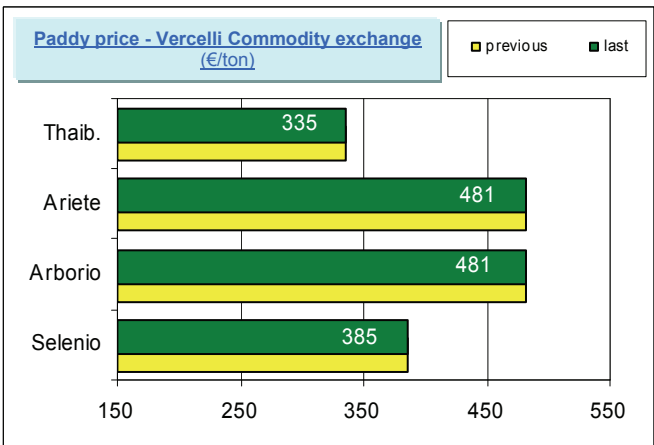
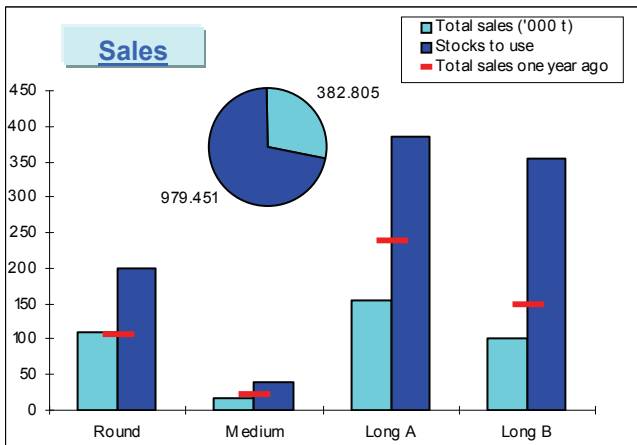




Italian Market



In focus

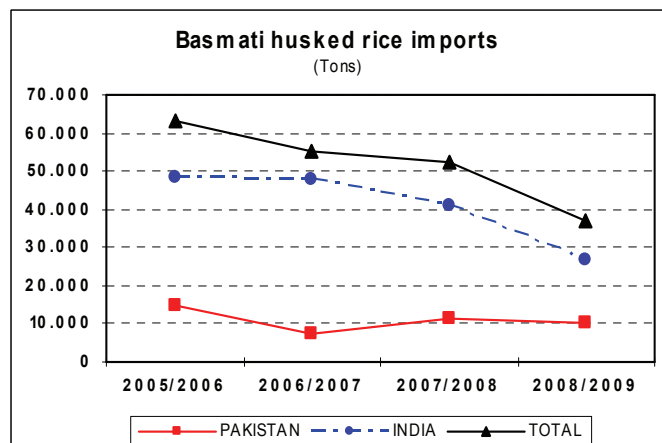
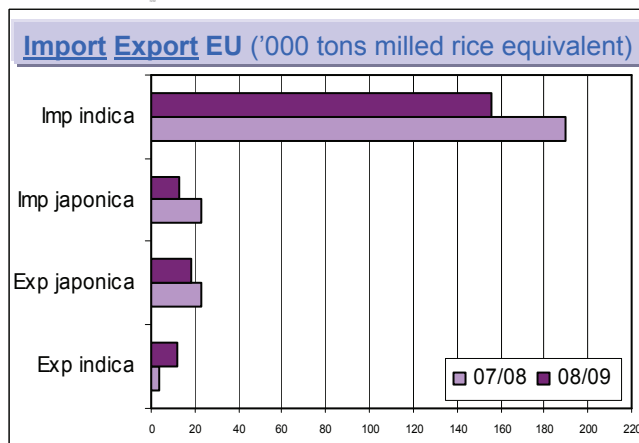
Paddy sales by farmers reached 27,127 tons last week.

Total sales reached 382,805 tons, 28% of the total stock, while last year the item was 520,113 tons, 33.5% of the total stock.

At the moment the gap between total sales this year compared to one year ago is -137,308 tons of which -84,300 tons are long A grain and -49,700 tons are long B grain.

Once more paddy prices at Commodity Exchange in Vercelli did not change; due to the very limited demand, the fixed prices are nominal prices.

European Market



In focus

EU imports amount to 168,247 tons in milled rice equivalent, 44,338 tons below the previous year level (-20.9%): 33,681 tons are indica rice and 10,657 tons are japonica rice.

Husked Basmati rice imports are on a decreasing trend compared to last year (-29.5%), especially from India; imports decreased of 15,484 tons (approximately 10,700 tons in milled rice equivalent).

