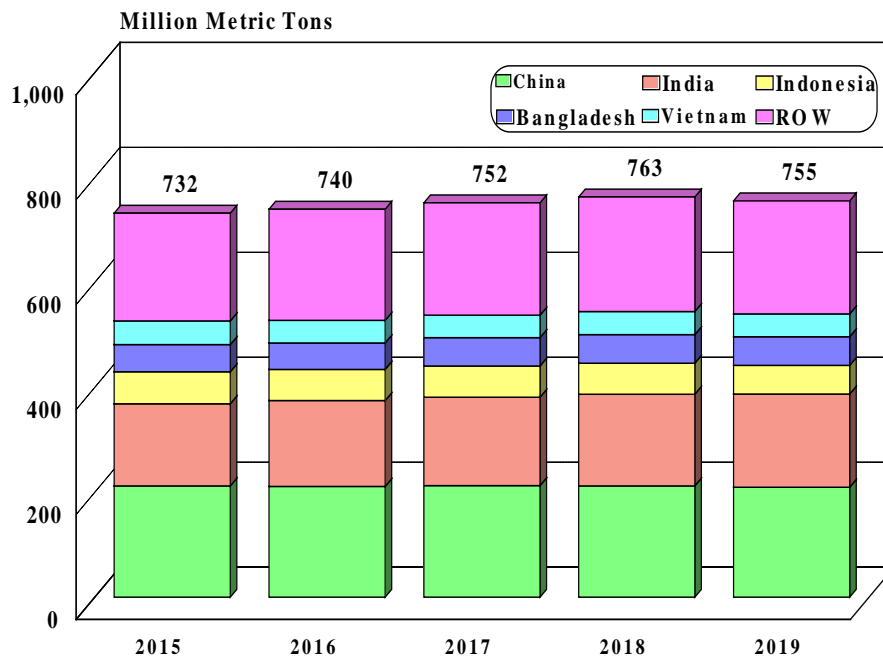




GLOBAL MARKETS FOR TEXAS ROUGH RICE¹

Global rough rice production during 2019 was 755 million metric tons (MMT). Rice production was led by China with 209 MMT during 2019, 3 MMT lower than years prior. Average rough rice production for China since 2015 has been 211 MMT. India is the second largest producer of rough rice. During 2019, Indian rice production was 177 MMT. India's production of rice has increased every year since 2015. Following India are Indonesia and Bangladesh which both produced 54.6 MMT during 2019. Indonesia rice production has been decreasing since 2015 when 61 MMT of rough rice was produced. Bangladesh has had little change in production since 2017. The top five producers of rough rice, which also includes Vietnam, account for between 71-72 percent of global rough rice production.

World Rough Rice Production, 2015-2019



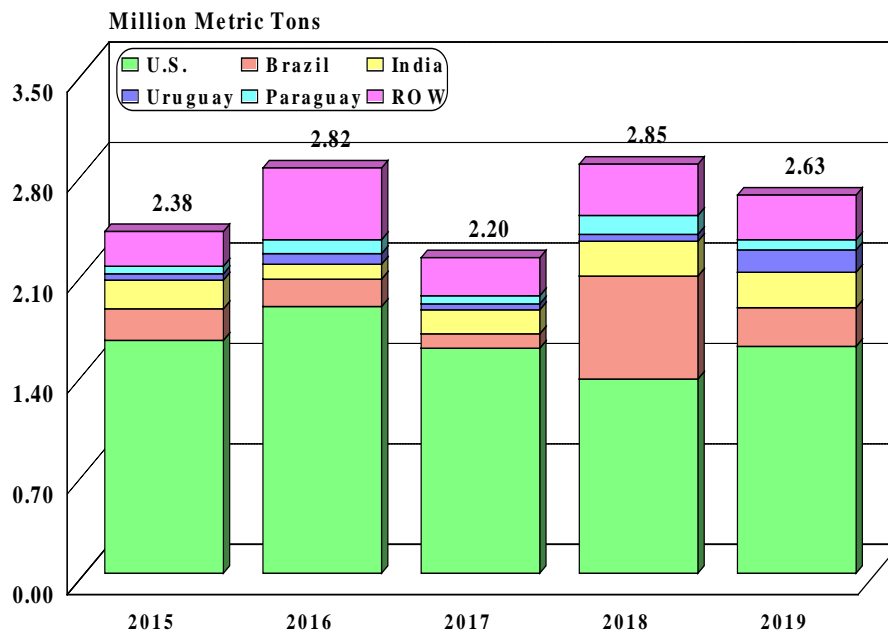
Source: FAO Stat - Crops, Paddy Rice

¹ *Global Markets for Texas Rough Rice* is a report of the project Export Market Analysis for Selected Texas Commodities, funded by the Texas Department of Agriculture. For more information, please contact the Center for North American Studies, Department of Agricultural Economics, Texas A&M AgriLife Extension Service, College Station, TX, 77843-2124. 979-845-3070.

