RICE SITUATION

Rice Watch and Action Network

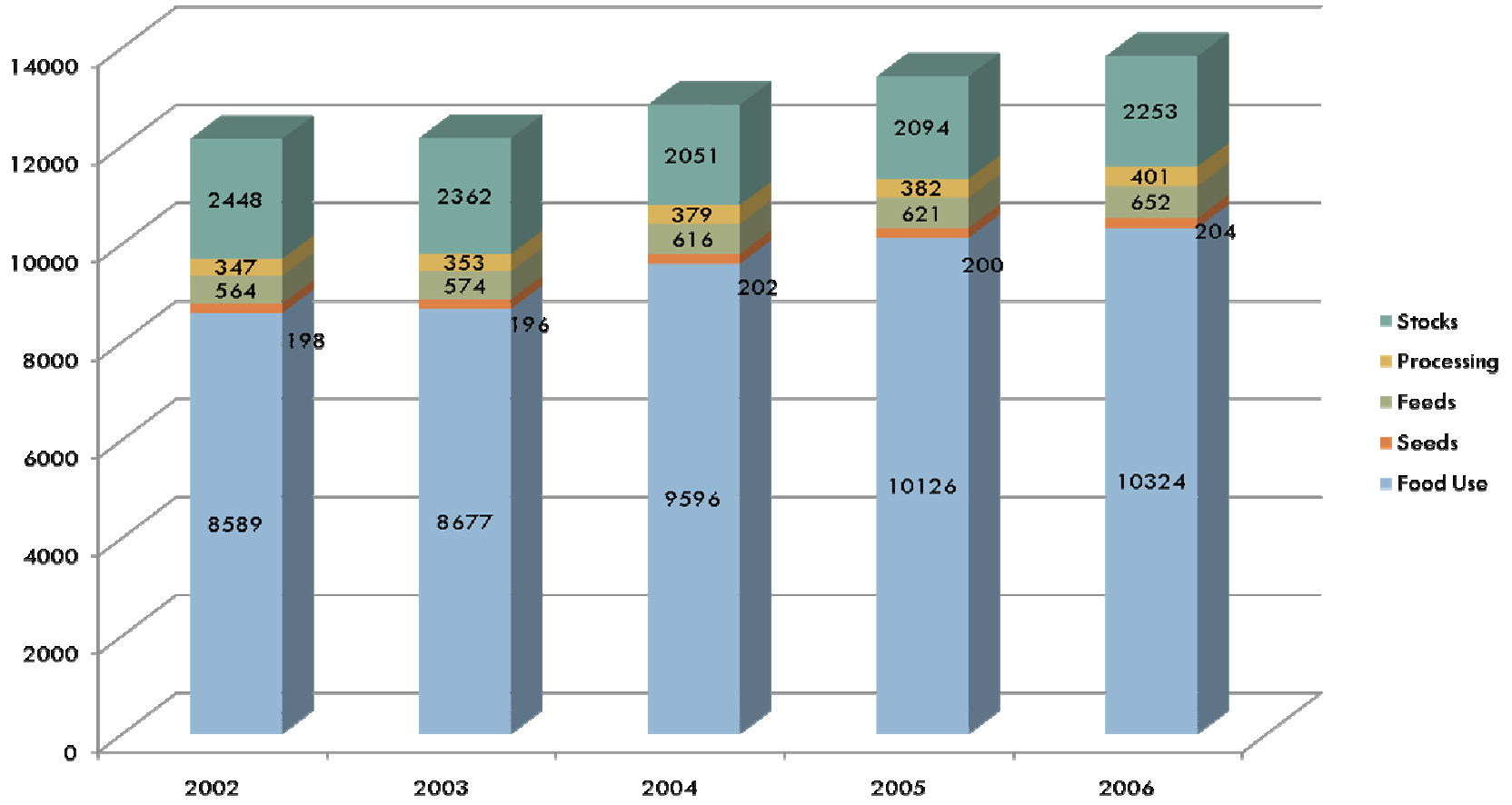
International Rice Trends

- India, China, Thailand, Vietnam are the major producers of rice;
- prices are at a 10 year high while global stocks are at a 30 year low;
- Main exporters are Thailand, Vietnam, exporting about 4-5 million tons every year;
- Vietnam has lost about 500,000 hectares of irrigated lands since 2001 to 2007 to industrialization. Irrigated rice accounts for 80% of Vietnam's rice area and is grown on about 3.4 Million hectares and providing about 90% of the national production. The minister of Agriculture in Vietnam Cao duc Phat has said that the loss is expected to equal current rice exports. It would mean the Vietnam will no longer have extra rice for export; Vietnam's rice farms are also affected by pests ;
- Vietnam, India, Egypt and Cambodia has limited its rice exports. Thailand has not issued any restrictions on its exports yet;
- India has placed its rice exports at $1000 per ton as a disincentive even as prices are $700 to 750 per ton of rice.

