

China to explore increased rice imports from India

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India's newfound position as the world's leading rice exporter has not escaped the attention of China, which may look to its western neighbour for increasingly greater rice supplies over the coming years.

Last year, India overtook Thailand, until then the biggest exporter, with shipments of over 10m tonnes. This is the result of a bumper year of production, and supplies are in line to increase again this year.

Speaking at an industry event in New Delhi, Shenggen Fan, director general of the US-based International Food Policy Research Institute, said that China imported rice from India for the first time after a lengthy gap.

"It is just the beginning and China's rice import from India could enhance in the coming years with cost of labour, water and land increasing," he told The Economic Times. "Also, it is cheaper to import food grains from India instead of providing subsidies to farmers."

Opening up

China only decided to open up to India for rice imports last year, and it is still early days for the trade. The two countries resolved their differences concerning quarantine, quality and regulatory protocols midway through 2012 after a long and taxing six-year process. Negotiations began on the issue of rice in 2006, when President Hu Jintao visited India. It took a second visit from Hu last April to give the final push to the long-running process.

Vijay Setia, president of the All India Rice Exporters Association, said at the time of the decision: "It will take a while for us to develop the market," and many Indian rice exporters expect it will still take at least two years before exports begin to near their potential.

It will also take some time for Chinese consumers to adopt the Indian grain as they have traditionally favoured the fragrant, glutinous and sticky jasmine rice from Thailand and Vietnam over the aromatic basmati from South Asia.

Wheat on the anvil

Importing wheat from India is also a strong possibility, according to Fan, although China currently buys largely from the US, Canada and Australia and not from its neighbour. "However, there is scope for import as India has massive stocks of rice and wheat."

Last year saw a record output by India of over 104m tonnes of rice and almost 94m tonnes of wheat.

SOURCE Food Navigator Asia