

LCQ6: Rice prices

Following is a written reply by the Secretary for Commerce and Economic Development, Mrs Rita Lau, to a question by the Hon Frederick Fung Kin-kee in the Legislative Council today (October 29):

Question:

It has been reported that the price of Thai rice has dropped from the peak of US\$1,400 to about US\$900 per ton recently, which is a drop of more than 35%, but the retail price has gone down by about 10% only. In this connection, will the Government inform this Council:

(a) of the quantities of and monthly variations in rice imported from around the world over the past 12 months; whether the authorities have assessed if there has been any change in the patterns of rice consumption among Hong Kong people, including changes in the choice of place of import and rice consumption, etc., as a result of the price fluctuations in recent years;

(b) of the variations over the past 12 months in international rice prices, as well as import and retail prices of rice from Thailand and China, including changes in the differences between import and retail prices; and

(c) whether it has looked into why the drop in retail prices of rice is less than the drop in international rice prices; whether it has assessed if there is a situation where prices are "quick in going up but slow in coming down"; if there is, of the reasons for that; whether it has found importers and retailers indiscriminately jacking up prices for profiteering; and of the measures in place to cause retailers to correspondingly reduce rice prices expeditiously?

Reply:

President,

(a) In recent years, Hong Kong imports about 300,000 to 340,000 tonnes of rice annually; of which nearly 90% are Thai rice (mainly Fragrant and White rice) and about 5% are Mainland rice (mainly Yu Jien rice). In the past year, apart from a slight increase in the import quantity of Mainland rice, the profile of Hong Kong's rice imports basically remained unchanged. From October 2007 to September 2008, Hong Kong imported 344,000 tonnes of rice (the corresponding figure over the same period of the preceding year was 328,000 tonnes), of which 88.7% were from Thailand and 7.8% from the Mainland.

(b) Thailand is the major source of rice supply to Hong Kong. The changes in the export prices of Thai Fragrant and White rice over the past 12 months are set out in Annex I (we have no access to statistics of export prices of Mainland rice in the international market). The import prices and retail prices at local supermarkets of the major types of rice consumed in Hong Kong (including Thai and Mainland rice) over the same period are set out in Annex II.

(c) The Government has been closely monitoring the supply and prices of rice in Hong Kong. As regards Thai rice, the net increases in their import prices and retail prices at local supermarkets in Hong Kong over the past year were smaller than the increase in export prices in the international market (see Annexes I and II for details).

Since its liberalisation in 2003, the rice trade in Hong Kong has generally been operating in a free market environment, and rice prices are determined by the supply and demand conditions in the market. Through the liberalisation of the rice trade, the Government seeks to create a more open market environment to attract new entrants, promote competition and enhance market efficiency, with a view to benefiting consumers and the community as a whole. Since the liberalisation of the rice trade in 2003, the number of rice stockholders has doubled from around 50 in 2003 to around 110 at present. Hence, the market participation rate in the rice trade has significantly increased.

The Trade and Industry Department has been liaising with rice stockholders and monitoring rice imports, storage and sales closely. We have not identified any unusual fluctuations in the import and retail prices of rice in Hong Kong, when compared to rice prices in the international market.

Furthermore, to enhance price transparency and facilitate the flow of market information, the Administration has provided additional funds to the Consumer Council, entrusting the latter to conduct price surveys on food and daily necessities since May this year. One district is covered each time, and the items surveyed include packaged rice. Since the end of August this year, the frequency at which the surveys are conducted has been stepped up from once every two weeks to once a week, and the number of items surveyed has increased to over 40. The survey findings are published on the Council's website and are made available for inspection at the Public Enquiry Service Centres in the relevant districts. Their summaries are also reported widely in the media. Moreover, the Council launched another new initiative, the Internet Price Watch, in end September this year. The prices of about 400 items (including packaged rice) available at four online shops are compared on a daily basis. These

price surveys have enhanced price transparency, thereby assisting consumers to optimise their shopping choices.

