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# **Jamaica & Dep**

## **Grain and Feed**

### **Annual Rice Report**

### **1999**

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#### **Report Highlights:**

**Rice consumption, imports and prices remain fairly stable. Paddy rice imported by Grains Jamaica will be classified as a raw material and imported on duty free basis. Jamaica to receive paddy under P.L. 480 program.**

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Includes PSD changes: Yes

Includes Trade Matrix: No

Annual Report

Kingston [X91], JM

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## Executive Summary

The GOJ's decision to allow paddy rice to be imported duty free should result in increased rice imports from the United States. The decision has allowed for the first time inclusion of paddy rice under the P.L. 480 program. The rice market remains fairly stable as a result of continued strong demand and minor price fluctuations. Responsibility for the implementation of the P.L. 480 program has been shifted to the Trade Board Ltd.

## Production

There is no commercial rice production in Jamaica.

## Consumption

Rice is a major staple in the Jamaican diet and its price competitiveness with locally produced carbohydrates has kept rice consumption at about 79,000 MT yearly. With domestic agricultural production declining by 2.24 percent in 1998 and showing only modest growth for 1999, consumption of rice will remain high.

## Prices

Rice prices have remained fairly stable at all levels of the market. Fluctuations in P.L. 480 buying prices were passed directly on to the mill. Prices are expected to be lower in the latter quarter of the marketing year and early MY 2000. Gains Jamaica Ltd will start to process paddy in December 1999 and anticipates that this will allow them to put a cheaper product on the market. It is not known whether the distributors will pass the anticipated savings on to the consumers.

## P.L. 480 Imports and Prices

	FOB	CIF	Selling Price to Grains Ja.	
MT	US\$	US\$	J\$	US\$
5,116	330.97	357.97	14,479.42	(376.09)
5,125	326.96	353.96	14,518.53	(377.10)
4,975	314.94	341.94	14,198.84	(368.80)
4,350	308.72	337.94	14,342.26	(372.53)

Source: Jamaica Commodity Trading Company

**Grains Jamaica Ltd Selling Prices to Distributors (\$/45 kg bag)**

Month	1999	1998	1997
	J\$ (US\$)	J\$ (US\$)	J\$ (US\$)
January	921 (23.92)	870 (23.84)	880 (24.72)
June	800 (20.78)	892 (24.44)	900 (25.28)
December	- -	821 (22.49)	775 (21.95)

Source: Grains Jamaica Ltd

**Retail Rice Prices (Minimum and Maximum prices observed) (Price/kg)**

Month	1999	1998	1997
January	J\$22.96 - 36.76 US\$ 0.60 - 0.95	J\$22.00 - 32.00 US\$ 0.60 - 0.88	J\$26.18 - 36.40 US\$ 0.74 -1.03
June	J\$21.90 - 33.00 US\$ 0.57 - 0.86	J\$24.20 - 36.76 US\$ 0.66 - 1.00	J\$22.66 - 33.76 US\$ 0.64 - 0.95
December	--	J\$23.62 - 36.76 US\$ 0.58 - 0.99	J\$20.54 - 35.20 US\$ 0.58 -0.91

Source: Consumer Affairs Commission

1999 Exchange rate J\$38.5 = US\$1

1998 Exchange rate J\$36.5 = US\$1

1997 Exchange rate J\$35.6 = US\$1

**Trade**

Rice imports are expected to remain stable as consumer demand remains strong. Guyana continues to be the primary supplier accounting for 57% of imports in 1998. With lower prices, lower transportation costs, and no perceived difference in quality, Guyanese rice has been able to maintain a strong position in the market.

## **P.L. 480**

The GOJ received a \$10 million allocation under the FY 1999 P.L. 480 program. For the first time paddy rice was included in the program at the request of the GOJ. 8,000 mt has been purchased for delivery in December. Only US\$9.2 million of the program has been utilized.

## **GSM 102**

No rice purchases have been financed under the GSM 102.

## **Factors Affecting U.S. Trade**

Commercial imports of rice from the United States continue to be restricted by the 25% import duty on non CARICOM rice.

