



# RICE TRADE IN THE AMERICAS

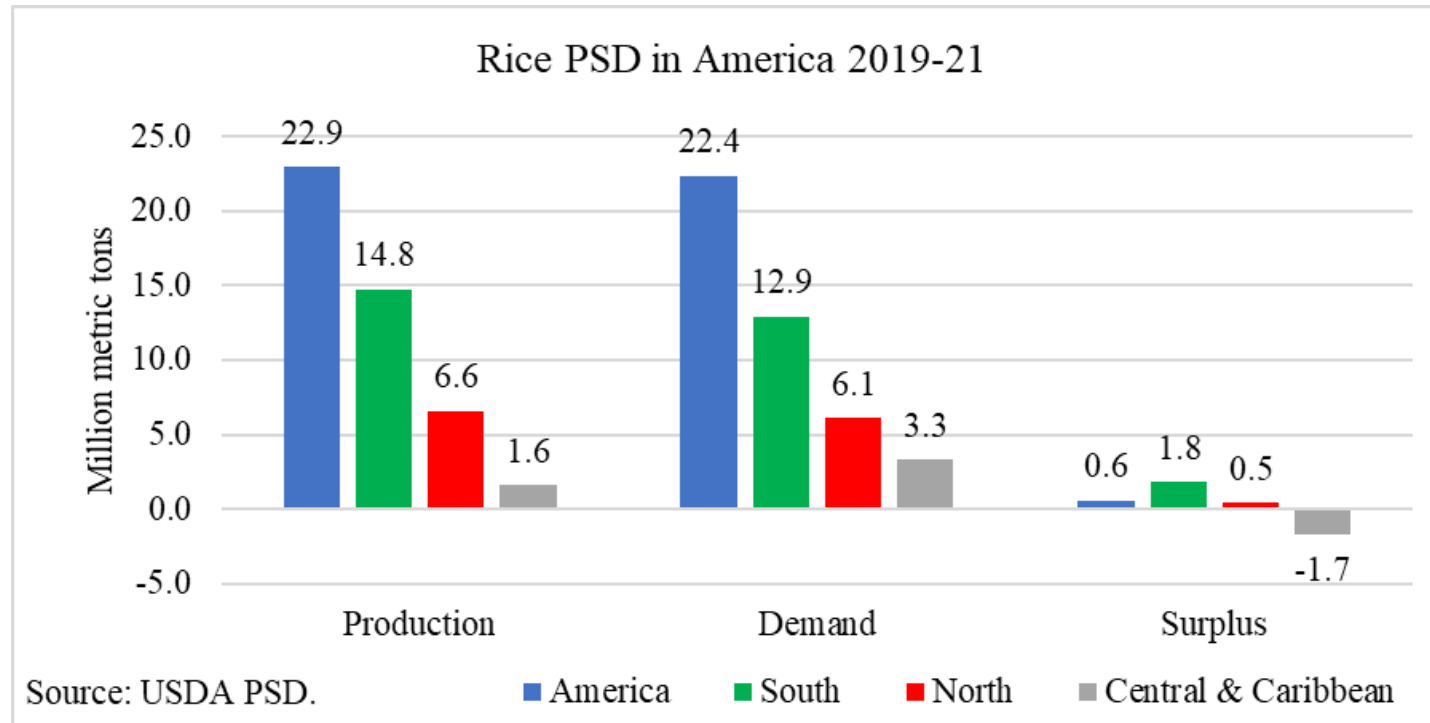
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# INTRODUCTION

