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Asian rice-producing nations curb exports

Vietnam and India join Cambodia in securing domestic supplies as prices hit record highs

BANGKOK - RICE prices soared to all-time highs this week, prompting a scramble among Asia's producing countries to assure their own supplies.

The price of Thai rice, a global benchmark, shot up 30 per cent from US\$580 (S\$800) to US\$760 a tonne on Thursday, according to Reuters data. That was more than double its price of US\$360 a tonne less than three months ago.

As a result, Vietnam and India, the world's second- and third-largest exporters, said yesterday they will curb overseas sales. Cambodia earlier announced an export ban on the commodity.

Thailand, the world's largest rice exporter, might lower the hammer on exports in the second half of this year if the price continues to increase, the Bangkok Post reported yesterday.

The skyrocketing prices have encouraged Thai traders to substantially increase their exports, stoking fears about supplies within the country, said Mr Prasert Kosalwit, director-general of the Rice Marketing Department.

'A rice shortage in the local market is very likely,' he said.

LAST LOW IN 1976

RICE stocks in Asia last hit a low in 1976, when consumption rose and harvests dropped, mostly due to bad weather and insects.

Governments in affected countries responded by trying to import more from countries such as the US, moving to develop high-yield varieties of rice to increase output, as well as using more land for

Indonesia, South-east Asia's biggest economy, was also considering a rice export ban to protect its domestic supplies and discourage exports, senior government officials said on Thursday.

Meanwhile, China announced that it will pay farmers more for rice and wheat to attempt to raise output and cool surging inflation.

And South Korea is releasing more rice from state reserves to boost supplies.

The price of rice surged on Thursday after Egypt, a leading exporter, imposed a ban on selling rice abroad to keep local prices down, and the Philippines announced a major purchase of the grain in the international market to boost supplies.

Global rice stocks are at their lowest level since 1976, and foreign sales removed about a third of the rice traded in the international market.

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growing rice.

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Nearly half of the world's 6.6 billion people depend on rice to survive, and in for more than 2.5 billion people in Asia. With rising populations and economic growth, the world is already eating more of the grain than is harvested.

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'I have no idea how importing countries will get rice,' Mr Chookiat Ophaswo president of the Thai Rice Exporters Association, told the Financial Times. He said that prices would rise further.

Anxiety is running particularly high in the Philippines, the world's largest buyer of the grain. Manila said on Thursday it wanted to buy 500,000 tonnes of rice after failing to buy a similar amount earlier this month.

The Philippines is struggling to import up to 2.2 million tonnes this year, in what could be the biggest overseas decade, to cover a production shortfall.

While consumer nations such as the Philippines fret over food security, big producers are aiming to tame inflation by increasing more supplies at home to drive down domestic prices.

In Vietnam, consumer prices rose by nearly 20 per cent this month, the highest in more than 12 years. In a bid to curb prices, Vietnam will limit rice shipments to 3.5 million tonnes, down from 4.5 million tonnes last year, a government statement quoted Prime Minister Nguyen Tan Dung as saying.

Hanoi imposed a limit for the first 10-month shipment last week.

'Vietnam will save one million tonnes of rice for northern provinces and will see prices easing after this cut,' said a spokesman at a foreign firm in Ho Chi Minh City, Vietnam's largest grain trading market.

In India, wholesale price inflation is close to a 14-month high, posing a major policy challenge at a time when economic growth is slowing.

New Delhi's response is to raise the minimum sale price for rice exports by more than 50 per cent, effectively ending overseas sales of all but the highest grades.

'The government's move is aimed at a complete halt of non-basmati rice exports,' said Mr Prem Garg, managing director of Lal Mahal Group, a leading rice exporter.

Said All India Rice Exporters' Association president Vijay Sethia: 'There is no shortage of rice in India, but any global market glut will lead to higher exports.'

World rice inventories now stand at about 72 million tonnes, enough to cover only about 17 per cent of global annual consumption, data from the US Department of Agriculture shows. Just eight years ago, stockpiles were equal to annual demand.

ADDITIONAL INFORMATION FROM REUTERS AND ASSOCIATED PRESS

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The suggestions by Bush government to give more powers to a semi autonomous Federal Reserve Bank is going to make the world financially volatile. How many people know that the Internal Revenue Service of USA (whatever its present name) is a private company? These things affect the poverty or prosperity of people all over the world.

"If the Fed raises the fund rate, it becomes more expensive for banks to borrow from one another. The increased costs get passed on to corporate borrowers and individuals.....The way Fed actually controls the fund rate is extremely complex and extraordinarily counterintuitive. It doesn't simply set the rate per se at X percent or Y percent. Rather it pegs the rate by engaging in what are known as market operations"

But then its attempted rescue of Bear was completely against all previous policies and suggests that the banking system is at its peak in history. What happened to free market principles?

Posted by: jamesbondi at Sun Mar 30 10:24:27 SGT 2008

How many educators and parents know that every rice grain wasted is 3000 seeds gone? Do they guide their kids from day one to save a grain of rice with this in mind and eat it with Gratitude?

If you put a rice grain in the soil, you will have 3000 seeds of rice to harvest.

Please eat every grain of rice with Gratitude. Please don't waste.

How much was a kg of rice in 1960, 1970, 1980, 1990, 2000, 2008?

How much was the monthly pay of a toilet cleaner in all all these years in comparison?

How much was the monthly pay of the PM in all these years in comparison?

Posted by: RunRunRun at Sat Mar 29 18:09:46 SGT 2008

soon we will b eating grass,when there is no grass left, then we will b eating each other,eventually we go back into uncivilisation

Posted by: talkcock59 at Sat Mar 29 14:50:40 SGT 2008

i think USA is better

Posted by: adrianlim at Sat Mar 29 11:53:00 SGT 2008

but just to say , just to remind everybody , its only a username , usernames r just usernames , nothing more

i hope everybody gets this clear

Posted by: CHINAispartofTIBET at Sat Mar 29 11:32:31 SGT 2008

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