

# THE AGRICULTURAL PRODUCTS IN THE INTERNATIONAL TRADE

## RICE

### 1. Comprehension of the situations

#### a) The Production

Main culture in Asia	91 % of the world production
Africa	3 % of the world production
America	5 %
Europe and Oceania	1 %.

#### - Unequal production systems:

	% of the surfaces	% of the world production	Countries & Regions
Irrigated production	55	75	USA, Australia, Europe, Asia
Flooded production	25	17	Poor and Populated regions
Rained production in mountain or plateau	13	4	Madagascar, India, South East Asia
Deep water rice growing	7	4	Bangladesh, South East Asia, West Africa South America
Burned Culture	20 millions of producers		Africa

#### - Important yield variation:

- Irrigated rice growing: exhaustion of the soils and groundwater; intensive culture, more productive, dependence of the agro-chemicals; 5000 litres of water for 1 Kg of rice if irrigation is not well managed; production multiplied by 3 since 1960; 2or 3 crops per year.
- Flooded rice growing: culture by rain water or dams
- Fluvial rice growing of mountain or plateau: very low production
- Rice growing in deep water: very low yield

World's average yield: 3,9 tonnes per hectare;

Variations: in between 9,5 tonnes/ha in intensive irrigated system (Australia)and 0,75 tonne/ha in traditional rainy system (Congo);

World production has tripled, from 200 millions of tonnes in 1961 to 600 millions in 2000.

Since 1990 the production is stagnant or even in regression:

- Limits of the green revolution;
- Vanishing of cultivated soils (due to urbanisation);
- Debt trap of small producers;
- Bankrupt: fall down of the world prices.

### **b) The Consumption**

Rice is the main produced cereal in the world and is the basic food of 50% of the world population; it provides, as an average, 20% of food energy of the world needs.

Rice mainly feeds Southern populations. It is the basic food in 17 Asian and Pacific countries, 9 South and North American countries, 8 African countries. Rice is the main source of income, for the local markets and self –consumption.

World consumption with a strong progression: + 40% in 30 years, from an average of 42 kg per head to 60 kg.

#### **Three types of consumption:**

- I Asian model: average of more than 80 kg per head, per year; in China 90 kg, Indonesia 150 kg, Myanmar: 200 kg;
- II Subtropical developing countries: average in between 30 and 60 kg per head and per year; Colombia 40kg, Brazil: 45 kg, Ivory Coast: 60 kg;
- III Occidental model: average less than 10 kg per head and per year; France 4 kg, USA 9 kg

The world consumption continues to grow: it is estimated today to 412 millions tonnes and is more than the volume of production.

Scarcity: the reserves today are lower than 20% of the global consumption. This is a major risk for the world food security, especially now, since the world trade is intensifying. It was in 2004, 26,2 millions of tonnes, it means 1,2 million tonnes more than in 2003.

### **c) The World trade**

The majority of rice production is consummated on the spot.

- Superior quality rice market- less than 10% of fragments- is dominated by the exporting countries: Thailand, USA, Vietnam, and satisfies only the demand of the industrialised countries.
- Less quality rice market: is dominated by the Asian exporting countries: Thailand, Vietnam, India and satisfies the demand of the developing countries (South America, Asia, Africa)

The world exchanges have developed with an annual rhythm of 7% during the 90`s to reach 25 millions of tonnes (5 to 7 % of the world production)

- Developing countries: provide 83% of exportations and receive 85% of total importation
- European Union: 17th rank of the producers (0,5% of the world production with 1,8 million of tonnes) and 10th rank of exporters (1,4 % of the exportations)
- USA: 4<sup>th</sup> exporter, 11,3% of rice sold in the world even if its production is 1,5% of the world production

#### Main exporting countries and market parts (1998 – 2000)

Thailand	27 %
Vietnam	27 %
China	14 %
USA	12 %
India	12 %
Pakistan	8 %

Asian exports concurrence with the African local production. 20 millions of producers grow rice mainly on “burned” places. Importations from ACP countries (Africa, Caribbean, Pacific except South Africa) are estimated to 3,6 millions of tonnes, from which 88% in Africa. Plans to restart rice growing in Africa could be disturbed by the availability of European rice with very low price (reform of rice sector in the EU).

Common rices represent 80 % of the world market, other rices: 20%

World prices have registered a strong fall down since 1980`s and much more in 1997/ 1998.

EU imports 2,9% of its consumption and is the 6<sup>th</sup> world importer in volume (718.000 tonnes). EU is also the 4<sup>th</sup> importer in value and exports 50.000 to 130.000 tonnes per year for food help.

