

Domestic demand for rice increases faster than exports

The other day, while gathering data for a project we are working on, I was reminded of changes that have occurred in rice consumption over the years. These numbers will not come as a surprise to rice producers and processors but others of us may not be aware of the rate of growth in demand for U.S. rice.

Since 1979, the domestic demand for rice has increased from 55.3 million cwt. to 125 million cwt. projected use in 2002. That is an increase of 126 percent. At first I was surprised at the size of the increase until I took a look at my own consumption patterns. Today, I am eating more rice than I did when I was a boy growing up on an Iowa farm.

Looking at the grocery store shelf, the rice section has increased dramatically from the time when it consisted of bags of two brands of white long grain rice. Today's rice section still contains the bags of white rice, but they have been joined by a host of boxes with premixed spices to give the consumer the choice of Spanish rice, rice with black bean chili, yellow rice, mixed long grain and wild rice, and on and on the list goes. Not only that, most of these are available in instant and standard versions. When I look at the rice section in the grocery store I am not really surprised by what I saw in the data.

During that same period, exports have increased from 82 million cwt. to 105 million cwt. This is an increase of 27 percent. While this record is better than No. 2 yellow corn where today's exports are lower than they were in 1979, it still is much lower than the growth in domestic demand.

While in 1979, rice exports were significantly larger than domestic demand, figure 1 shows that today the situation has reversed and domestic demand is larger than exports.

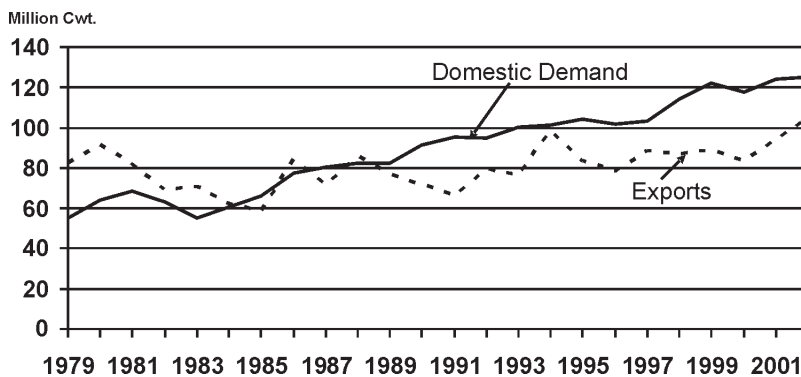


Figure 1. Rice imports and exports, 1979-2002. Data source: UDSA.

Most of the increase in domestic demand has been for domestically produced rice. However, demand for imported rice has increased from 0.1 million cwt. in 1979 to 12 million cwt. for the 2002 crop year. Even if one excludes the imported rice from domestic demand, the domestic demand for U.S. rice has increased by 105 percent.

While exports will continue to be a significant market for U.S. grain producers, it is important to remember that the lion's share of grains are consumed domestically.

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