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Is Geographical Indication Acting on Rice Export Price?

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Rationale

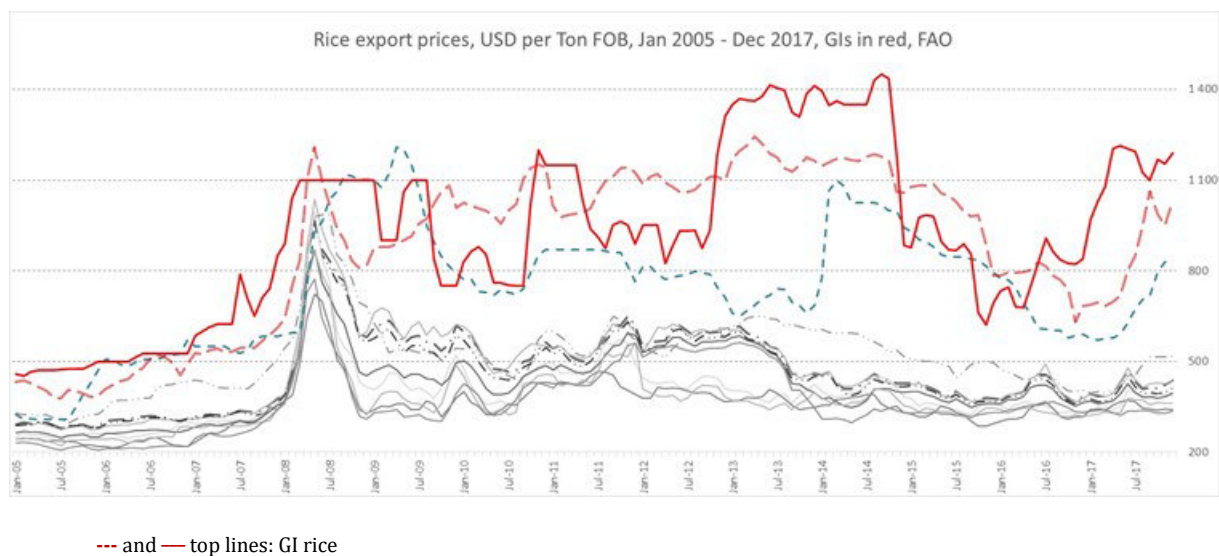
Representing 30% of food intake of 60% of planet's inhabitants, rice is a staple food all over the world. According to FAO, worldwide rice production is about 504 million tons (milled basis) in 2017, while international rice trade is 45 million tons. With almost 9% exported, rice is not the top trade food commodity. 43% of wine worldwide produced is exported, 23% of wheat, 11% of maize and 7% of meat.

The rice market is mainly composed of coarse rice all over the world. It also includes 18% of aromatic rice, coming from a limited number of countries where the pedoclimatic conditions and human know-how make a specific terroir. Aromatic rice is often protected by a Geographical Indication (GI). This is the case of Basmati, from India and Pakistan, using a collective trade mark since 2008 in Pakistan, and Jasmine from Thailand, bearing a Protected Geographical Indication (PGI) as Khao Hom Mali, since 2013.

Results

Periods of increase, shock, fluctuations and depressions were identified for all the rice varieties. The price's increases and decreases of GI rice varieties are by far stronger and different compared to those of coarse rice varieties. Export prices of GI varieties vary more. GI varieties' average prices are 2 times higher than average prices of coarse varieties, and 1.5 higher than other premium non GI varieties.

Price premium of GI rice varieties is a quite interesting, though not surprising, result, as price premium is positively correlated with GI label for most of food products. The higher variability of export price of GI rice varieties is more surprising, as literature indicates that price of GI food products is more stable. The export prices of rice are collected at export market place, which is an obvious location of variability, whereas GI prices are most often measured at farm gate, which may offer more stable trend.



Another factor is acting on export prices: according to its feeding key function for local inhabitants, rice price is under government policy influence for coarse rice, while aromatic rice is mainly exported, consequently its price is more subject to variation.

However, it was impossible to rely monthly export prices to volume of rice exported, nor produced, per variety. Data collection on rice export market should not only focus on price.

Conclusion

GI is acting on rice export as price premium factor. However, this price varies more for GI than for coarse rice. This is an effect of volume limitation obtained from better traceability and stringent specifications which are mandatory for GI labelled products.

Food policy recommendations can be identified from this analysis with respect to harvest and export monitoring, and towards food quality labelling policy as well.

References

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