Colombia & Peru
Rice Exports in the Americas: New trends

New destinations
- Africa
- Middle East
- Far East
- Europe
News destinations for US Rice?

- **US Exports in 2007-2008**
  - Decrease
    - North and Central America & Caribbean (traditional markets) but still main market (60% export-share). Future less ? 50% ?
  - Increase
    - South America (Colombia, Venezuela)
    - Middle East (Jordan, Saudi Arabia)
    - Southeast Asia (Philippines)
    - Sub-Saharan Africa (Ghana)
    - Oceania (Papua New Guinea)
And Mercosur Rice?

- Mercosur Exports in 2007-2009
  - Brazil is still the traditional market for Uruguayan & Argentinean rice
  - News contacts in African markets, Europe and Near East
  - Brazil: A new export actor? (West Africa and South Africa)
6. Rice Production Outlook in the Americas

- Rice is grown in all Americas Countries.
- Rice Areas decreased.
- Yields trends rose since 1980's Green Revolution, irrigated areas.

+ 25 Millions ton from 1960's Yields x 2.5 times

2 ton/ha
2 Mha
10 Mt
5 Mha

35 Mt
5.2 ton/ha
9.5 Mha
6.5 Mha


Rice Areas
Yields
Production
areas
Rice Production in the Americas by Main Regions (2008-09)

- *La Plata River Basin*: 11.65 Mtons (33%)
- *West Center & North*: 3.5 Mtons (10%)
- *Ecuador*: 0.80 Mtons
- *Peru*: 2.55 Mtons
- *South Brazil*: 8.95 Mtons
- *Argentina*: 8.26 Mtons
- *Caribbean*: 1.2 Mtons (3%)
- *Guyana & Suriname*: 0.7 Mtons (2%)
- *Colombian & Venezuelan Llanos*: 3.1 Mtons (9%)
- *Andes area*: 1.1 Mtons (3%)
- *Central America*: 1.2 Mtons (3%)
- *California*: 1.9 Mtons (6%)
- *USA*: 9.1 Mtons (26%)
- *Southern States*: 7.2 Mtons (24%)
- *Bolivia*: 0.4 Mtons
- *Guyana & Suriname*: 0.7 Mtons (2%)
- *Chile*: 0.13 Mtons
- *Uruguay*: 1.35 Mtons
- *California*: 1.9 Mtons (6%)
- *South Brazil*: 8.95 Mtons
- *Argentina*: 8.26 Mtons
- *Caribbean*: 1.2 Mtons (3%)
- *Guyana & Suriname*: 0.7 Mtons (2%)
- *Colombian & Venezuelan Llanos*: 3.1 Mtons (9%)
- *Andes area*: 1.1 Mtons (3%)
- *Central America*: 1.2 Mtons (3%)
- *Southern States*: 7.2 Mtons (24%)
- *Bolivia*: 0.4 Mtons
- *Guyana & Suriname*: 0.7 Mtons (2%)
- *Chile*: 0.13 Mtons
- *Uruguay*: 1.35 Mtons
Regional Production in 2009 was affected by recent price rises?

- Production increase by areas
  - North and South America
  - Brazil, Colombia, Uruguay, Argentina, Mexico, USA
6. Rice Consumption Outlook

- Rice consumption in the Americas
- Rice Consumption by Regions
- Rice Consumption Trends
Consumption by regions in the Americas

- Average in Americas: 27 kg/caput
- Higher consumers: Caribbean countries (45 kg/caput)
- Lower consumers: North America (10 kg/caput);
- Central America (12 kg/caput)
- South American countries (36 kg/caput)
**Rice Consumption Change by Regions in the Americas**

<table>
<thead>
<tr>
<th>Consumption change (1000 t)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006/07</td>
</tr>
<tr>
<td>Caribbean</td>
<td>+97</td>
</tr>
<tr>
<td>Central America</td>
<td>+8</td>
</tr>
<tr>
<td>North America</td>
<td>+295</td>
</tr>
<tr>
<td>South America</td>
<td>-468</td>
</tr>
</tbody>
</table>

*Source: Fas-USDA, 2009*
Rice Consumption Trends in the Americas

Consumption caput

15 kg/caput

Consumption

27 kg/caput
7. Considerations for Future Trends

While significant improvement in rice production in LAC, regional demand still surpasses production. All most Caribbean countries have a little potential of domestic production; they will continue to be rice importers. In several LAC countries production remains below the national potential. Most reasons: low yields in irrigated rice sector; in many this countries the yield gap is large; an opportunity of additional production.
Thanks you very much!

Patricio Méndez del Villar

CI RAD
patricio.mendez@cirad.fr