The United States is the largest exporter of rough rice in the world. During 2019, the United States exported 1.58 MMT of rough rice. This is slightly lower than the average since 2015, 1.60 MMT. U.S. rough rice exports account for 59-71 percent of world exports from 2015-2019, with exception to 2018. During 2018, U.S. rice exports accounted for 47 percent of the total world rice exports due to a large increase in Brazilian rice exports. Brazil is the second largest exporter of rice. During 2019, 269 TMT of rough rice were exported from Brazil. This is the second highest year of rice exports for Brazil, after 2018 when 717 TMT of rice was exported. India is also a major exporter of rough rice, during 2019 India exported 247 TMT. The top five major exporting countries account for 82-90 percent of rough rice exports.

Most rice-producing countries prefer to export milled rice in order to capture the value added before exporting. Also, most countries who do not grow rice do not have the infrastructure to mill rice, so they are not viable markets for rough rice exports. The United States also exports substantial quantities of milled rice, U.S. rice producers will continue to be active in the global rough rice market. The United States ranks sixth globally in milled rice exports with 5-6 percent of the global total.

World Rough Rice Exports, 2015-2019

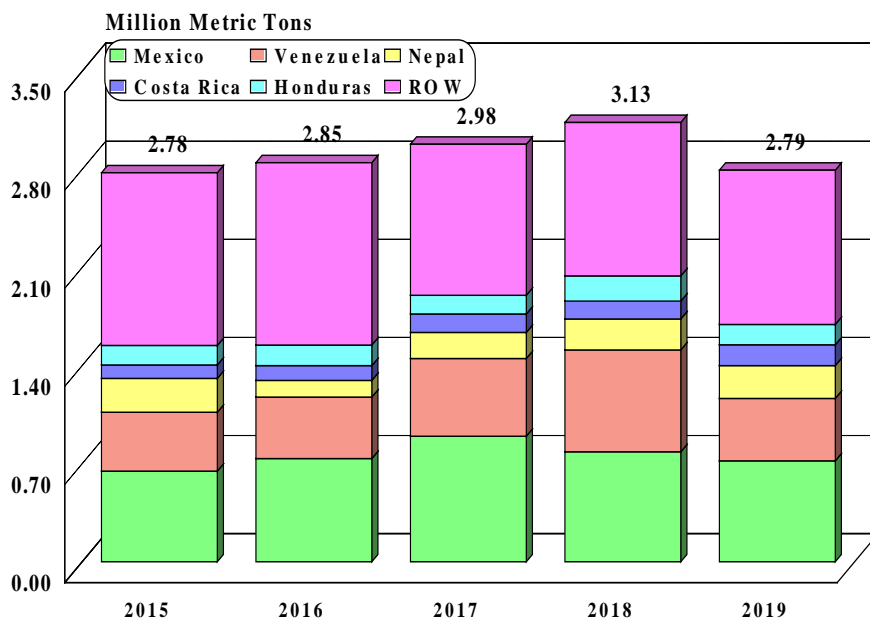


Source: FAO Stat - Crops and Livestock Products Trade, Paddy Rice

World rough rice imports for 2019 were 2.79 MMT. Mexico has led the world in the rough rice imports every year and during 2019 Mexico imported 720 TMT. Mexican rough rice imports account for 23-30 percent of the total rough rice imported in the world and has averaged 756 TMT of rough rice imports yearly since 2015. Venezuela is the second largest rough rice importer behind Mexico. During 2019, Venezuela imported 445 TMT of rough rice. Costa Rica has had rough rice imports increase every year. During 2019, Cost Rica imported 148 TMT of rough rice, 50 TMT more than the total amount imported during 2015.

