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The Competitiveness of Brazilian Rice in the World Market: A Comparative Advantage Approach

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Abstract

Among cereals, rice represents a major source of food for an important part of global population. As rice world stocks fall and prices climb, the food security of many countries can be negatively affected. However, for rice exporting countries, new opportunities may arise from this new scenario, where currently only 7% of total production is being internationally traded. New players may appear in the rice market while others may reduce their participation. Based on this assumption, this paper's aim was to analyse the international competitiveness of Brazilian rice considering the world market as well as some selected rice producing and exporting countries as potential competitors. As main producers in year 2005, based on the amount of produced paddy rice obtained from FAO data, China, India and Indonesia were considered; As main exporters in 2005, based on the monetary value of exports obtained from WTO data, United States of America, Uruguay and China were taken into consideration. For the analysis, the Revealed Comparative Advantage (RCA) Index was used. According to RCA-Index, a country would have a revealed comparative advantage and be competitive if the RCA-Index is higher than 1.0. The analysis considered the period from 1995 to 2005. The main findings were that, so far, Brazil has no comparative advantage in producing rice and exporting it to the world market. From the considered countries, in the past 10 years, Brazilian rice could only compete with Indonesian rice i.e., the RCA-Index used to be higher than 1.0. Thus, Brazil's participation in the world market depends on structural changes in the rice market as well as on issues related to cropping systems that may arise in the future.

Keywords: Comparative advantage, competitiveness, rice market