# Brazilian rice imports and exports surprise in the month of April

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According to figures released by the Ministry of Development, Industry and Trade, Brazilian rice imports and exports were characterized by a surprising behavior in April, this year. In spite of the falling competitiveness of Brazilian rice by virtue of the continued devaluation of the cereal in the international market, the unfavorable position of Brazil's currency against the dollar and the crop frustration, in excess of one million tons, sales abroad soared 258%, compared to the 9,917 tons (paddy rice basis) exported in the previous month, reaching a volume of 35,515 tons. The other surprise is the low volume of rice imports by Brazil. Contradicting the expectations of a growth rate on a par with the rhythm of the internationalization of the cereal, in April imports amounted to 60,287 tons, down 3.7% from the previous month (62,597 tons), or down 20.3% from the average imports over the past commercial year (75,666 tons). In spite of the boost in sales in April, exports tend to be much smaller this year.

And this expectation relies basically on three factors: first, because, this year, we are likely to have a more attractive domestic market as a result of the crop reduction in Rio Grande do Sul; second, because the international market continues lagging behind and, third, the exchange rate is making exports less attractive (over the last commercial year, our average exchange rate was 1.92, while in the first two months of this commercial year we had an average of 1.77, and the trend is for further reductions).

In the first two months of this commercial year exports amounted to 45,433 tons, while in the same period last year they had reached 196,531 tons. For Conab's projection of 500 thousand tons to be achieved, there is a need to export 454.5 thousand tons over the coming ten months, which would translate into a monthly average of 45.4 thousand tons (the sum of what was sold over the past two months). Africa is still the main destination for our sales, representing 43% of the total. If we consider that our businesses with Switzerland are ultimately destined for the African continent, this market concentrates 72% of foreign demand. The main change in exports this year has to do with the characteristic of the commercialized product. Parboiled rice (brown or polished), which last year was the flagship of Brazil's exports (52%), was replaced with broken rice, which, over the two first months of the current commercial year, represents 67.2% of the total commercialized volume. Last year, broken rice represented only 36.4% of total exports.

With regard to imports, over the first two months of the current commercial year, Brazil absorbed 122,884 tons of rice produced abroad, meaning a reduction of 18 thousand tons from the same period last year. This volume corresponds to just 10.2% of Conab's projections for the commercial year (1,200 thousand tons), that is to say, average monthly imports should jump from the present 61.4 thousand tons to 107.7 thousand over the coming ten months, if the official projection by the federal government is to be achieved. The trend is for foreign purchases to start soaring over the coming months and total imports could even outstrip this projection. Historically, the rhythm of Brazilian rice imports is characterized by a rather traditional behavior, with rising exports in the second half of the year, when the supply pressure of paddy rice in the domestic market loses its strength. Nevertheless, this standard behavior was not last year's pattern. Foreign purchases were evenly distributed over the year, influenced by a shift of paddy rice supplies in Rio Grande do Sul to the second half of the year. For the current year, the trend is for imports to intensify over the second half of the year, at a time when paddy rice supplies in the domestic market get even scarcer, with internal quotes recovering, along with chances for an even more intense devaluation of the foreign market, as a result of the entrance of rice from the Asian crop.

The Mercosur countries continue as major suppliers of the cereal to Brazil. Over the past two months, Argentina, Uruguay and Paraguay were responsible for 41.8%, 35.6% and 22.2%, respectively, for the imported volume. The share of Uruguayan rice suffered a considerable reduction, if compared to last year. So far, 43.7 thousand tons of rice have been imported from Uruguay, while in the first two months last year, 71.9 thousand tons had been brought in. According to sources from Uruguayan operators, the total volume negotiated with Brazil up to that time is much expressive, possibly over 100 thousand tons, which, have not yet been effectively shipped. There are shipments to be effected until the month of July.

Notwithstanding the smaller imported volume up to that time, smaller than in the same period last year, the financial volume is up 10.4%. This is specifically due to the higher purchases of polished rice compared to brown or paddy rice. From March to April this year, 72.7% of the imported rice volumes consisted of milled rice, while last year this product represented 58.9% of all internationalized volumes.