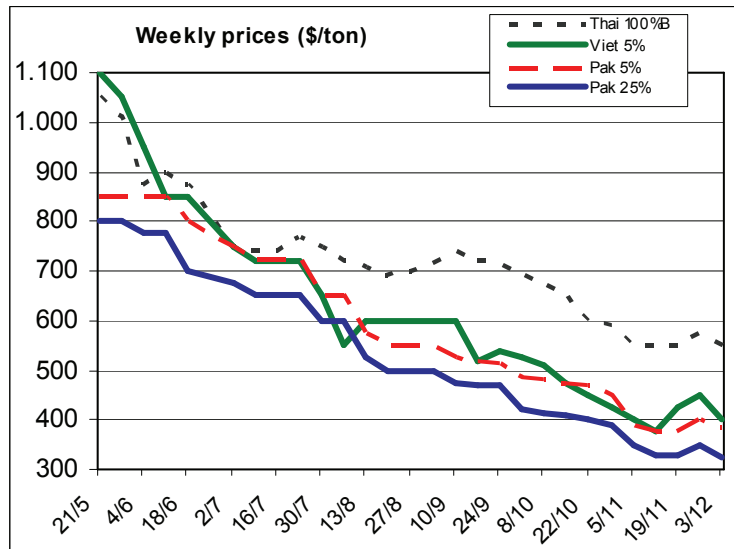
EU exports increased of about 16% compared to one year ago: from 26,234 tons in 2007 to 30,440 tons this year. The export activity has slowed down during last week, in fact licences were issued for 816 tons compared to 4,243 tons the previous week.

International Markets

Milled rice international FOB quotes

Rate exchange 1 € = \$1,2697

Asian Markets		
	\$ / t	€ t
Thai 100%B	550	433
Vietnam 5%	400	315
India (M EP)	1.000	788
India Basmati trad.	2.100	1.654
Pakistan 5%	385	303
Others Markets		
	\$ / t	€ t
Uruguay 5%	590	465
Argentina 5%	580	457
USA LG 2/4%	639	503
California M G 1/4%	1.125	886
Egypt 101	N.Q.	N.Q.



Thailand After up and down, the quote of 100% B is at the same level of two weeks ago. The market remains relatively quiet due to the lack of fresh business and cheaper prices elsewhere in Asia. Thailand needs the business, particularly now that the government has started releasing some of their intervention stocks on the open market. At their tender in November, the government awarded approximately 1.8 out of the 3 MMT offered, and now are in negotiations with local exporters to sell an additional 1.4 MMT.

Vietnam The big news in the market is the sale of another 30,000 mt to Iraq against their tender. The price is reported to be \$413.35 per mt FOB. Another very important news is the growing conviction among the trade that The Philippines (NFA) will tender for 3-400,000 mt out of their projected needs of 1.4 MMT in a matter of weeks or shortly after the first of the year.

India Not much new to report here as the export ban is still in fact amid insistence from government officials it will remain that way.

Pakistan The news is a cargo of 30,000 mt of Paki 5% sold to Iraq as well as \$379 per mt FOB Karachi. So far, PASSCO has reportedly bought about half of the prescribed 1 MMT of paddy under the program initiative.

Usa Gulf The prices are mostly sideways to off in the last two weeks due to a limited demand. Even if Iraq business has gone to Asian counterparts, maybe the market has seen its worse.

In the most remarkable turnaround in U.S. rice history, futures have now gone full circle and fallen below the value they were a year ago.

Food Safety

Rapid Alert System (Source: EFSA)

Rice from Italy infested with larvae insects.

Other news

Political agreement on the Health Check of the CAP. (Source: Ente Risi)

On 20th November the EU agriculture ministers reached the political agreement on the Health Check of the CAP. The main measures involving rice industry are:

- Rice and rice seed will be decoupled by 1st January 2012 at the latest: Member States are given a possibility to communicate to the Commission by 01.08.09 whether they want to decouple any schemes on an earlier date.
- Intervention for rice will be maintained with a figure of 0.
- Modulation percentages - 2009: 7 %, 2010: 8 %, 2011: 9 %, 2012: 10 %.
- Progressive modulation (additional to basic modulation): 4% over 300,000 €.
- Abolition of set-aside.
- No direct payment to a farmer if the total amount of direct payments to be granted in a given calendar year does not exceed EUR 250, and/or if the eligible area of the holding for which direct payments are granted does not exceed one hectare. Each Member State is given a possibility to adopt different figures within fixed thresholds.
- Member States may decide by 1 August 2009 at the latest to use from 2010 up to 10% of their national ceilings to address specific disadvantages in several sectors including the rice sector.

Health Check of the CAP: comments by COPA-COGECA.

Reacting to the political compromise reached by EU agriculture ministers on the Health Check, the Presidents of Copa and Cogeca were extremely disappointed with the final result: it is a compromise which weakens farmers' incomes.

Michel Barnier: How Europe should tackle the global food crisis (Source: Europe's World)

The French Minister Michel Barnier said that Europe's clear focus must be on encouraging the development of local agriculture: to help poverty-stricken countries develop food supply sovereignty is the only way to achieve greater food security around the world and thus reduce poverty. The time has also come to make agriculture a new priority so as to create growth with a more human face: if Europe were to cut back on its agricultural production then the increase in its own food imports would contribute significantly to a worldwide increase in food prices.

Cambodian rice production increases 12% (Source: beta.irri.org)

Cambodia's production of unmilled rice increased 12 percent this year, which would create a surplus of 2.8 million tons in 2008. The Cambodian government expects total production of unmilled rice to hit 6.8 million tons, which would represent a million-ton gain over last year.