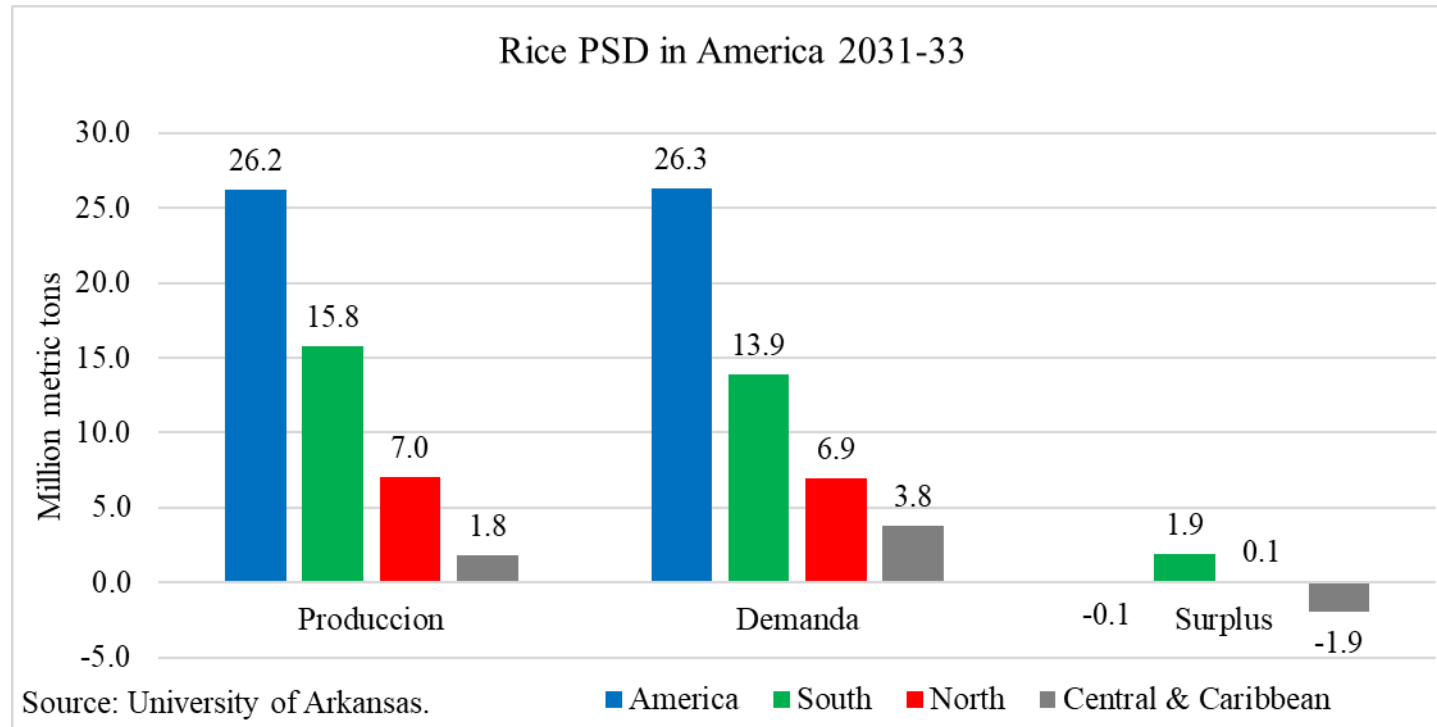
- Total rice production in America averaged 22.9 million metric tons in 2019-21.
- The continent is a marginal net exporter of rice, but some regions such as Central America and the Caribbean, are net importers





# INTRODUCTION

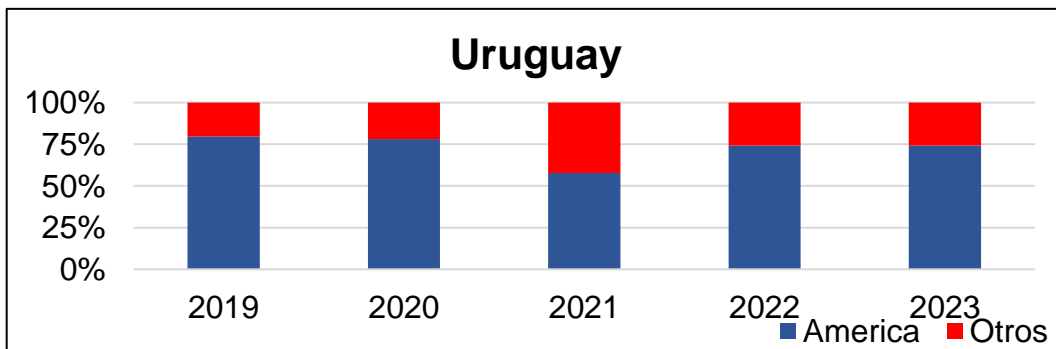
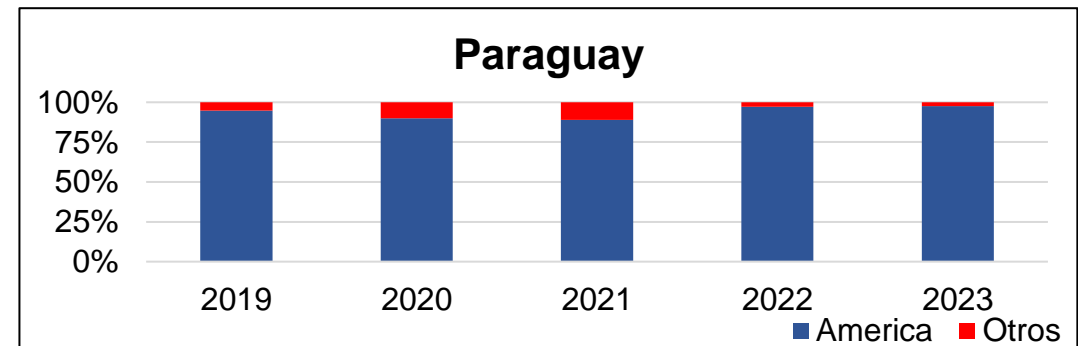
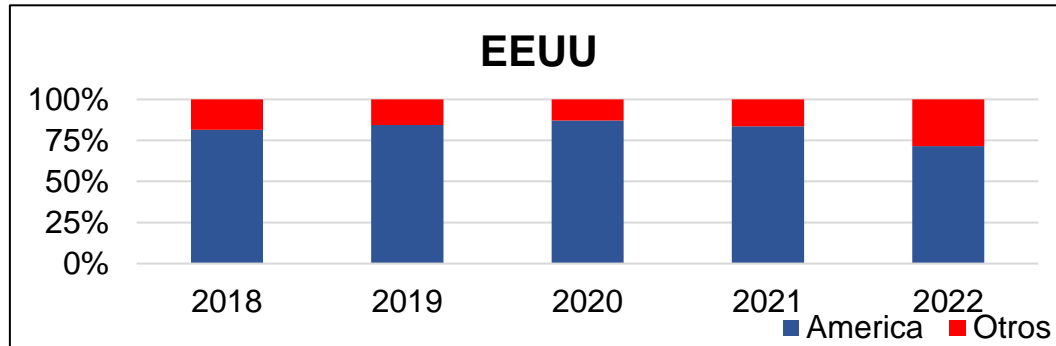
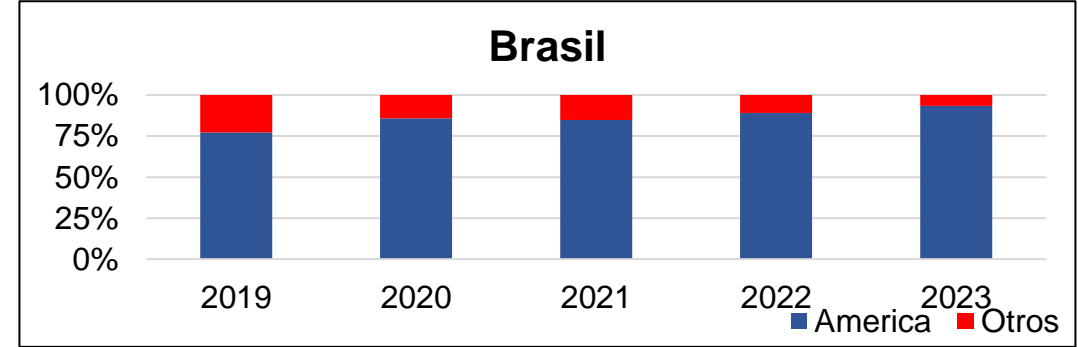
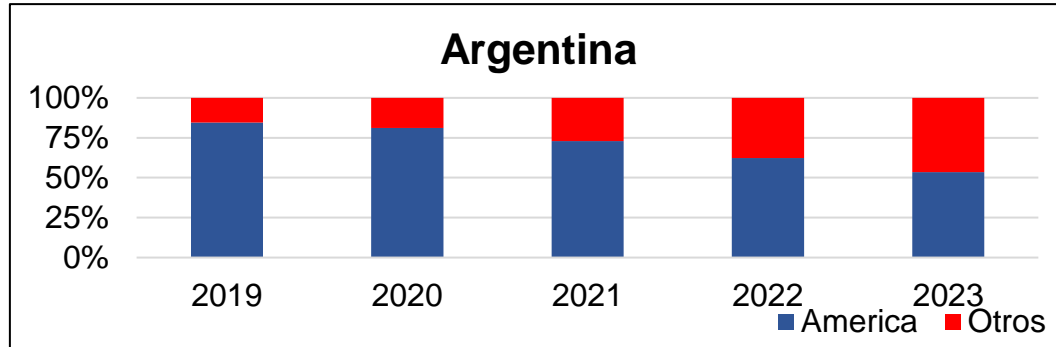
- Total rice production in America is projected to average 26.2 million metric tons in 2031-33.
- The continent is projected to become a marginal net importer, with South America being the only region with a sizable surplus