## **Stocks**

Grains Jamaica Ltd and Universal Grains Ltd are the only companies that maintain rice stocks. Grains Jamaica's opening stock for MY 1999 was 2,330 MT. Grains has storage capacity of 8,000 MT while Universal Grains has 4,300 MT.

## **Policy**

In September 1999 the GOJ made a decision to reclassify paddy rice as a raw material. This reclassification will allow imports on a duty free basis. This action should help to recover U.S. market share and make U.S. rice more competitive in the market. The decision extends for a period of five years but it is believed that Jamaica will continue the policy after five years since it should generate employment and place a less expensive product on the market .

The GOJ has advised that administrative responsibility for the P.L. 480 program will be moved to the Trade Board Ltd. The Trade Board is a GOJ agency responsible for issuing import and export permits for motor vehicles, firearms, milk powder and refrigerants containing CFCs. The JCTC will be closed after the transfer is completed.

## **Tariff Changes**

Although the GOJ implemented the final phase of the Common External Tariff on January 1, 1999, the duty on rice imports remains at 25 percent. This final phase stipulated duties at 0 - 20%. The GOJ reclassified paddy rice as a raw material which allows for duty free import status. This decision, taken in mid September, will be effective for five years. P.L. 480 rice continues to be imported on a duty free basis. Other commercial imports will continue to be uncompetitive at current tariff levels.

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## Marketing

Opportunities for market development should open up as Grains Jamaica continues its effort to have more branded packaged product on the market.

In the past, market development and promotional activities were limited by the fact that only 10% of the rice sold by Grains Jamaica Ltd was sold under brand names. The remaining 90% was sold in 45 kg bags marked "U.S.A. RICE". These bags were broken out into retail quantities in unmarked plastic bags and then shelved. Very little of the branded product was identified as a product of the United States. The high import duty discourages the importation of better quality U.S. branded products.

## Technology

Grains Jamaica Ltd remains the only rice milling facility on the island. The mill has a processing capacity of 20 MT per hour and also has packaging capabilities. The mill is to be upgraded to allow for the handling of paddy rice. This will include the installation of 4 husking machines, 4 separators, 2 de-stoners, 2 cleaners, rotex, elevators, conveyors. Roller and hammer mills will also be installed to grind hulls from huskers. These by-products will be combined with bran to make animal feed.

## Marketing channels

The main importers of rice are Amalgamated Commodity (Alesi), Grains Jamaica Ltd an American owned and operated company, the Jamaica Commodity Trading Company, a GOJ purchasing company, Universal Grains (formerly Comet Rice of Jamaica) and Commodity Trading Ltd. Other importers include Grace Kennedy & Company Ltd and Mussons Jamaica Ltd, both Jamaican owned and operated companies. A number of wholesalers continue to be active in the market.

The JCTC imports all the P.L. 480 rice and sells it to Grains Jamaica Ltd. Grains Jamaica sells to roughly 27 distributors.

## Competitive Activities

Guyana is the major competitor to U.S. rice. In 1998 Guyana accounted for 57% of imports while the U.S. accounted for 35%. St Vincent and the Grenadines, Netherland Antilles and Suriname were the other competitors accounting for most of the remaining 8% of imports.

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## PSD Table

PSD Table						
Country	Jamaica & Dep					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Harvested	0	0	0	0	0	0
Beginning Stocks	0	12	0	4	0	4
Milled Production	0	0	0	0	0	0
Rough Production	0	0	0	0	0	0
MILLING RATE (.9999)	0	0	0	0	0	0
TOTAL Imports	75	71	75	79	75	79
Jan-Dec Imports	75	71	75	79	75	79
Jan-Dec Import U.S.	14	13	0	31	0	45
TOTAL SUPPLY	75	83	75	83	75	83
TOTAL Exports	0	0	0	0	0	0
Jan-Dec Exports	0	0	0	0	0	0
TOTAL Dom. Consumption	75	79	75	79	75	79
Ending Stocks	0	4	0	4	0	4
TOTAL DISTRIBUTION	75	83	75	83	75	83