

ASIAN RICE SUPPLY PLAGUED BY SHORTAGES, SOARING PRICES.By **Chaitanya Kalbag**

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LOS BANOS, Philippines, May 24, Reuter - Asia's rice producers, reeling from the effects of the worst drought in decades, are grappling with depleted stockpiles and soaring world prices for the continent's staple food.

Experts at the International Rice Research Institute (IRRI) here said on Tuesday last year's drought came close to shattering the region's overall self-sufficiency in food.

"The situation of apparent abundance is quite fragile," IRRI economist Cristina David told Reuters.

The U.N. Food and Agriculture Organization (FAO) predicts world rice stocks will plunge by over 30 per cent to 34 million tonnes this year, the lowest since the early 1970s.

IRRI experts say rice is a volatile commodity because most countries consume almost all the rice they produce and only about 2.5 per cent of annual output of 480 million tonnes is traded internationally.

Thai rice traders said fuelled by the shortages, prices for the benchmark 100 per cent Thai B Grade rice have soared to a seven-year high of 315 dollars per tonne and are likely to go higher in the second half of 1988.

Rice is the staple food for one-third of humanity. The IRRI estimates that by the year 2020, about 50 billion people -- the world's current population -- will depend on the cereal for the bulk of their daily diet.

Given the current shortages, that prospect looks daunting.

An IRRI paper said Vietnam, Laos and Kampuchea have appealed for nearly two million tonnes of rice in emergency food aid this year. A projected 1.5 million tonne rice deficit has caused "near famine" in many Vietnam areas.

Lulled by surplus stocks in recent years, many countries had switched to cash crops other than rice on marginal, less irrigated land, said S.K. De Datta, IRRI's chief agronomist.

Economist David said over the past decade most Asian governments neglected efforts to increase rice productivity.

"By the early 1980s many countries achieved self-sufficiency and slowed down investments in irrigation and research," she said. "The problem was how to get rid of your surpluses."

Because of the drought, the U.S. Department of Agriculture predicts the United States will overtake Thailand as the world's biggest rice exporter this year for the first time since 1981.

Last year Thailand, the world's fifth-largest rice producer, had an exportable surplus of 4.36 million tonnes, over a third of the total world trade.

The USDA projects the U.S., the world's 16th largest rice producer, will export about 2.6 million tonnes in 1988, up from 2.4 million last year, while Thailand's exportable surplus dwindles to 1.8 million.

Both India and Indonesia, which donated 100,000 tonnes of rice and other cereals each from their surpluses to Africa's famine-hit nations in 1985, have been forced to import food.

India imported about one million tonnes of foodgrains last year. The New Delhi-based independent Policy Group estimates stockpiles have shrunk to nine million tonnes from 23 million last year and more imports are likely later this year.

A U.S. embassy report projected Indonesia's rice output would fall short of the 1988 target of 28.6 million tonnes and forecast Jakarta would import 500,000 tonnes of rice this year.

The cash-strapped Philippines officially estimates 1988 rice imports will total 200,000 tonnes, but the USDA



says this could go up to 350,000 tonnes.

Bangladeshi officials say rice imports this year may total about 200,000 tonnes, down from 250,000 tonnes last year, but the FAO says stockpiles are at satisfactory levels following a good winter crop and cereal prices have started to fall.

Despite floods in Fujian province that damaged 8,000 hectares (19,768 acres) of unripe paddy, Chinese officials say output is likely to be higher this year and exports are expected to remain at the 1987 level of about one million tonnes.

Only Japan, where rice farmers enjoy substantial government subsidies, has a healthy surplus. An Agriculture Ministry official said oversupply was caused by good harvests, gains in stocks and declines in consumption.

Stocks at end-October in 1987 totalled 2.2 million tonnes against 1.02 million a year earlier. Japan imports or exports almost no rice.

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