



## Facts about the U.S. Rice Supply April 24, 2008

### U.S. Rice Supply:

- U.S. rice farmers grow and supply nearly 90 percent of the rice Americans consume each year.
- U.S. rice farmers export 50 percent of their production each year to traditional customers abroad.
- The United States produces only 1.5 to 2 percent of the world's annual rice supply, but is the world's fourth largest exporter of rice.
- U.S. rice farmers are currently planting the 2008/2009 rice crop and projections are for a modest increase in planted acreage.
- The U.S. has enough rice to supply American consumers and their traditional customers in export markets.
- U.S. rice exports this year are projected to increase 26 percent from the 2006/07 crop year, and the U.S. remains one of the few reliable, stable sources for high-quality rice.
- Recent action by a few large-volume wholesale and retail grocery outlets to limit the sale of rice serves to ensure that their customers will have an equal opportunity to purchase rice. The action should not be a cause for consumer alarm.
- Many factors are driving the higher prices, and U.S. farmers facing high fuel and fertilizer costs are experiencing the same price volatilities felt by consumers.
- At a price of 10 cents per serving, rice remains one of the best bargains on the plate.
- It is essential for American farmers and consumers that Congress pass a farm bill that continues to provide farmers with the necessary tools to maintain a stable and affordable food supply for all Americans.

### Global Rice Situation:

- World rice consumption has increased 40 percent in the last 30 years — from about 134 pounds per person to 189 pounds per person. Population growth remains high in many countries where rice is a staple. In Indonesia, for example, population growth has outpaced rice production for more than a decade.
- Only 7 percent of global rice production is traded internationally, which means any government intervention in the export or import markets or any unusual demand resulting from a natural disaster — such as the intensive flooding that wiped out most of the rice crop in Bangladesh last November — can have a dramatic impact on rice supplies and prices.
- Despite a seven-year decline in global stocks, there has been no major price correction until now. The pressure of increasing inputs costs for farmers — especially the costs of fertilizer and fuel, and the effect rising energy costs have had on transportation and shipping — rice prices on world markets have risen dramatically in the short term along with other grains.
- Government restrictions in India, China, Vietnam, Egypt, Indonesia and, most recently, Brazil on the export of rice have added price pressure to an already tight export market. Because rice is a staple in so many diets, particularly in Asia, the Middle East and Africa, there is enormous political pressure for governments in those countries to take strong action to protect local food supplies to reduce the potential for civil unrest resulting from steeply rising consumer prices.
- Supply and demand are cyclical over time. Supply will catch up to demand as farmers grow more rice to meet that demand. In the short term, harvesting of the spring crop in Southeast Asia is about to begin. Harvesting of the U.S. crop begins in July and ends in September. The availability of rice from those crops will ease some of the pressure driven by world demand and hoarding behavior.

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