# INTRODUCTION

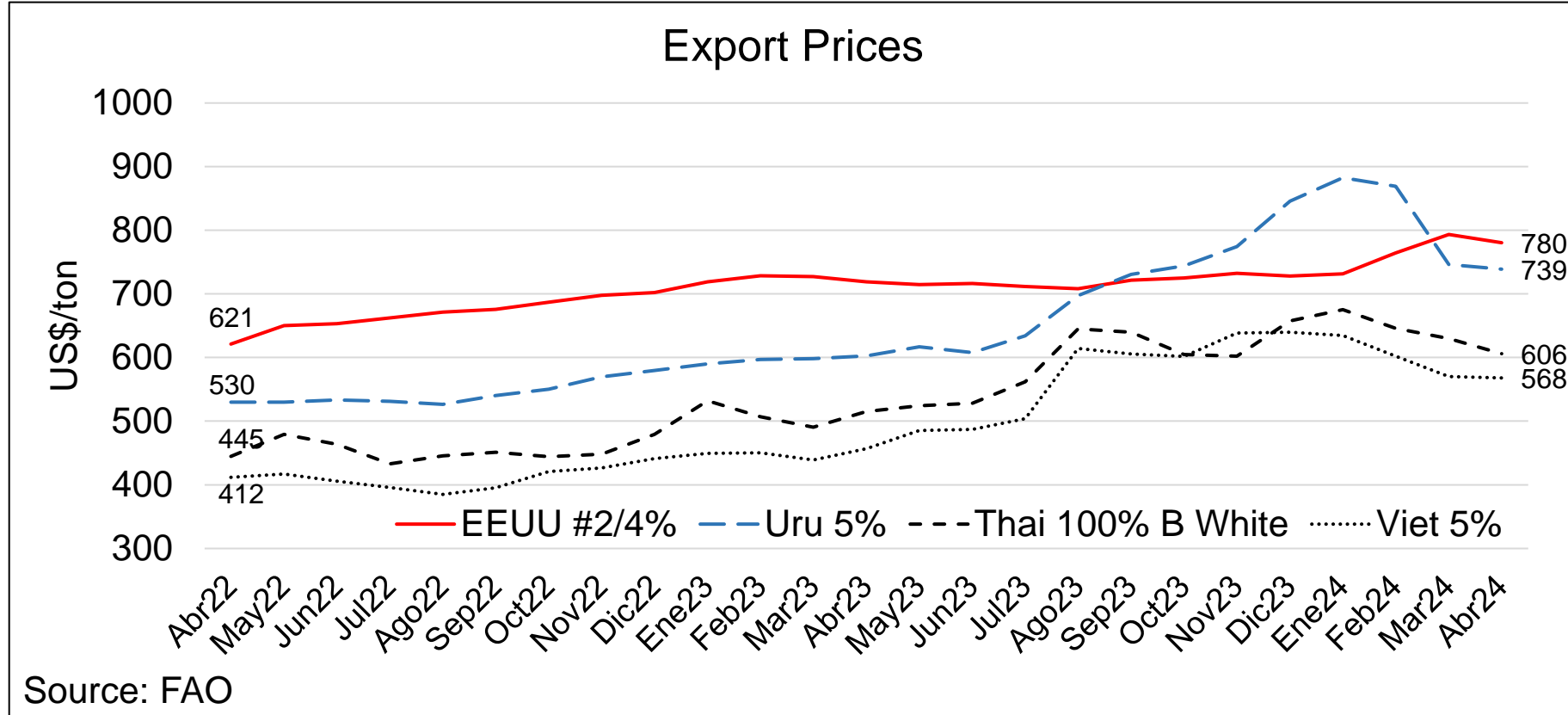
- Most exports are to partners within the continent