All of the rough rice importing countries discussed in this report also produce rice and, therefore, have milling infrastructure in their countries so that they can mill their rough rice imports. This report will continue to focus on the rough rice export market. When the term *rice* is used, it will mean *rough rice* unless otherwise noted.

World Rough Rice Imports, 2015-2019

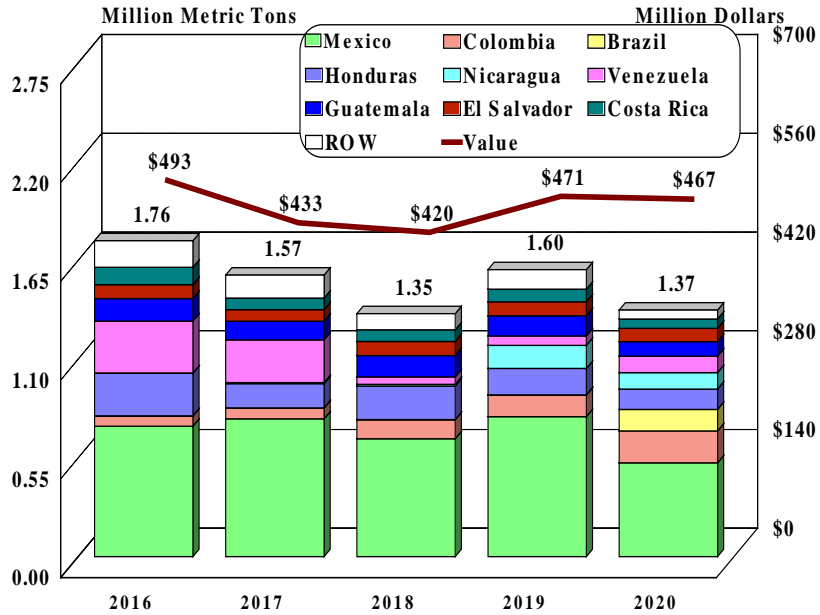


Source: FAO Stat - Crops and Livestock Products Trade, Paddy Rice

U.S. Rough Rice Exports

The United States exported 1.37 MMT of rough rice during 2020 valued at \$466 million. The largest markets for U.S. rice are Mexico along with Central and South American countries. During 2020, Mexico imported 522 TMT of rough rice from the United States, 200 TMT lower than the average exports from 2016 to 2020. Colombia was the second largest country for U.S. exports, buying 178 TMT of rough rice from the United States during 2020. Honduras is also a major market for U.S. rice and was the second largest market in 2018 and 2019 and the third largest in the two years before that. In 2020, the United States exported 113 TMT of rough rice to Honduras, the lowest amount in recent years and resulted in Honduras slipping to the fourth largest market for U.S. rough rice behind Colombia and Brazil, a new market.

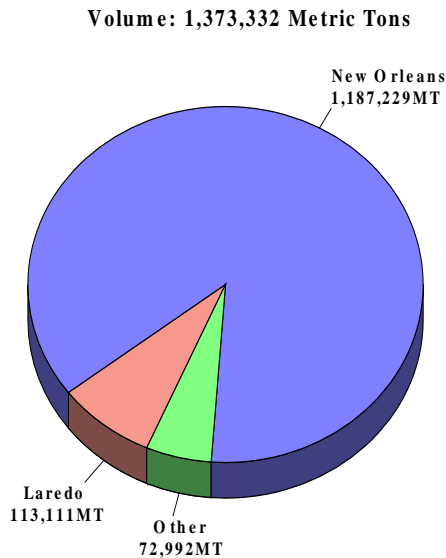
U.S. Rough Rice Exports, 2016-2020



Source: Global Ag Trading System, FAS/USDA

The United States exported 1.37 MMT of rough rice during 2020, 200 TMT less than during 2019. The bulk of these exports leaves the United States through the New Orleans port district, 1.40 MMT during 2019 and 1.19 MMT during 2020. Most of the rice exported to Mexico, Colombia, Honduras, Brazil, Venezuela, and Guatemala depart through the New Orleans port district. During 2019 and 2020, 162 and 113 TMT of rough rice respectively were exported from the Laredo port district to Mexico. Houston is also a major port district that exported 13 TMT more in 2020 than in 2019, 43 TMT almost all of which was destined for Nicaragua.