Another point that deserves to be highlighted is the soaring share of Paraguayan rice in Brazilian imports. Acknowledged for the high quality of its white rice, Paraguay has been conquering a bigger participation in the Brazilian market day after day. Now, with upwards of 27 thousand tons, this cereal already represents 22% of our total import volumes, which could progress to 200 thousand tons over the year.

With the crop now almost entirely harvested, it is possible to have a more accurate evaluation with regard to the real impact of the El Niño phenomenon on the volume harvested in Rio Grande do Sul and, consequently, on the national volumes. As a matter of fact, losses are huge, both in quantity (down 14.9% from last year) and in quality. But the great question now is: will the smaller crop in Rio Grande do Sul have an impact on the regional market?

Without any doubt, shorter supplies play a fundamental role in price formation, and there will be an impact. However, it is important to be aware of the fact that the commercialization price results from the interaction of a series of variables (among them, the size of the crop in Rio Grande do Sul) and, therefore, there could be compensations, taking into consideration other factors, which will minimize the isolated impact of the smaller crop in Rio Grande do Sul considering the price levels practiced over the year. For example: the smaller crop in Rio Grande do Sul could be compensated by a reduction in exports, increase in imports or by an extra offer of a product out of the market (public stocks).

Currently, what we have is a weakened market. After a slight recovery, brought about by the momentary suspension of harvest operations in Rio Grande do Sul (referring to the interruption of plantings in November), the market began to give in again when harvest was resumed and has already returned part of the high prices accumulated over the past weeks. Businesses are lagging behind, attesting to a cautious behavior of both producers and industries. If, for one thing, offers of raw material are tight, as a result of a smaller than expected crop, along with growers expecting high prices for their product, we have, on the other hand, the processing industries facing huge difficulties in their negotiations with the retail networks, making it difficult for them to "to make both ends meet". Such a situation has been going on for some time now, while in the past we could resort to exports for market liquidity purposes.

In the past days the market was still suffering from the turbulences of the European economy, hit by the crisis in Greece. In Brazil, major reflections hit the stock market and pushed up the American dollar, which generated an acute sense of insecurity among the operators and reduced, at least in the first week of this month, the intensity of imports.

At this moment, all the attentions of the rice sector are focused on the need to raise the CET on rice imported from third markets, from 12% to 35%. This is an old idea which gains and loses strength as the sector is threatened with imports from Asia and the United States. And it looks rather odd, because Brazil and Uruguay are fighting for the end of protectionist measures in the international market. And now there is the case of Argentina, which announced barriers against the entrance of food products similar to the ones produced locally. How will Brazil require an explanation from Argentina and, at the same time, join this country with regard to third markets? In practice, all this movement will generate nothing else than an unnecessary political unrest. I wonder if the possible importation of 100 to 150 thousand tons of rice from Vietnam, Thailand or the United States could be the cause of trade difficulties in the Brazilian domestic rice market.

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**Distribuição das exportações brasileiras de arroz por destino**
**(em toneladas, base casca)**