# INTRODUCTION

- Lack of price competitiveness vis-à-vis Asian rice





# U.S. MARKET OVERVIEW

## Domestic Support

- Around 99% of rice farmers enroll in the Price Loss Coverage program (PLC), which triggers payments when the PLC payment rate exceeds zero (when the effective reference price exceeds the farm price).
- PLC payments are based on historical (not current) production performance (historical yield and area planted).
  - Farmers can receive payments even if they do not grow rice. Likewise, farmers may not receive payments even if they produce rice
- The PLC payment rate for long grain rice was US\$44/MT, US\$30.1/MT, and US\$8.8/MT in 2019, 2020, and 2021, respectively, and zero for medium grain (japonica) rice.



# U.S. MARKET OVERVIEW

## Crop Insurance

- It is a growing component of the farm safety net. The government subsidizes, on average, 60% of the premium. Most rice farmers buy crop insurance coverage, primarily revenue protection.
- The U.S. notified spending US\$90 million in premium subsidies to the rice sector in MY 2022, which amounted to 2.79% of the value of production and therefore counted as de minimis

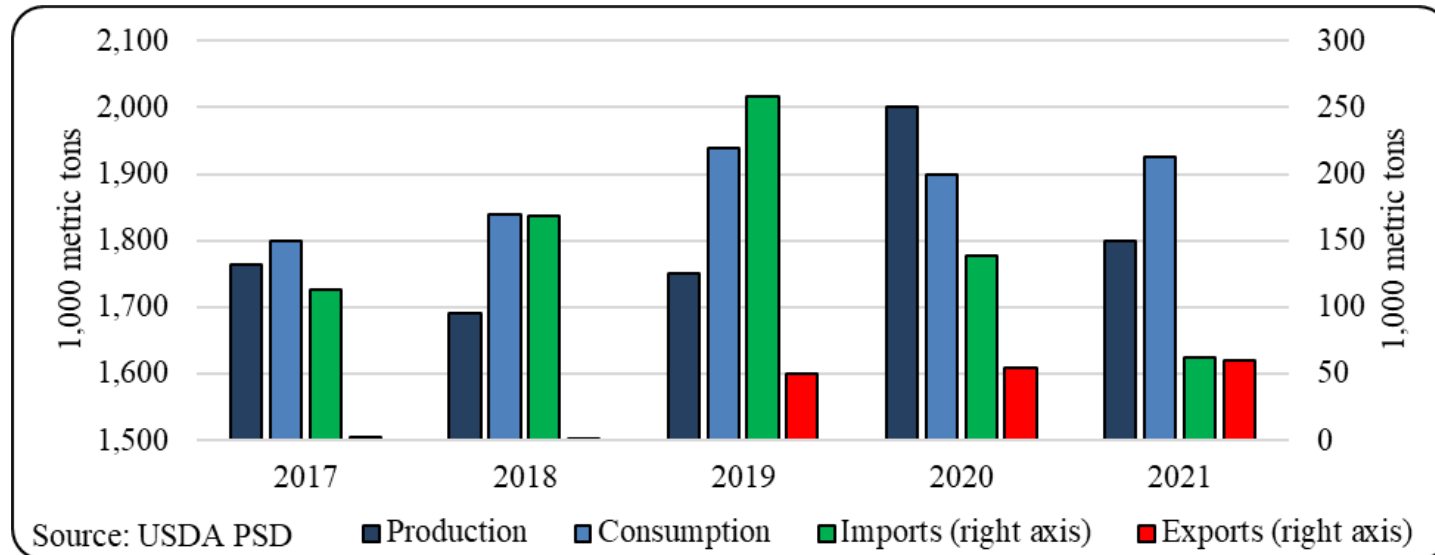
## Trade Policy

- The U.S. applies fixed import tariffs on most rice tariff lines, except for milled parboiled rice, on which it applies an 11.2% import tariff. The MFN import tariff per metric ton is set at US\$18 for paddy rice, US\$21 for brown rice, US\$14 for milled rice, and US\$4.4 for broken rice. Duty-free access is granted to many countries under several RTAs



