Australia’s rice supply was brought into focus by the accelerated consumer spending that followed the onset of the COVID-19 pandemic. In March 2020 alone, retail spending is estimated to have increased by 8.2% (ABS Cat. No. 8501.0.55.008), and mostly in the grocery sector. This rapid increase created shortages in a number of products on supermarket shelves, including rice. Stocks of Australian-grown rice are also currently low, due to poor seasonal conditions over a number of years. But this is not a cause for concern about domestic food security. Much of the rice consumed in Australia comes from overseas, where global rice stocks are at record levels.

**Australia’s rice production fluctuates**

Rice production in Australia is highly variable and opportunistic. When water is available, and prices for alternative crops are low, farmers may grow rice. But in drier years, like 2008-09, they focus elsewhere (Figure 1). On average, around 80% of the total cash receipts of rice-producing farms comes from activities other than rice production (ABARES, forthcoming).

Australia mostly produces medium grain rice. The 2019-20 crop of unmilled rice is expected to be around 54,000 tonnes (Figure 1).

**FIGURE 1** Australian rice production is highly variable

![Graph showing Australian rice production](image)

Rice production (left axis) is opportunistic and falls in dry years

Number of farms producing rice (right axis)

Sources: ABARES (2020a, 2020b), ABS (2019a, 2019b)
Rice is harvested once per year, in autumn
Most rice is grown in southern NSW. But small volumes are also produced in Queensland, Western Australia and the Northern Territory.

In southern NSW, rice is sown from October to December and harvested from March to May. This production cycle means that the only way for Australia to quickly increase the domestic supply of rice is to increase imports. With increased demand, there may be a need for new pathways to import rice into Australia.

Australia exports most of its rice crop
Australia exported an average of 350,000 tonnes of rice per year between 2010–11 and 2019–20, with significant year-to-year variability reflecting the variable nature of production. Over the long term, around 74% of the crop was exported (varying with seasonal conditions).

Exports are important for rice growers. However in global terms, Australia is a relatively small exporter of mostly medium grain rice, representing around 10% of global medium/short grain exports and 0.6% of total global rice exports on average in the 5 years to 2019 (China Customs 2020, ABARES 2020b, European Commission 2019, ITC 2020, USDA-FAS 2020). The main export destinations are in the Middle East and Oceania (Figure 2).

FIGURE 2 Australia exports mainly to the Middle East and Oceania

Imports meet Australian consumers’ preference for variety
Australians consume around 300,000 tonnes of rice every year (ABARES 2019). Around half of that usually comes from imports, mostly long grain rice, such as basmati and jasmine. The other half comes from domestic production. That rice is mostly medium grain.

Most of our imports come from the long grain rice-producing countries in Asia (Figure 3). Subject to import protocols, we are also able to secure medium grain rice in years of drought by importing from major exporters such as China and the United States.

Accessing imports is a good deal for consumers. To secure rice from overseas in 2020-21 it would cost around $390/t.1 To produce that rice here in Australia, it would cost around $705/t in water alone.2 There would also be other production costs, meaning the final cost for the consumer would be even higher.

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1 This calculation uses the 17 April 2020 spot price of $360 per tonne for 5% broken Indian white rice (FOB Kakinda) and an assumed freight cost of $30/tonne.
2 This calculation assumes a water application rate for Rice of 11.9 ML/ha and a yield of 10.5 tonnes/ha. The average annual water allocation price in the southern basin is forecast to reach $435 per ML, under average seasonal conditions in 2020-21 (ABARES 2020c)
The world is securely supplied with rice

There is currently plenty of rice available globally ([International Grains Council](https://www.grains.org/index. cfm?r=grainrsc&c=grainrsc&v=1), 15 April 2020). World rice stocks are the highest they have ever been, including in major exporting countries (Figure 4). Although the price of rice has risen in Thailand, it is because of drought and a forecast fall in production. In contrast, the price of rice in India, the world’s largest exporter, has been averaging around US$400 per tonne, roughly unchanged over much of the last decade ([IGC](https://www.grains.org/index.cfm?r=grainrsc&c=grainrsc&v=1) 2020).

Some export restrictions have been introduced in South-East Asia since the pandemic began, namely in Cambodia, Myanmar and Vietnam. For Australia, imports from these countries are relatively small (Figure 3). And regardless of that, the restrictions are not expected to be long lived. Those countries are amply supplied with rice and restrictions are not in their economic interests. This is evidenced by the fact that Vietnam recently announced it will remove its export quota with effect from 1 May.

Keeping international rice markets free from distortions is important

Australia has a strong interest in supporting open rice trade. Rice trade is a key component of ensuring global food security. For Australia, trade allows us to meet the preferences of our consumers and provides Australian rice producers with the majority of their income in most years. Australia has long advocated for open agricultural markets, supported by reforms that have made domestic agricultural markets largely distortion free. Introducing domestic market interventions and failing to support open trade would disadvantage consumers, and could prejudice Australia’s market access negotiations for other agricultural products.

Australia’s rice crop production calendar also means that imports are the only way to increase domestic supply in the short run.
References


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