

Voluntary Report – Voluntary - Public Distribution

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Report Name: Rice Situation Update - Costa Rica

Country: Costa Rica

Post: San Jose

Report Category: Grain and Feed

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Report Highlights:

Costa Rican consumers rushed to the supermarkets to buy higher volumes of basic staples such as rice and beans as the first cases of COVID-19 hit the country in March. In response to a 52 percent increase in rice consumption in March, the Rice Corporation (CONARROZ) asked the government to open a 60,000 metric ton special tariff rate quota to allow duty free imports up to that volume for delivery in June and July.

Rice Situation Update – Costa Rica

The Costa Rican Rice Corporation (CONARROZ) is asking the Costa Rican Government (GOCR) to open a special tariff rate quota (TRQ) for the importation of 60,000 metric tons (MT) of rough rice at zero duty for delivery in June and July. The purpose of this TRQ is to maintain enough rice supplies and to replenish stocks (CONARROZ wants to end the year with stocks equivalent to about four months of consumption). According to the rice millers, sales of milled rice increased by 52 percent during March as the population bought more rice to prepare for the new social distancing norms. Under normal conditions, Costa Rica consumes the equivalent of 406,000 MT of rough rice per year, but consumption is now expected to be higher in 2020.

Costa Rican millers expect higher than normal sales to continue during April (21 percent higher), May (15 percent higher), and June, and July (10 percent higher, respectively). According to industry sources, the GOCR is evaluating the request and the government would like to open a smaller TRQ, probably in the range of 40,000 tons. Reportedly, the GOCR is concerned that the millers will not purchase local production (which increases in August), if a larger TRQ is authorized. The rice millers believe that the government's concern is unfounded since the millers expect to buy the entire local crop without any problem. During the last few years, special TRQs or "shortage quotas" as they are known in Costa Rica, have been opened for imports of South American rice only, at the request of the millers. The upcoming TRQ could be open to all sources, in order for the millers to get more offers since South American rice is as expensive as U.S. rice at this time.

Earlier this year, the GOCR opened a 20,000 MT TRQ. The rice was bought from Brazil and arrived in January. Another 20,000 MT from a TRQ opened in March are expected to arrive in May, also from South America (the country of origin is yet to be determined). The millers have also bought 10,000 MT of rough rice from the United States for April delivery. This rice is part of the CAFTA-DR rough rice TRQ, which is 65,000 MT this year. Even if the GOCR opens the special TRQ, the millers expect to import the entire CAFTA-DR rough rice TRQ this year.

Based on the information from the rice sector, Costa Rica would end up importing approximately 250,000 MT (rough rice equivalent) during 2020. Part of the reason for the higher import volume is the expected higher consumption and the need to maintain higher stocks. The other reason is that local rice production has declined over time and is expected to be even lower in marketing year (MY) 2020/2021. Local production reached 155,051 tons of rough rice in MY 2018/2019, and it is forecast at 140,000 tons in MY 2019/2020. Area planted declined by 3,606 hectares in MY 2019/2020, reaching 33,373 ha. Area planted during MY 2020/2021 is preliminarily estimated at 33,057 hectares. According to

CONARROZ, whereas the average price for rice imports was about \$320/metric ton last year, current prices are in the \$370 to \$400 range.

Attachments:

No Attachments.