# COLOMBIA MARKET OVERVIEW

- From 2017 to 2021, Colombia produced and consumed an average of 1.80 and 1.88 million metric tons (MMT), respectively, making it the 4th largest rice market in the Americas.
- It was a net rice importer, importing an average of 115 thousand metric tons annually.







# COLOMBIA MARKET OVERVIEW

## Trade Policy

- Protects the market with an 80% import tariff.
- Preferences granted to the U.S., Peru, and Ecuador under RTAs, and to Mercosur members under bilateral trade concessions

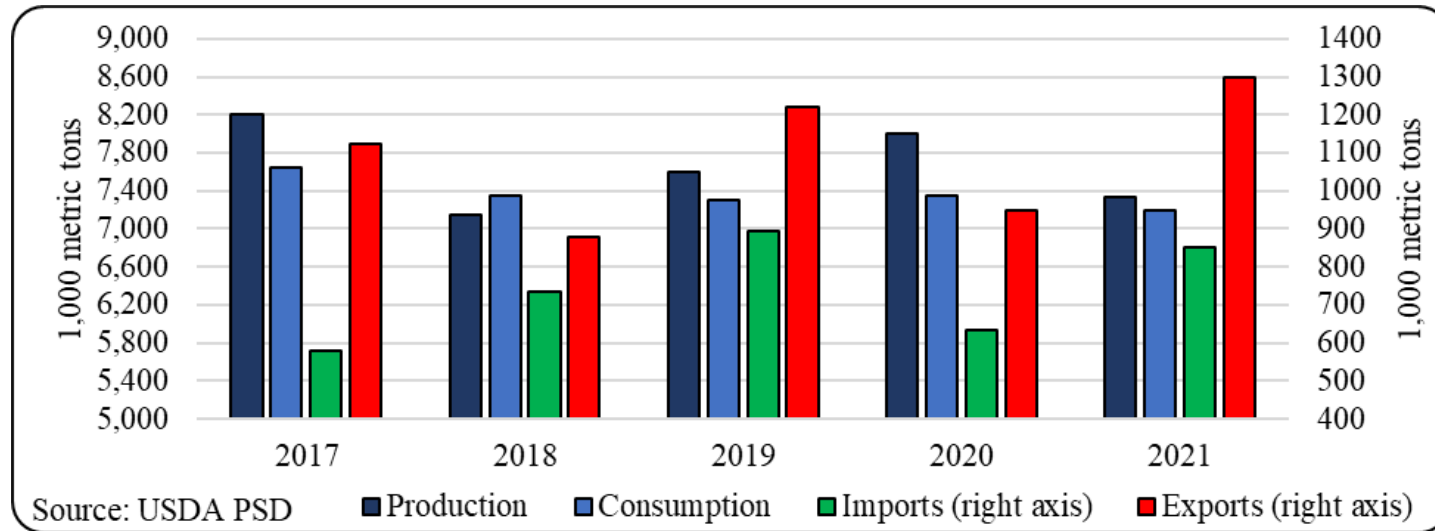
## R&D Investment

- AMTEC is a technology transfer program financed with the proceedings from the rice tariff-rate-quota (TRQ) negotiated in the Colombia-United States Trade Promotion Agreement.
- Contributions from farmers under the National Rice Fund. Rice producers pay a duty equivalent to 0.5% of the producer price, which is used to finance rice research and development.



# BRAZIL MARKET OVERVIEW

- From 2017 to 2021, Brazil produced and consumed an average of 7.7 and 7.4 MMT, respectively, making it the largest rice producer outside Asia.
- It has been a net exporter in the last several years, exporting 1.1 MMT and importing 0.7 MMT a year.
- It exports primarily paddy rice to other markets in the Americas, most notably Venezuela, Mexico, and Central America, and imports milled rice primarily from Paraguay and other Mercosur suppliers.