U.S. Rough Rice Exports by Port District, 2020



Source: U.S. Census Bureau from WiserTrade

U.S. rice production during 2020 was 11.5 MMT. Arkansas produces more rice than any of the other five states that produce rice, 5.49 MMT during 2020. Arkansas has been the top producing U.S. state for decades, often producing 46-49 percent of U.S. rice. Following Arkansas is California, which produced 2.27 MMT of rice during 2020. Texas is the fifth ranked spot for rice production in the United States during 2020.

	2015	2016	2017	2018	2019	2020
Arkansas	4,812	5,350	4,208	5,433	4,280	5,492
California	1,924	2,408	1,733	2,206	2,152	2,276
Louisiana	1,463	1,442	1,362	1,580	1,342	1,641
Missouri	620	780	631	868	648	789
Texas	452	708	583	765	560	742
Mississippi	538	699	483	519	422	622
Total	9,809	11,387	9,001	11,371	9,404	11,562

Source: National Ag Statistics Survey, NASS/USDA

Barriers to Trade

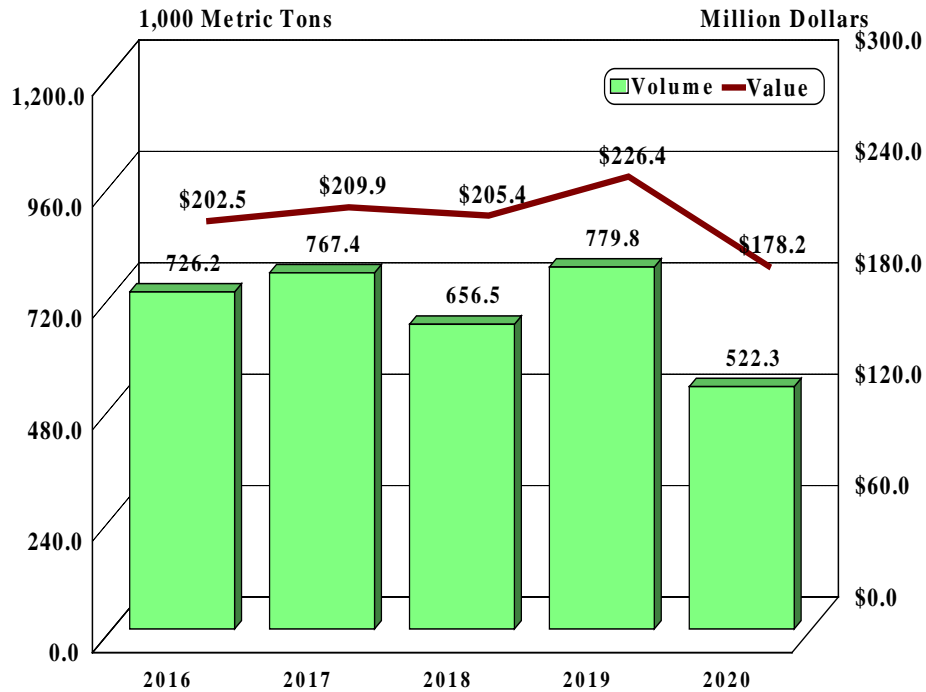
The tariff on U.S. rough rice exported to Venezuela is zero. Brazil, which was a very large market for the United States during 2020, has a tariff-rate-quota (TRQ) for countries outside of Mercosur, a regional trade group. The Brazilian TRQ has a tariff of 10 percent for quantities below 10 TMT before increasing to 100 percent tariff above that volume. Mexico and Honduras also have TRQs in place on U.S. rice exports, with under-quota amounts having a zero tariff in both countries. In Mexico, there is a 9 percent tariff for rough rice import quantities above 105 TMT, and in Honduras the over-quota tariff is 45 percent for import quantities above 116.4 TMT. Colombia also has a TRQ for imports of U.S. rough rice with no tariff on quantities below the quota of 117.4 TMT and a 55.3 percent tariff on imports over the quota. The Colombian over-quota tariff decreases annually reaching zero percent in 2030. With the exception of Brazil, all of the TRQs on U.S. rough rice exports cited above are the result of trade agreements

Each of these countries also have a requirement for a phytosanitary certificate (PC) and an import permit (IP), with exception to Mexico which only requires a PC for U.S. rice. An IP is obtained by the foreign importer. A PC may be obtained by contacting the USDA Animal and Plant Health Inspection Services (APHIS). Contact information for the Texas APHIS found at: https://www.aphis.usda.gov/aphis/ourfocus/planthealth/sa_export/sa_ecs/texas/.

