



Foreign Agricultural Service

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Panama

Grain and Feed

Rice Situation

2001

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Report Highlights:

Panama continues to be basically self sufficient in rice production, but requires small amounts to fill the gap in supplies that occurs at the end of the April/March marketing year. Licenses for Panama's WTO Tariff Rate Quota (TRQ) for calendar year 2001, which totalled 11,076 metric tons of paddy rice, were auctioned by the Government of Panama (GOP) on June 5th and awarded to a U.S. firm. Imports for this volume are expected to occur during July and August. Although improvements in technology have led to better yields and quality, most producers depend on precipitation for production, and on protectionist measures to keep out lower cost rice.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
San Jose [CS1], PN

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Rice Situation - Panama

The GOP recently reported production data for 2000/2001 (April/March). Note that GOP numbers include only mechanized production and that some small volume is produced by traditional labor. There are 1,600 domestic rice producers who planted 71,000 hectares and harvested 64,000 hectares (7,000 hectares were lost to dry weather) in 2000/2001. Area planted and harvested was 69,000 and 60,500 hectares respectively in 1999/2000. The average yield was 4.5 MT/ha, similar to the yield in 1999/2000. Total production was 285,091 metric tons, rough basis in 2000/2001, compared to 269,500 tons in 1999/2000.

Domestic consumption of rice was 279,273 metric tons, rough basis in 2000/2001, slightly higher than in 1999/2000 when it reached 275,000 metric tons. Consumption per capita is the highest in the region at 145 lbs, milled basis. Stocks as of May 2001 totaled 84,597 metric tons of paddy rice.

Panama has a global WTO tariff rate quota that totals 11,076 metric tons, rough basis, for 2001. The in-quota duty is 15 percent and the over-quota duty is 130 percent. The TRQ will peak at 15,150 metric tons in 2006.

Producer prices (determined by supply and demand) are \$10.50 per 46 kg. bag of paddy rice. Wholesale market prices range from \$21 to \$26/46 kg. bag for milled rice depending on quality. Retail prices (also set by market forces) range from \$0.27 to \$0.36/lb depending on quality.

As production barely supplies total consumption, stocks run very low each year prior to harvest in September, which causes millers to request additional import volume at the low tariff rate. The importers usually request that the government open an additional import quota at that time. However, the GOP has been reluctant to do that. Rice imports have not occurred outside the quota period, mainly because of the high tariff rate applied out of quota. Since Panama opened its WTO TRQ in 1997, all imported rice has been supplied by the United States. The table below shows imports for the last three years. When El Niño wiped out domestic production in 1998, U.S. rice was also imported, competing successfully at that time against Argentinian grain.

TRADE DATA:

Imports

SOURCE	YEAR		
	1998	1999	2000
USA	13	2	1

Data in millions of dollars.

Source: BICO Report

Note: Smaller amounts are imported from Costa Rica: brokens for the brewing industries.

Rice is the main staple and can be seen at the table at all hours, including at breakfast in some areas of the country. Therefore, politicians have made a tradition of including protection to rice farmers in all political platforms. Asian immigrants add to traditional high per capita consumption.

2001 TRQ auction results:

Date:		Value
June 5, 2001		
Lines: 1-Paddy	6,618 Tons	\$ 832,914.40
2-White	2,127 "	\$1,562,994.40
	Total	\$2,395,908.80

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