| | mar/09 a fev/10 | mar/09 a abr/09 | mar/10 a abr/10 |
|---|---|---|---|
| SUIÇA | 72.590 | 10.761 | 13.173 |
| SENEGAL | 176.805 | 38.853 | 11.674 |
| GUINE-BISSAU | 14.384 | 184 | 4.043 |
| BOLIVIA | 20.427 | 3.817 | 2.693 |
| BELGICA | 12.562 | 2.585 | 2.631 |
| ANGOLA | 18.718 | 1.546 | 1.540 |
| TRINIDAD E TOBAGO | 12.651 | 4.591 | 1.533 |
| CHILE | 5.874 | 2.880 | 1.164 |
| ESTADOS UNIDOS | 4.897 | 1.437 | 1.063 |
| HAITI | 1.138 | - | 1.041 |
| AFRICA DO SUL | 82.284 | 33.260 | 809 |
| GANA | 20 | 20 | 735 |
| PANAMA | 3.257 | - | 551 |
| ARGENTINA | 3.945 | 294 | 404 |
| CABO VERDE | 1.687 | 399 | 353 |
| NAMIBIA | 186 | - | 331 |
| JAMAICA | 717 | - | 257 |
| GUINE EQUATORIAL | 109 | - | 183 |
| PARAGUAI | 928 | 152 | 159 |
| REINO UNIDO | 126 | - | 153 |
| TURQUIA | 3.185 | - | 146 |
| PORTO RICO | 256 | - | 111 |
| ANTILHAS HOLANDESAS | 2.179 | 256 | 110 |
| NICARAGUA | 154 | - | 88 |
| LIBANO | 721 | 255 | 71 |
| HONDURAS | 93 | - | 66 |
| MARTINICA | 52 | - | 59 |
| ARUBA | 202 | 111 | 37 |
| ANTIGUA E BARBUDA | - | - | 37 |
| GRANADA | 32 | - | 37 |
| GUADALUPE | - | - | 37 |
| SANTA LUCIA | 32 | - | 37 |
| EMIRADOS ARABES UNIDOS | 1.401 | - | 36 |
| ALEMANHA | 38 | - | 35 |
| BELIZE | 37 | - | 35 |
| URUGUAI | 16 | 8 | 1 |
| BENIN | 174.681 | 37.560 | - |
| DEMAIS PAÍSES | 275.894 | 58.046 | - |
| **Total geral** | **889.022** | **196.531** | **45.433** |

Fonte: MDIC Elaboração: Agrotendências Consultoria em Agronegócios

**Distribuição das exportações brasileiras de arroz por grau de processamento**
**(em toneladas, base casca)**

| | mar/09 a fev/10 | mar/09 a abr/09 | mar/10 a abr/10 |
|---|---|---|---|
| quebrado, farinha e farelo | 323.759 | 51.525 | 30.537 |
| beneficiado | 484.589 | 137.708 | 13.818 |
| descascado | 50.597 | 7.258 | 1.078 |
| casca | 30.078 | 42 | - |
| **Total geral** | **889.022** | **196.531** | **45.433** |

Fonte: MDIC Elaboração: Agrotendências Consultoria em Agronegócios

**Distribuição das importações brasileiras de arroz por país de orígem**
**(em toneladas, base casca)**

| | mar/09 a fev/10 | mar/09 a abr/09 | mar/10 a abr/10 |
|---|---|---|---|
| ARGENTINA | 320.758 | 45.650 | 51.373 |
| URUGUAI | 436.117 | 71.949 | 43.755 |
| PARAGUAI | 148.684 | 22.948 | 27.232 |
| ITALIA | 1.596 | 296 | 376 |
| TAILANDIA | 368 | 34 | 68 |
| INDIA | 85 | 2 | 35 |
| ESTADOS UNIDOS | 307 | 97 | 27 |
| FRANÇA | 41 | 10 | 19 |
| CHINA | 1 | - | - |
| Coréia do Sul | 4 | - | - |
| ESPANHA | 31 | - | - |
| JAPAO | 3 | - | - |
| LIBANO | 4 | - | - |
| **Total geral** | **907.998** | **140.987** | **122.884** |

Fonte: MDIC Elaboração: Agrotendências Consultoria em Agronegócios

**Distribuição das importações brasileiras de arroz por grau de processamento**
**(em toneladas, base casca)**

| | mar/09 a fev/10 | mar/09 a abr/09 | mar/10 a abr/10 |
|---|---|---|---|
| beneficiado | 580.757 | 82.990 | 89.383 |
| descascado | 242.404 | 45.051 | 23.434 |
| casca | 82.375 | 12.544 | 9.623 |
| quebrado, farinha e farelo | 2.462 | 401 | 444 |
| **Total geral** | **907.998** | **140.987** | **122.884** |