U.S. Rough Rice Exports to Mexico

Mexico is the largest rough rice importer in the world and the largest market for U.S. rough rice exports. During 2020, Mexico imported 522.3 TMT of rough rice from the United States valued at \$178.2 Million. This is the lowest level of exports to Mexico since 2016 due to Mexico's desire to diversify import suppliers for rice products. The United States remains the largest rough rice exporter to Mexico with a smaller portion of the Mexican market supplied by Guyana and Paraguay.

U.S. Rough Rice Exports to Mexico, 2016-2020



Source: Global Ag Trading System, FAS/USDA

U.S. Rough Rice Exports to Colombia

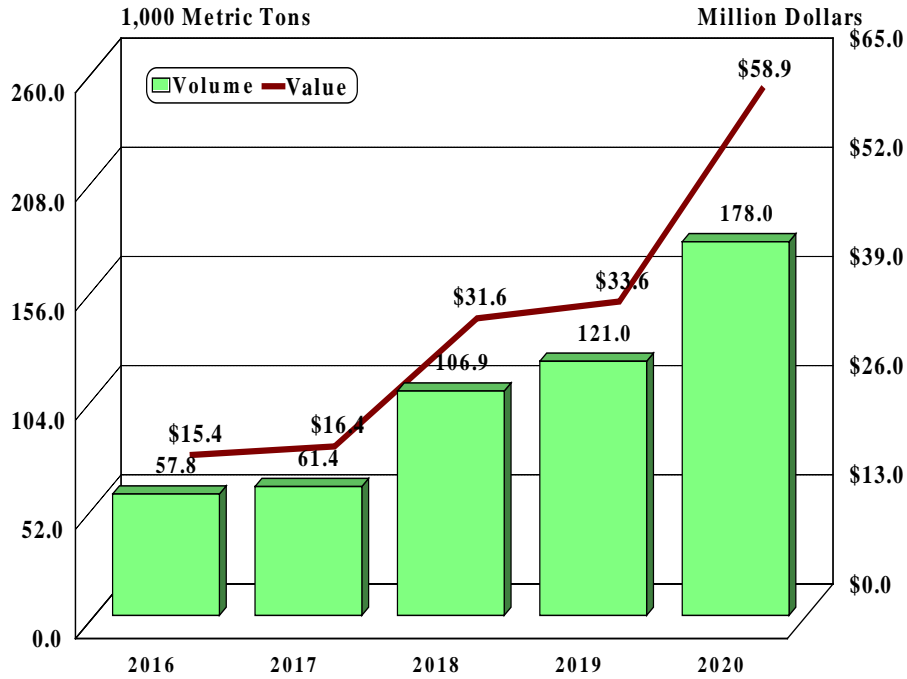
Colombia stands as the second largest importer of U.S. rough rice and has consistently been growing every year. During 2020, Colombia imported 178 TMT of U.S. rough rice valued at \$58.9 million. This is 57 TMT higher than the year prior and more than triple the level of Colombian imports during 2016. A portion of this can be attributed to rising population due to immigration with consistently increasing demand for basic commodities like rice. Panama, India, Ecuador, and Peru export small amounts of rough rice to Colombia, but the source of 95-99 percent of total rough rice imported by Colombia comes from the United States.

U.S. Rough Rice Exports to Venezuela

Venezuela has been the second largest rough rice importer in the world and was the second largest market for U.S. rice exports during 2016 and 2017 before dropping in recent years. During 2020, the United States sent 91.3 TMT of rough rice to Venezuela with a value of nearly \$30 million. This is up slightly from previous years, but down tremendously still from the decline during 2017. From the 2017/18 marketing year to the 2018/19 marketing year, domestic human consumption of rice fell 22 percent due to domestic rice shortages and hyperinflation.