# BRAZIL MARKET OVERVIEW

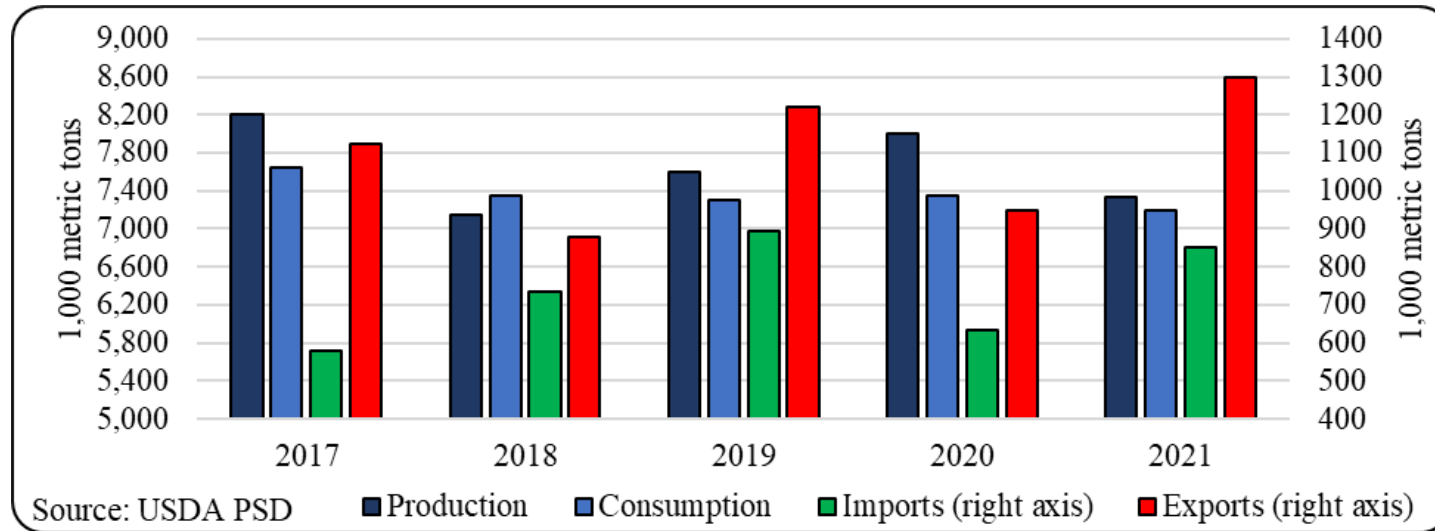
## Trade Policy

- As a member of Mercosur, extra-regional imports are subject to a common external tariff (CET), while intra-regional trade is duty-free.
- The CET is currently at 10% for paddy (HS 100610), brown (HS 100620), and broken (HS 100640) rice and 12% for milled (HS 100630) rice. Brazil waived import tariffs on rice during COVID-19 to help cope with increasing food prices.



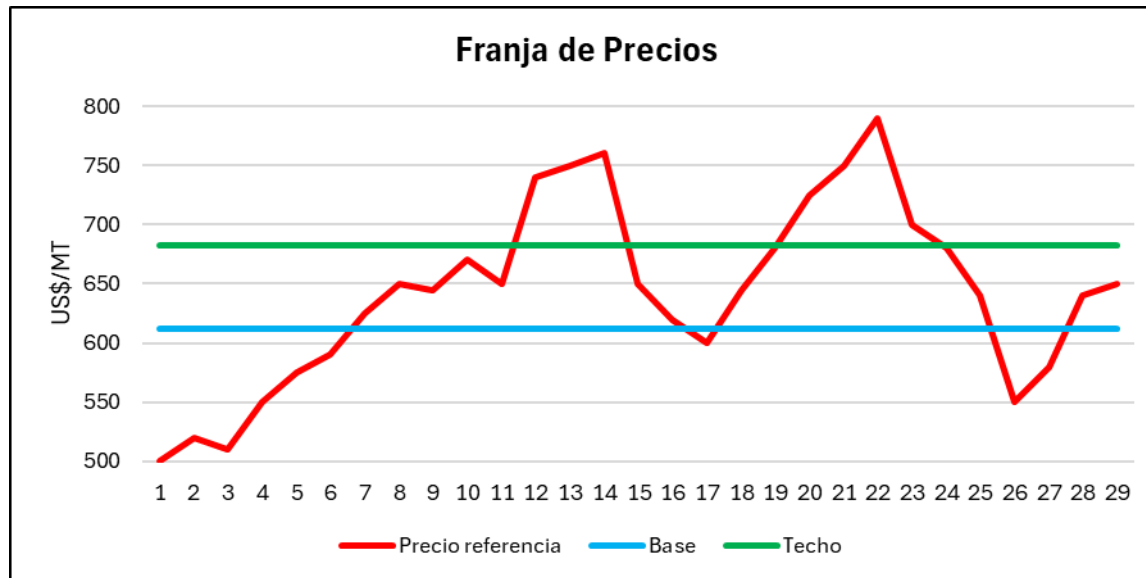
# PERU MARKET OVERVIEW

- From 2017 to 2021, Peru produced and consumed an average of 2.3 and 2.5 MMT, respectively, making it the 3<sup>rd</sup> largest rice market in the Americas after Brazil and the U.S.
- Peru imported an average of 283 TMT annually, primarily high-quality long-grain milled rice from Brazil and Uruguay.
- Peru exports some rice primarily to Colombia thanks to the duty-free access to that market granted as part of the Andean Pact.