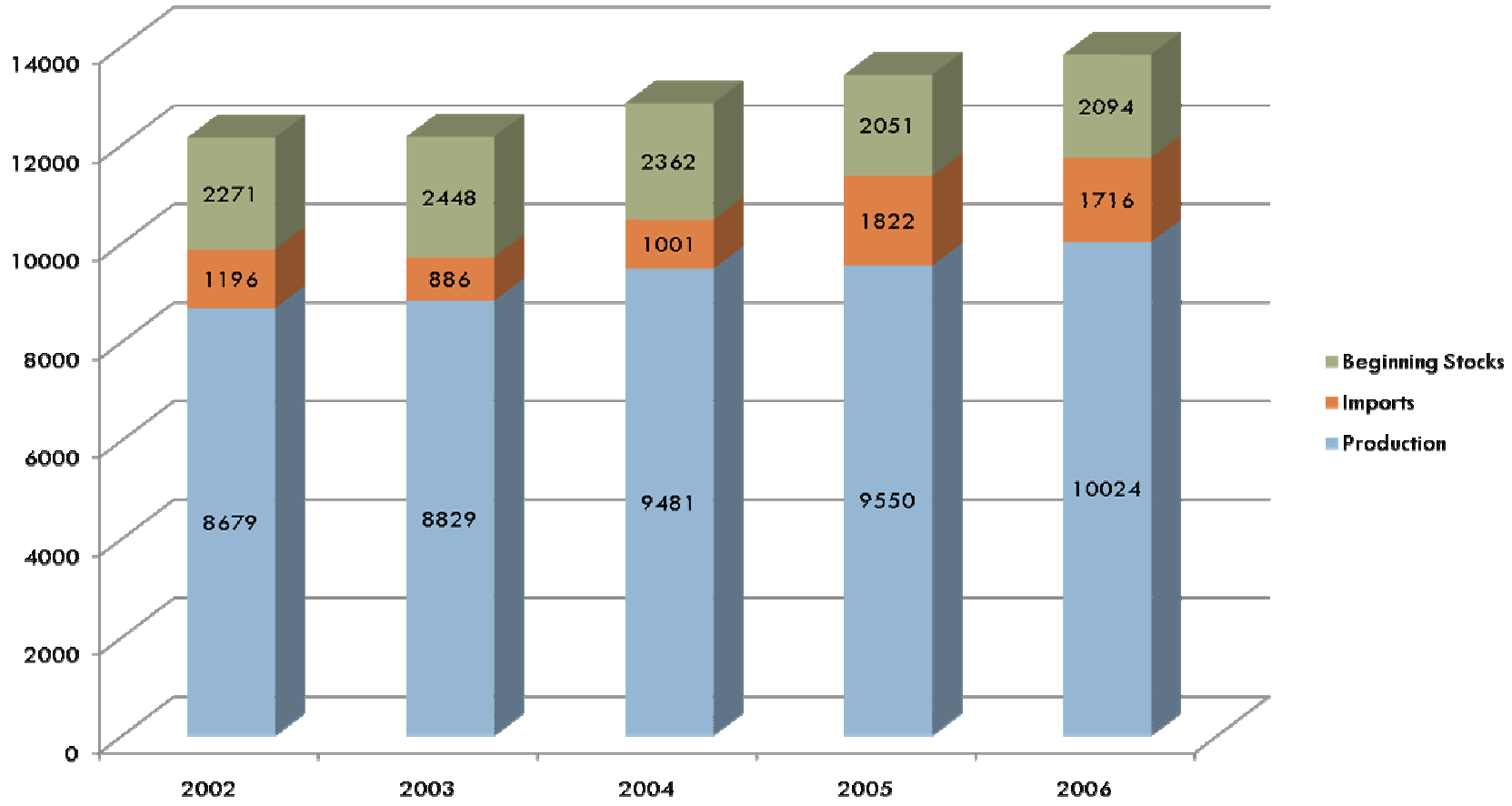
International trends

- Shipments are still being made to complete contracts signed months ago according to a rice broker in London
- Cambodia was halting all private