



World Food Programme



RICE: REGIONAL CONTEXT AND IMPLICATIONS FOR TIMOR-LESTE

SAVING LIVES
CHANGING LIVES



The rice import dependency in Timor-Leste means that changes in international rice prices directly affect domestic prices. Peak of US\$0.66/kg in July 2023, marking a 16 percent increase from July 2022.

FACTORS



INTRODUCTION OF LIMITATIONS TO INDIAN RICE EXPORTS



DROUGHT-INDUCED JAM IN PANAMA CANAL LEADS TO INCREASED SHIPPING PRICES AND DELAYS



EXPECTED REDUCED GLOBAL RICE HARVEST



GLOBALLY STRONG DEMAND FOR RICE



FLOODS IN CHINA AND PAKISTAN

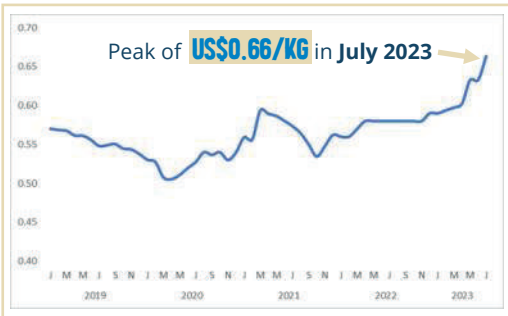


REDUCED PRODUCTION IN INDONESIA DUE TO REDUCED RAINFALL

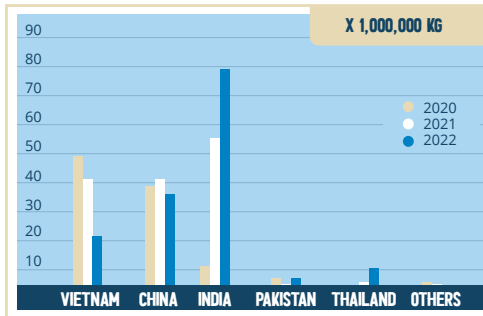


IMPACT OF EL NIÑO

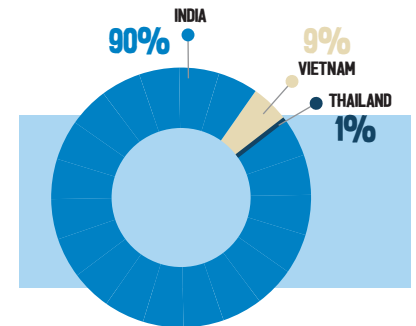
KEY RICE FIGURES OVERVIEW IN TIMOR-LESTE



IMPORT RETAIL RICE PRICES



TIMOR-LESTE IMPORTED RICE PER COUNTRY 2020 – 2022



IMPORTED RICE TO TIMOR-LESTE PER COUNTRY JANUARY-JULY 2023 %

MAIN ASIAN RICE MARKETS UPDATE

INDIA

SOURCE



On 20 July 2023, the Indian government recently imposed a ban on exporting non-basmati white rice. India's ban has caused disruptions in the international rice market and raised concerns about food inflation, particularly in Asian countries heavily reliant on Indian rice imports. India is responsible for about 40 percent of the global rice trade. The banned rice varieties comprise 15 percent of this trade. India's ban on rice exports has raised concerns in the world market, with rival suppliers potentially taking similar actions to avoid domestic shortages. This ban is reminiscent of restrictions India imposed in 2007/2008, which triggered a chain reaction of export curbs by other countries to protect their own supplies.

The impact of India's ban could be more significant this time due to India's increased share of global rice trade (over 40 percent now compared to around 22 percent 15 years ago), putting pressure on other major rice-exporting countries like Thailand and Vietnam to follow suit. Rising demand for their rice crops after India's ban may lead to further restrictions on exports, potentially triggering a chain reaction of export limitations. The *El Niño* weather pattern is also a concern, as it threatens rice crops in key producing countries in Asia, where most of the water-intensive crop is produced.