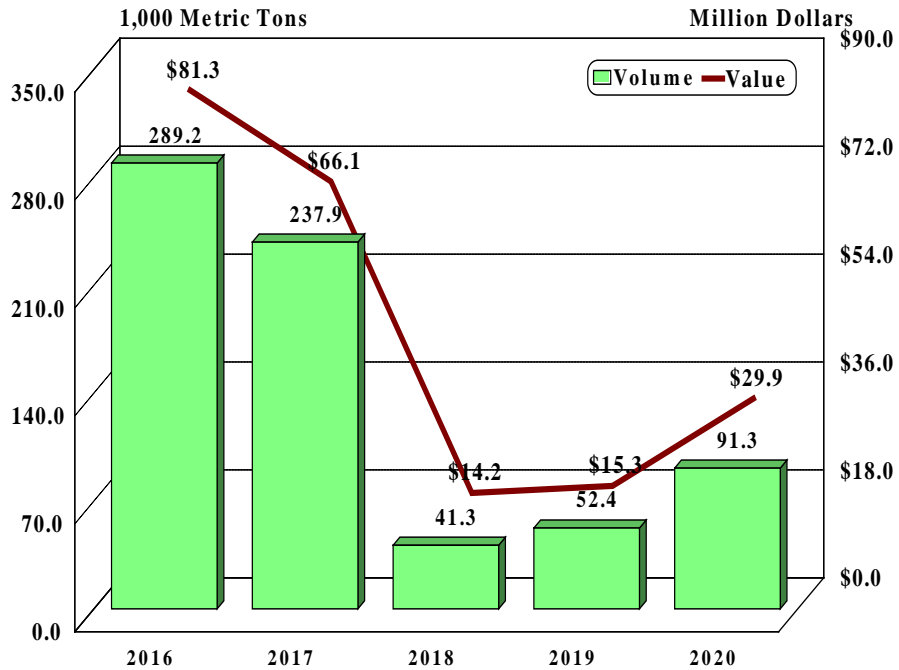
Unlike the two previous countries mentioned, the United States is not the largest rice exporter to Venezuela. Imports into Venezuela are shipped primarily from Brazil since the sharp drop in imports of U.S. rice in 2018. Argentina and Uruguay have also exported similar quantities of rice to Venezuela as the United States since 2018.

U.S. Rough Rice Exports to Colombia, 2016-2020



Source: Global Ag Trading System, FAS/USDA

U.S. Rough Rice Exports to Venezuela, 2016-2020

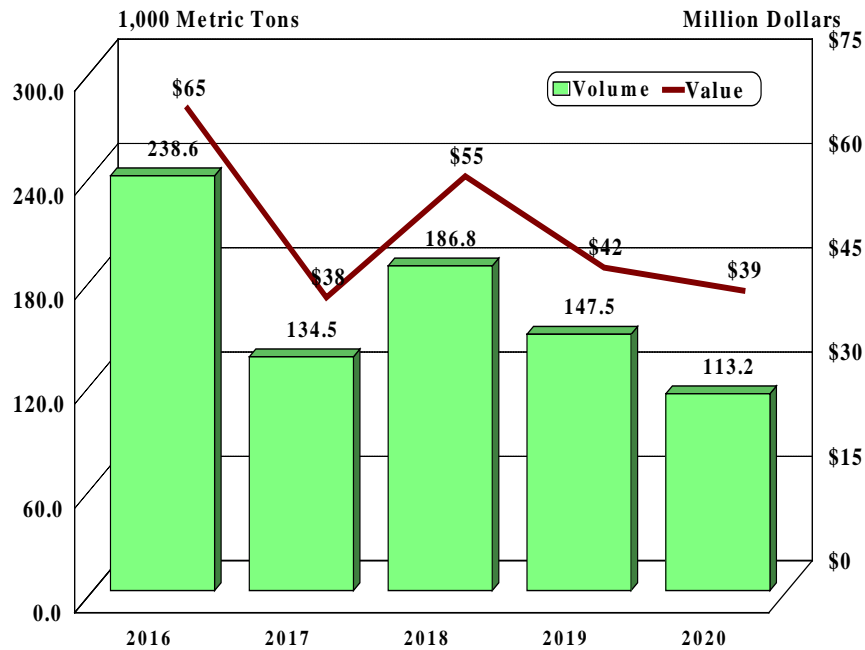


Source: Global Ag Trading System, FAS/USDA

U.S. Rough Rice Exports to Honduras

U.S. Rice exports to Honduras during 2020 were 113.2 TMT, valued at \$39 million. Through CAFTA-DR a TRQ level for 2021 was set at 118.8 TMT which was adopted for the year. According to the terms of CAFTA-DR any quota on rough rice to Honduras from the United States should be phased out by 2023. U.S. exports of rough rice makeup between 98-99 percent of Honduras rough rice imports. Sharing the rest of the market is Uruguay, Ecuador, Nicaragua, and El Salvador.