sector exports while Egypt banned rice exportation to conserve supply
- Only 7% of world's production is traded internationally;

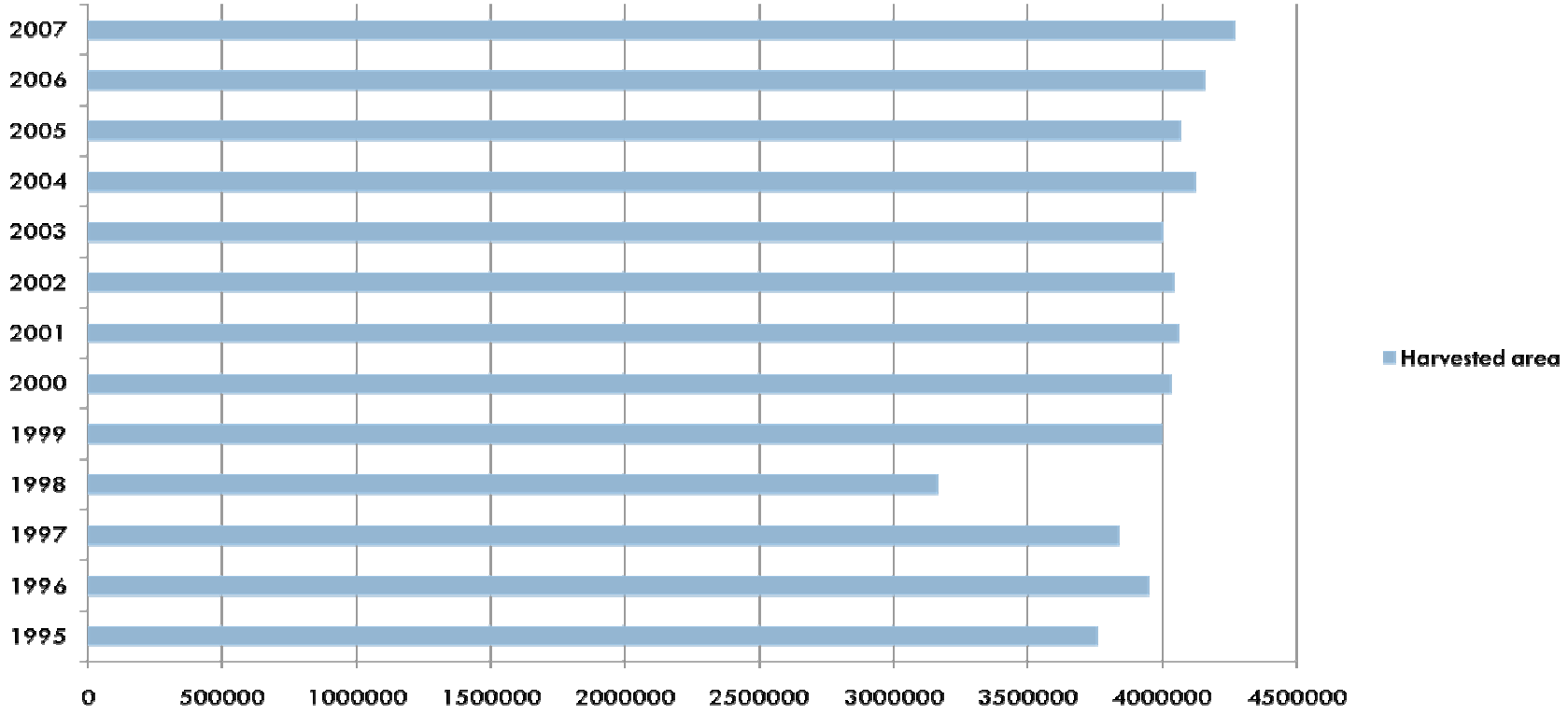
Total Rice Demand (2002-2006, in MMT)