VIETNAM

SOURCE



Vietnamese rice exporters have renegotiated higher prices for around half a million metric tons of rice, following India's ban on overseas rice sales. This is the first confirmation of rice prices increasing due to India's ban. Importers have agreed to pay more for rice shipments. Asian rice exporters, including Vietnam, have raised their offered prices by around 20 percent since India's ban on non-basmati white rice exports. Importing countries are paying between \$30 and \$80 per ton above previous deals for fragrant Vietnamese rice, which was originally priced around \$550 per ton. The export ban by India has led to a reduction of 10 million tons of rice supplies from the international market. Broken rice is offered at \$620-\$630 per ton, and prior to India's export restrictions, Vietnamese rice prices were in the range of \$515-\$525 per ton. Vietnam will cut annual rice exports by 44 percent to 4 million tons by 2030. Vietnam will focus on the production of high-quality, fragrant and glutinous rice, while reducing the production of low-quality grains to 15 percent of total output by 2025 and to 10 percent by 2030.

Thailand's 5 percent of broken rice is offered at \$650-\$655 per ton, while the similar variety from Vietnam is offered at \$620-\$630 per ton. Prior to India's export restrictions, Thai rice prices were quoted at \$545 per ton, and Vietnamese rice prices were in the range of \$515-\$525 per ton.

CHINA

SOURCE



China, the world's leading rice producer, is facing heavy rain and flood risks in its grain-producing regions, which has reduced yields and increased global prices. Flood alert levels have been raised for three Chinese provinces (Inner Mongolia, Jilin, and Heilongjiang) that together account for 23 percent of the country's rice output. Recent devastating floods have affected key grain production areas in these provinces, leading to soaked grain fields and potential yield losses for the year. Reduced crop yields are expected to raise China's domestic grain prices and potentially lead to higher imports of rice to offset the yield loss. The increased demand for rice imports by China could contribute to driving global rice prices even higher.

THAILAND

SOURCE



Thailand's government is urging farmers to reduce rice acreage due to poor rainfall and depleted water reserves. This move is in response to concerns about *El Niño*'s potential impact on global food supplies, compounded by India's ban on rice exports. Thailand is the world's second-largest rice exporter after India. Thai rice prices have risen by nearly 20 percent since June due to fears that *El Niño* could lead to drying out plantations and damaging crops. The 2015/16 *El Niño* event caused a 16 percent reduction in Thailand's rice production due to severe drought, as measured by the *Gro Drought Index*. Thailand's rice-growing regions have received 23 percent less rainfall this year compared to the previous year. The reduction in rice yields has led some Thai farmers to plant alternative crops like cassava and sugarcane.

PAKISTAN

SOURCE



Pakistan, the world's fourth-largest rice exporter, suffered extensive damage to agriculture, including rice, as floods ravaged large swathes of its farmland. Pakistan is forecasted to have lost around 10 percent of its 2022 estimated rice production of around 8.7 million tonnes. Food prices have soared in markets across Pakistan as devastating rains ruin crops, as the worst floods in decades are creating food shortages. Global stocks have run low since last year in part due to floods in Pakistan, a major rice exporter. At the same time, climate experts indicate there could be further massive floods in Pakistan due to Arabian Sea warming, damaging crops. Rice is Pakistan's third-biggest export group bringing more than \$2.1 billion in FY23 despite the national production declining by 21 percent due to floods.

KEY RECOMMENDATIONS



STRATEGIC FOOD RESERVES

Creating 'secure and pest free' National strategic food reserves, procuring and storing essential commodities during stable periods to address emergencies and price spikes. This system ensures a controlled release of reserves during crises, stabilizing prices.



DROUGHT RESILIENT AGRICULTURE

Develop climate-smart agricultural practices to mitigate the effects of changing weather patterns, including *El Niño*.

Invest in research and development for drought-resistant crop varieties to ensure stable food production.

Establish trade agreements with neighboring countries to ensure a consistent supply of rice at stable prices.



STRENGTHEN PARTNERSHIPS

Explore options for rice imports from multiple sources to mitigate the impact of disruptions in any single market.

WFP can leverage international procurement with low rates.



DIVERSIFY RURAL INCOMES

Encourage crop diversification to reduce dependence solely on rice, enhancing food security and resilience.

Promote the cultivation of other staples such as cassava, sweet potatoes, and legumes, which yield more and are more nutritious.



PROMOTE LOCAL AGRICULTURAL PRODUCTION

Invest in agricultural infrastructure, irrigation systems, and technology to enhance local rice production.

Support smallholder farmers with training, improved seeds, and access to credit to increase domestic rice output



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