Fonte: MDIC Elaboração: Agrotendências Consultoria em Agronegócios

**Distribuição das exportações uruguaias de arroz (toneladas, base casca)**

| Destino | mar/2008 a fev/2009 | mar/2009 a fev/2010 | mar/2010 a 12mai/2010 |
|---|---|---|---|
| Iraque | 91.887,13 | 329.776,27 | 75.526,10 |
| Brasil | 261.962,11 | 447.480,99 | 61.137,01 |
| Senegal | 53.766,13 | 52.524,84 | 25.155,58 |
| Peru | 102.985,29 | 126.096,47 | 15.051,33 |
| Chipre | 3.640,60 | 3.102,05 | 14.911,68 |
| Guine Bissau | 10.290,00 | 11.326,38 | 4.314,20 |
| Turquia | 6.943,10 | 83.886,51 | 3.739,68 |
| Cabo Verde | 1.370,24 | 10.601,94 | 3.666,15 |
| Bélgica | 22.123,93 | 24.980,12 | 3.265,90 |
| Chile | 20.190,45 | 8.570,10 | 2.685,69 |
| Espanha | 67.929,71 | 11.368,32 | 2.203,73 |
| Reino Unido | 38.793,84 | 41.502,23 | 1.742,06 |
| Alemanha | 28.799,48 | 25.937,75 | 1.676,02 |
| Russia | 14.908,23 | 8.563,71 | 1.380,84 |
| Israel | 4.341,47 | 9.360,15 | 1.154,50 |
| Africa do Sul | 3.535,29 | 7.774,63 | 842,57 |
| Argentina | 4.154,46 | 2.291,73 | 842,31 |
| El Salvador | 354,27 | 426,30 | 615,20 |
| Costa Rica | 564,48 | 1.675,80 | 418,95 |
| Suiça | 735,00 | 2.751,84 | 411,60 |
| Demais países | 393.711,53 | 107.774,88 | 1.387,79 |
| **Total geral** | **1.132.986,73** | **1.317.773,01** | **222.128,88** |

Fonte: Aduanas uy Elaboração: Agrotendências Consultoria em Agronegócios

**Caracterização das exportações uruguaias de arroz entre 01 de março de 2010 e 12 de maio de 2010 (toneladas, base casca)**

| País | Casca | Descascado | Beneficiado | Quebrado | Total geral |
|---|---|---|---|---|---|
| Iraque | | | 75.526,10 | | 75.526,10 |
| Brasil | 3.943,00 | 9.168,93 | 47.153,37 | 871,71 | 61.137,01 |
| Senegal | | | 749,70 | 24.405,89 | 25.155,58 |
| Peru | | | 15.051,33 | | 15.051,33 |
| Chipre | | | 14.911,68 | | 14.911,68 |
| Guine Bissau | | | | 4.314,20 | 4.314,20 |
| Turquia | | | 3.739,68 | | 3.739,68 |
| Cabo Verde | | | 3.666,15 | | 3.666,15 |
| Bélgica | | 2.021,54 | 34,55 | 1.209,81 | 3.265,90 |
| Chile | | | 2.685,69 | | 2.685,69 |
| Espanha | 42,01 | 1.404,83 | 689,27 | 67,62 | 2.203,73 |
| Reino Unido | | 602,07 | | 1.139,99 | 1.742,06 |
| Alemanha | | 1.261,48 | | 414,54 | 1.676,02 |
| Russia | | 234,24 | 1.146,60 | | 1.380,84 |
| Israel | | 104,92 | 1.049,58 | | 1.154,50 |
| Africa do Sul | | 117,12 | 725,45 | | 842,57 |
| Argentina | | | 842,31 | | 842,31 |
| El Salvador | | | 615,20 | | 615,20 |
| Costa Rica | | | 418,95 | | 418,95 |
| Suiça | | | | 411,60 | 411,60 |
| Holanda | | | 338,10 | | 338,10 |
| Angola | | | 141,12 | | 141,12 |
| Lituania | | | | 141,12 | 141,12 |
| Mexico | | | 141,12 | | 141,12 |
| Porto Rico | | | 141,12 | | 141,12 |
| Egito | | | 105,84 | | 105,84 |
| Barbados | | 21,35 | 80,12 | | 101,47 |
| EUA | | 48,80 | 36,74 | | 85,54 |
| Australia | | | 85,07 | | 85,07 |
| Panama | | | 70,56 | | 70,56 |
| Antilhas Holand. | | | 36,75 | | 36,75 |
| **Total geral** | **3.985,01** | **14.985,28** | **170.182,11** | **32.976,48** | **222.128,88** |