## Trade Policy

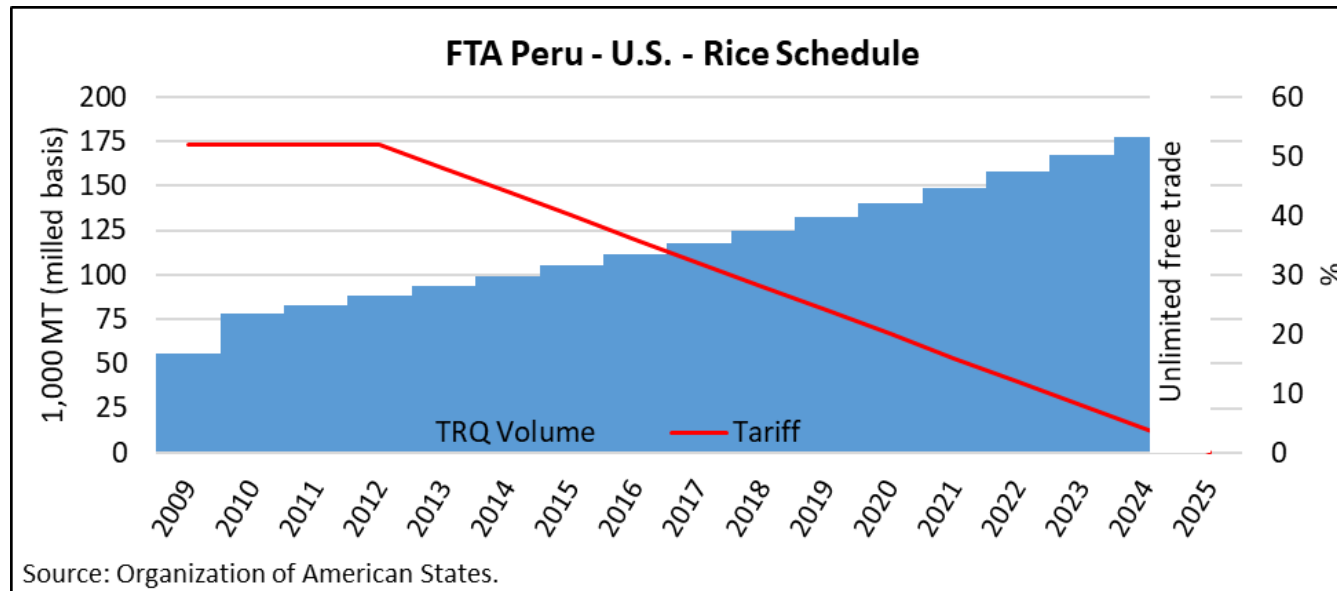
- Peru maintains a price band system for rice. The floor and ceiling of the band are set at US\$612 and US\$682/ton of milled rice.
- The current reference price (equal to the price of Thai long-grain rice) equals US\$732/MT, which results in a variable import duty of US\$0/MT. A year ago, the variable import duty was US\$67/MT.





## Trade Policy

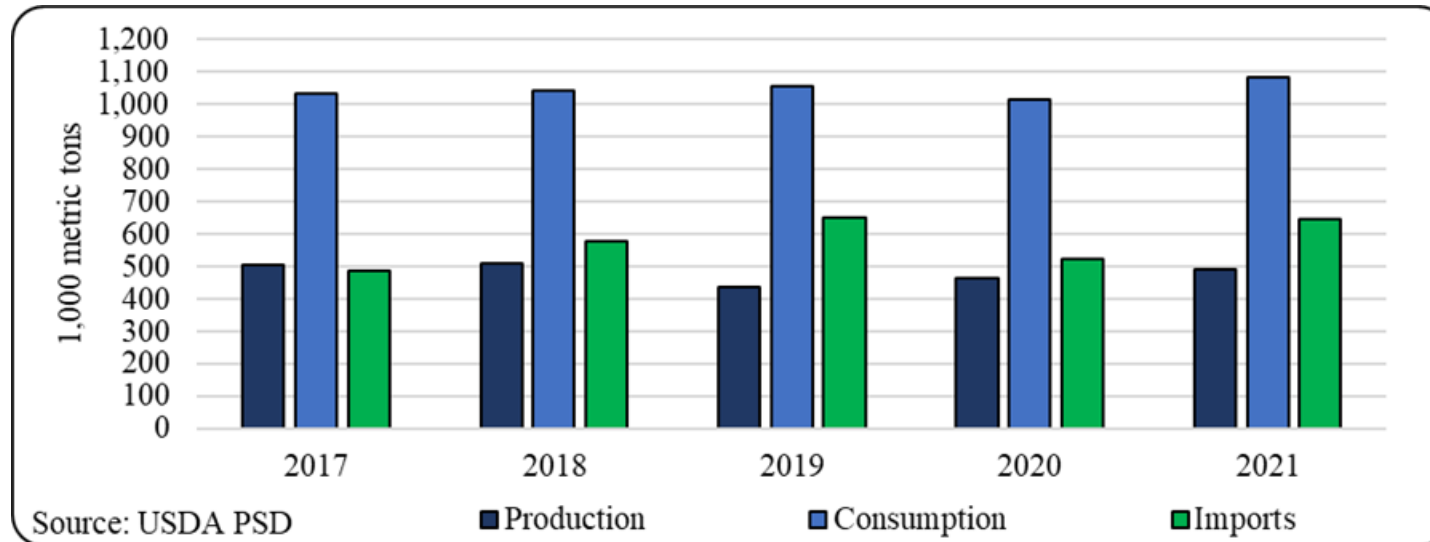
- Peru grants preferential access to U.S. rice through the Peru - United States Trade Promotion Agreement.
- Despite the preferential treatment, Peru imports almost nothing from the U.S. Brazil and Uruguay are the main suppliers.