U.S. Rough Rice Exports to Honduras, 2016-2020

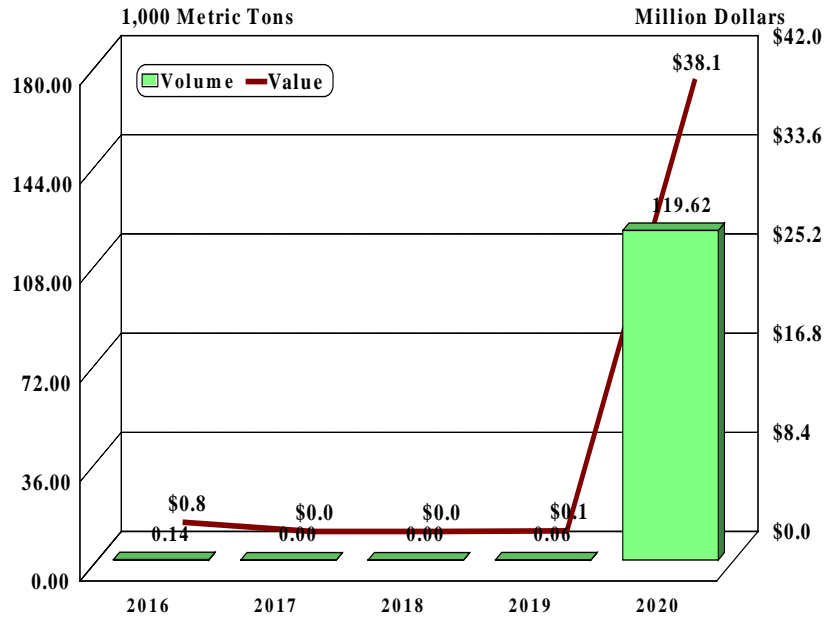


Source: Global Ag Trading System, FAS/USDA

The Brazilian Market for Rough Rice Exports

Brazil is a market that typically receives little, if any, rough rice exports from the United States. During 2020, however, the United States exported 119.62 TMT of rough rice to Brazil valued at \$38.1 million. These were the first shipments of U.S. rough rice to Brazil since 2016. Brazil has a TRQ with an under-quota tariff of zero for import quantities up to 400 TMT of rice from outside Mercosur due to high domestic prices until the end of 2020. This allowed for the United States as well as India, Thailand, Guyana, and Suriname to play a larger role in the countries rice market than years prior. However, rough rice exports to Brazil continue to be led by Mercosur partners Paraguay, Uruguay, and Argentina.

U.S. Rough Rice Exports to Brazil, 2016-2020



Source: Global Ag Trading System, FAS/USDA

Conclusion

The United States is the largest supplier of rough rice in the world and supplied the bulk of the rice that was imported by each of the major markets on the globe despite being the 14th ranked world producer in 2020. One reason for this is that most rice producing countries choose to focus on milled rice exports only. The market share that the United States holds in Mexico, Colombia, and Honduras are each over 95 percent of the total imports for the country. Two of those countries, Mexico and Honduras, are in the top five largest rough rice importing countries.

Colombia could be a region where exports could continue to grow. Colombia has seen increased imports over recent years with steady production of rice. In addition, tariffs on U.S. rice will continue to decrease until being phased out entirely in 2030. These two factors can increase the possibility of more exports of U.S. rice to Colombia in the future. While Brazil is a large market for rice, U.S. exports face a lot of competition from other countries that already have trade deals in place, such as Mercosur countries, as well as a large domestic production of rice. Most likely Brazil is not a country where much U.S. rice will be exported unless there is a poor production period in Brazil or one of the major rough rice suppliers.

The primary challenge that U.S. rough rice exporters face is from over-quota tariffs. While TRQs allow for low or zero tariffs for exports under a specific quantity level, the steep jump that comes from surpassing that quota inhibit additional exports. Another hurdle that is present for rough rice exports from the United States is competition from countries like Argentina and Uruguay, who are both currently the primary suppliers for potential markets where U.S. rough rice exports could grow.

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