Total Supply-(2002-2006, in MMT



Palay Harvested area of the Philippines



2007 data

- 16.240 MMT palay yield = 10.5 MMT rice
- 4.273 million hectares
- Yield= 3.8 mt/ha
- Rice importation=1.8 MMT

2008

- 1st semester is forecasted at 7.15 million MT or 6.33 % hgiher than the 6.73 MMT in 2007
- NFA Stocks inventory as of Feb 2008= was at 268.5 MMT(down by 24.7% from same period in 2007)
- Imported already about 700,000 to 800,000 mt and is asking Vietnam for another 1.5 MMT from Vietnam; US pledged another 100,000 mt as part of the PL480 program
- We bought imported rice at $600-$7 per ton,
- Importation cost will reach Ph58.7 Billion to prevent a shortage

Can we be self sufficient?

Simulation done by PHILRICE in 2004

Intervention	Required Investment (2005-2010)	% Self Sufficiency by 2010)	Year of Self Sufficiency
Irrigation	11 B	91	2019
Postharvest	1 B	96	2014
Yield 1	41 B	102	2010
Yield 2	37 B	97	2020
Combine 1	59 B	109	2009
Combine 2	49 B	104	2010

Assumptions

- Population growth rate at 2.36%, base pop=80.429 M;
- 1. Irrigation intervention- seed use, postharvest loss and growth rate in area and yield remain the same, but with additional irrigated area of 10,000 ha, cropping intensity at 1.5 and investment startes 2005 and ends 2010 and cost of irrigation development at 180,000/ha
- Postharvest Intervention- seed use, growth rates in area and yield are the same but post harvest losses are decreased to 12% and milling recovery is increased to 67%
- Yield intervention at number 1- hybrid rice area is 15% (2010); 2011-2013 (12.5%), 2014-2020 (10%); certified seeds is at 60, 55, 50 percent; yield growth due to improve crop management at 3, 3 and 3 hectares and subsidies in certified seeds, hybrid and crop management until 2013.
- Yield intervention 2- hybrid rice area at 10, 8.5, 7.5; certified seeds at 50%, 45% and 40%, yield growth due to improve crop management at 3, 3,3; subsidies for hybrid, certified and crop management

Will liberalizing rice imports make a difference? – R1 computation

Now	Tariff	747 import price	Cost/kilo	In pesos	Packing and hauling at 10% mark up
	40	1045.8	1.0458	41.832	46.0152
	20	896.4	0.8964	35.856	39.4416
	10	821.7	0.8217	32.868	36.1548
	0	747	0.747	29.88	32.868
Jan 2008		430 import price			
		602	0.602	24.08	26.488
		516	0.516	20.64	22.704
		473	0.473	18.92	20.812

Production Estimates this April

(as computed by Ka Jimmy Tadeo)

=800,000 irrigated area X 3.8 mt/ha (at 20 cavans per metric ton)

= 60,800,000 cavans

= 3.040 MMT x .65 (milling recovery) / 33,000 mt (requirement per day)

= 61 days

July, August, September 2008 are critical months.