# CA MARKET OVERVIEW

- From 2017 to 2021, Central America produced and consumed an average of 482 and 1,045 TMT, respectively.
- The region was a net rice importer, importing an average of 578 TMT a year.
- Central America consumes primarily long-grain rice.





# CA MARKET OVERVIEW

## Domestic Support

- All countries have a producer price support system estimated based on the production cost and expected profitability.
- The price support system is expected to be phased out after fully implementing DR-CAFTA.

## Import Policy

### Import Licenses

- Import licenses are granted to importers based on the share of domestic production they purchase. This mechanism, called performance requirement, ensures that the domestic production is sold at the guaranteed prices listed above.
- The import license system based on the performance requirement will be phased out after fully implementing DR-CAFTA.



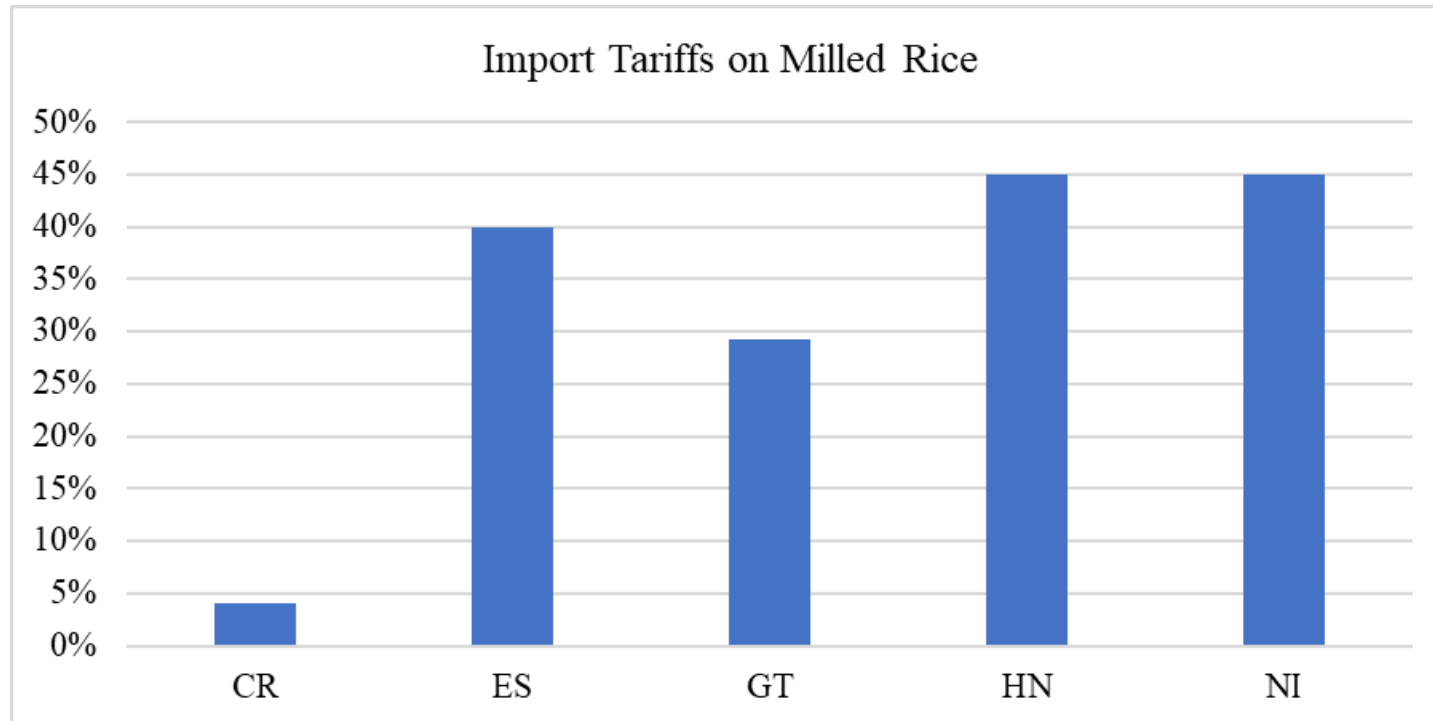


# CA MARKET OVERVIEW

## Import Policy

### Import Tariffs

- For most countries at levels above 25% (except Costa Rica, which reduced it from 35% last year)
- Preferential access to US rice via DR-CAFTA





# CONCLUSION

## 1. Most rice trade remains intra-continental

- *This is despite the significant price advantage of Asian rice.*
- *Main exceptions involve mainly specialty rice (e.g., aromatic rice into the U.S., exports of specialty rice from Mercosur into the EU).*

## 2. Protection remains in many countries, which seems to affect rice trade

- *Further trade integration could help allocate resources more efficiently*

## 3. Quality matters. Despite most rice being long-grain rice, quality plays a *de facto* protection in some markets

- *Peru does not import rice from the EEUU despite having preferences*
- *Brazil overtook the U.S. in the Costa Rican market primarily because of quality advantages*