#### d) Types of agriculture

- Irrigated rice growing
  - Industrialised, intensive, mechanised: USA, Australia, Europe
  - Family agriculture, controlled by land owners with very cheap labour in big rice fields; monoculture instead of biodiversity, very strong dependence to the agro-chemicals: Asia
- Other technologies (flooded, rainy, deep water): familial farms, low income, dam: South East of Asia, Africa and South America
- Burned culture: traditional agriculture, half nomadism following the burned lands: tropical region of Africa.

## **2. Analysis of the mechanisms**

### **a) Local Market**

Agricultural co-operatives: for example, in Laos (12) who ensures its food security up to 80% with setting up of micro-credit.

Traditionally: rice trade was realised by State organisms, through some exporting families

The measures regarding the price policy aims to ensure minimum prices for production, through official buying and guaranteed prices and control on the exportations by semi-public services. These control organisms have disappeared with the liberalisation of the market.

USA, Japan and European Union were adopted specific policies to support production while trying to respect WTO rules (diminution of the support, entry taxes and support to exportation). Policies of other countries, usually big producers lay on the following principles: export taxes in case of deficit on the internal market, support to exportation in case of surplus.

Between the developing countries, during those late years, Thailand did not provide direct support for exportation; just it provided cheap credit facilities for the packaging of rice. In 1997, India has set-up a fund for the promotion of Basmati rice exportation, while deducting 20 rupees per tonne on exportation, deduction doubled since 1999. Exportations in Vietnam were regulated by the government through export quotas, to authorised traders and by the establishment of minimum prices to exportation. Myanmar has given permission to some private societies to start exportation activities but only to sell rice bought to the State.

### **b) STN, Trans-national companies**

Since 1990, 40% of the world trade between 3 continents (white triangle: Asia, Africa, USA) are concentrated in the hands of 4 trans-national companies: the American Continental, Glencore and Cargill and the French one Rice and commodities.

Nowadays, the STN, especially Monsanto, continue to re-enforce their position on the market while operating as supplier of seeds, pesticides and fertilizer. Facing the world price fall of rice since 1997/1998, these traders purchase rice from the farmers with smaller and smaller prices on the domestic market.

### **c) International Agriculture Policies**

Agricultural policies regarding rice are now unified at the international level: we can find 3 models in the frame of the AoA (Agreement on Agriculture) of the WTO:

- EU: even if rice exchanges coming from the EU, represent only 0,4% of world exchanges, a common market organization exists to maintain rice production for the internal market and exportation. The AoA plans to pay rice 150 € per tonne instead of 300, the lack of income being compensated for the producers by more important direct aids. There are also supports for exportation more or less of 200 € per tonne. Europe also exports rice for food help: from 50.000 to 130.000 tonnes per year.

In the frame of the WTO, EU has limited its rice surface to 433.000 ha from which 75% are in Italy and Spain. Nevertheless EU imports quite a huge amounts of rice in preferential conditions, especially in the frame of ACP Agreements and “everything but arms”, 2,9% of its consumption being ensured by rice bought from foreign countries. EU is the 6<sup>th</sup> world exporter in value (718.000 Tonnes) and the 4<sup>th</sup> importer in volume.

- Japan: leads a policy of food sovereignty. The price and setting up of the market are submitted to State intervention. In 2000 the selling price on the internal market was more or less 4 times the price of California (USA). Government agencies realize the selling in conformity with WTO rules. Japan has to import 8% of its annual consumption. The imported rice is usually utilised for food support by processing industry. This contributes to maintain a higher price than the world price. The high prices stimulate the production and allow Japan to produce more than its needs. The State recommends the producers to reduce the surfaces of rice (fall of 35% since 1975).
- USA: the policy is also based on support to the farmers whether through price support or through production contracts between the producer and the government: loan for the campaign is available when world price is less than a reference price established for a defined quantity.

#### **d) FAO, United Nation Organisation for Food and Agriculture**

An international Rice Commission (CIR) exists since 1949. Its objective is to promote national or international actions regarding production, conservation, distribution and consumption of rice. It deals with scientific, technical and economical problems linked to rice.

#### **e) UNO, United Nation Organization**

Following UNO projections, we should count 8 milliards of inhabitants on earth by 2020 from which 5 milliards should be rice consumers. The world crop which is nowadays of 560 millions of tonnes should reach 840 millions of tonnes.

### **3. Perspectives for the future**

#### **a) Human rights**

Campaign of rice producers in the UEMOA (West Africa): to establish rules for rice export, to fix standard of production for the quality of rice; to stock local rice for bringing security, to establish a real agriculture policy inside the UEMOA.

#### **b) Towards solidarity economy**

Agricultural and trade policies in favour of the local producers and to support family agriculture.

#### **c) Food sovereignty**

Organic rice: product of high standard with a good added value that would re-enforce the position of the farmers in front of the STN more and more powerful. Even if they are very few but have the monopoly of the offer on the market.