Ends/Wednesday, October 29, 2008

**Export Prices for Thai Rice available at the website of the
Food and Agriculture Organization of the United Nations**

(Export Prices in US\$/tonne)

	Thai Fragrant rice	Thai White rice
October 2007	568	338
November 2007	587 (+3.3%)	358 (+5.9%)
December 2007	611 (+4.1%)	376 (+5.0%)
January 2008	643 (+5.2%)	385 (+2.4%)
February 2008	748 (+16.3%)	463 (+20.3%)
March 2008	837 (+11.9%)	567 (+22.5%)
April 2008	1,104 (+31.9%)	853 (+50.4%)
May 2008	1,210 (+9.6%)	963 (+12.9%)
June 2008	1,096 (-9.4%)	870 (-9.7%)
July 2008	1,021 (-6.8%)	835 (-4.0%)
August 2008	943 (-7.6%)	787 (-5.7%)
September 2008	899 (-4.7%)	764 (-2.9%)
Net increase over the past 12 months	+58.3%	+126.0%

- Note: 1. Export price (F.O.B.) of the goods includes all costs incidental to the sale and delivery of the goods on to the exporting vessel/aircraft.
2. Figures in brackets denote the percentage change of the rice price against the preceding month.

Prices of Selected Thai and Chinese Rice

(Prices in HK\$/kg)

	Import Prices ¹			Retail prices at supermarkets ²		
	Thai		Chinese	Thai		Chinese
	Fragrant	White	Yu Jien	Fragrant	White	Yu Jien
October 2007	4.49	3.07	3.67	7.24	6.03	6.88
November 2007	4.48 (-0.2%)	3.34 (+8.8%)	3.67 (0%)	7.29 (+0.7%)	3.96 (-34.3%)	6.95 (+1.0%)
December 2007	4.57 (+2.0%)	3.54 (+6.0%)	3.53 (-3.8%)	7.45 (+2.2%)	5.26 (+32.8%)	7.00 (+0.7%)
January 2008	4.61 (+0.9%)	3.57 (+0.8%)	3.91 (+10.8%)	7.64 (+2.6%)	5.35 (+1.7%)	7.21 (+3.0%)
February 2008	4.74 (+2.8%)	3.73 (+4.5%)	3.84 (-1.8%)	7.74 (+1.3%)	5.54 (+3.6%)	7.24 (+0.4%)
March 2008	5.00 (+5.5%)	4.04 (+8.3%)	3.88 (+1.0%)	7.98 (+3.1%)	5.89 (+6.3%)	7.58 (+4.7%)
April 2008	5.90 (+18.0%)	5.22 (+29.2%)	5.23 (+34.8%)	8.74 (+9.5%)	7.51 (+27.5%)	7.68 (+1.3%)
May 2008	6.26 (+6.1%)	5.64 (+8.0%)	5.33 (+1.9%)	9.62 (+10.1%)	8.24 (+9.7%)	8.07 (+5.1%)
June 2008	6.84 (+9.3%)	5.33 (-5.5%)	5.60 (+5.1%)	10.43 (+8.4%)	8.04 (-2.4%)	8.90 (+10.3%)
July 2008	7.16 (+4.7%)	6.06 (+13.7%)	5.78 (+3.2%)	10.78 (+3.4%)	7.76 (-3.5%)	9.40 (+5.6%)
August 2008	6.70 (-6.4%)	6.21 (+2.5%)	5.62 (-2.8%)	10.89 (+1.0%)	8.35 (+7.6%)	9.44 (+0.4%)
September 2008	6.48 (-3.3%)	6.06 (-2.4%)	5.32 (-5.3%)	10.93 (+0.4%)	8.18 (-2.0%)	9.39 (-0.5%)
Net increase over the past 12 months	+44.3%	+97.4%	+45.0%	+51.0%	+35.7%	+36.5%

Note: Figures in brackets denote the percentage change of the rice price against the preceding month.

Source:

1. The import prices of rice (which includes freight charges and insurance fees) are calculated from the information declared by rice stockholders in their import licences in respective months. All costs incurred locally before retail sale, such as transportation, storage, insurance, packing etc. have not been included.
2. The retail prices in supermarkets are calculated according to the information collected regularly from field surveys to a number of local supermarkets by Customs and Excise Department.