

FOCUS

RICE



Trusted.
Independent.
Committed.

SGS



Rice and fall

Rice is the primary food staple for over half of the global population, making it one of the most crucial agricultural commodities. The rice market is currently valued at US\$400 billion, expected to increase at a compound annual growth rate (CAGR) of 7.71% between 2023 and 2028.

According to the United States Department of Agriculture (USDA)^[1], global rice production in 2023 and 2024 is projected to reach a record 520.5 million metric tons (MMT), representing an increase of eight MMT compared to the previous year.

More than 80% of the world's rice is harvested in only ten countries. In 2023, China and India accounted for over half of all rice production^[2], followed by other rice-producing countries, including Bangladesh, Indonesia, Vietnam, and Thailand.

India exported 21.5 MMT across the past year, making it the biggest exporter of rice worldwide,

while Thailand followed with 8.2 MMT of rice, making it the second-largest rice exporter^[3].

SGS, as a member of the **Gafta** Superintendent, Analyst, and Fumigator registers, plays a vital role in sustaining the global rice sector. Meanwhile, our experts ensure that importers can always trust the quality and safety of their purchases with minimal risk.

In this newsletter, we will take an in-depth look at the state of the global rice market, examining trends, market challenges currently faced by rice-producing countries, and ways our trusted experts support the industry – whether on the ground or in the laboratory.

Read on to gain valuable insights from the leading Inspection, Testing and Certification Company serving the Global Rice Market.

[1] <https://www.ers.usda.gov/webdocs/outlooks/106708/rcs-23e.pdf>

[2] <https://worldpopulationreview.com/country-rankings/rice-production-by-country>

[3] <https://www.statista.com/statistics/255947/top-rice-exporting-countries-worldwide-2011/>



Trusted services from independent experts

At SGS, we offer an extensive suite of value-added services for rice. Harnessing cutting-edge laboratory facilities and swift on-site testing, our team of experts delivers precise and impartial data to validate the quality and safety of your rice.

Our inspection services, accredited by **Gafta**, assure proper handling and storage of your goods throughout the supply chain, regardless of their origin or destination. We also provide fumigation and pest management to prevent and address insect and pest contamination.

Cargo Predictive Modeling empowers you to minimize transportation risks associated with rice and oversee cargo conditions during transit. Additionally, we provide secure access to document

histories with our **SGS Secured Document** service. With Secured Document, you can verify authenticity and origin, effectively managing operational risks.

We offer a range of customizable stock management solutions, ranging from periodic spot inspections to continuous monitoring of vital metrics. Leveraging IoT technology and wireless sensor networks, **SGS Smart Warehouse** offers real-time monitoring of commodities to safeguard your investments and ensure secure storage.

Our audit and certification services encompass the entire value chain, including product, process, and systems certification. Finally, our market intelligence solutions provide essential insights to support your strategic decision-making needs.



Testing



Inspection



Fumigation & Pest
Management



Risk
Management



Audit &
Certification



Market
Intelligence





Cambodia

SGS established itself within Cambodia's capital city, Phnom Penh, nine ago. We have a trade office involved with agricultural commodities and two government laboratories at the Ministry of Agriculture, Forestry and Fisheries; and the Ministry of Commerce. In addition, our testing services have support from our affiliate laboratories in Thailand and Vietnam to analyze client products, to ensure international standards are followed.

The rice services we provide in Cambodia include agriculture inspection and testing services to meet the demands of exporters and trader companies working in worldwide markets. These testing solutions included analyses for microbiological contaminants, heavy metals, mycotoxins, and pesticide residue.

We form an integral part of Cambodia's agriculture industry, leveraging the quality and standard of commodities and products to meet the needs of international and export markets.

Market Updates

As well as recent developments in our physical testing services for rice, we have undertaken different rice analyses from September 2022 to September 2023. Most of this testing was focused on chemical and pesticide residues in the rice before being exported to the European markets.

In addition to the rice testing, we supported clients to inspect shipments of rice estimated at around 19,900 MT in total. The inspections included physical testing and container checking before export to its final destination.

"SGS's service is strict and reliable – making it a value-add to our service quality. As a result, we earn more trust from our customers when it comes to our rice quality. We believe in their professionalism and confidently use their service for our rice exporting."

Natthapon Wangpanit
General Manager at Apsara Rice

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China

Our operations in China are flourishing when it comes to rice. Our countrywide team is still expanding, as we now boast over 200 rice specialists in China spread across nine offices and 12 labs. Over the last year, our specialists in China have conducted 1,500 analyses on over 750,000 MT of rice. Our laboratories are ISO 17025 accredited and certified by CMA for food inspection and testing and by CATL for agricultural product inspection and testing. We are also **Gafta** Analyst and Superintendent members.

Industry Challenges

Even though we have experienced a successful year for rice analysis, it has not come without challenges. Exporting restrictions have been

implemented in China, which has resulted in slower rice exportation. This is due to the Chinese government’s control over the release of reserve paddy.

“SGS is our good partner with long-term cooperation of more than 20 years. They always present integrity, professionalism and promptness for rice inspection service, and assist our success in the rice trade chain. We look forward to continuing deep and sustainable cooperation with SGS in all aspects.”

Huang Di Xuan
Louis Dreyfus Company

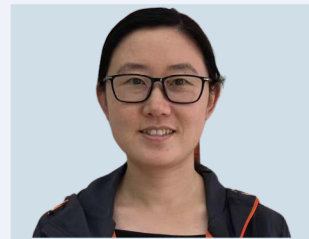
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India

The rice trade in India has evolved significantly in the last year – and our operations have grown with it.

From quality, quantity, and verification services to analytical, SMA, and guarantee services, we provide an impressive range of support to the Indian rice market.

Thanks to our continued investment, we can now offer tests for a much broader spectrum of agrochemical residues – 600+ molecules in total, covering MRLs that meet the requirements of the FSSAI and country-specific requirements across the EU.

A shifting market

In July of 2023, the Indian government announced that it would immediately halt exports of non-basmati white rice. The move – designed to lower

rice prices and secure the availability of rice within the country – has significantly shifted the priorities of rice farmers in the region.

As a result, we provide inspection and spot testing to an increasing number of domestic clients at the time of procurement, helping them to navigate this evolving market.

However, some challenges remain constant: thanks to the prevalence of small land parcels, a wide range of rice varieties, and the varied use of fertilizers by farmers, rice quality fluctuates significantly across India.

At every stage, our support ensures that correct quality and quantity of traded produce – helping to ensure that the international and domestic rice trade continues to flourish.

Our Team



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Indonesia

Over the last 14 years, our rice operations in Indonesia have become increasingly established. Today, we have two agricultural laboratories, three trade offices, and 18 employees involved with agricultural commodities.

Our laboratories are ISO 9001, ISO 14001, and ISO 17025 accredited for quality management, environmental management, testing, and calibration. Additionally, each laboratory is OHSAS-certified for occupational health & safety and accredited by **FOSFA**.

In the past year, our Indonesia laboratories have achieved **Gafta** Superintendent and Analyst registered status.

We continue to offer discharge supervision, sampling, and testing, plus heavy metal and microbiology testing for rice. Over the last year, we have also added pesticide testing to our services.

Market Updates

While there have not been any significant changes to the rice industry in Indonesia, it is worth noting that rice imports in Indonesia are controlled by the government – particularly imports of 5% broken rice.

At present, only one state-owned company, BULOG, can import rice following instructions by the local government.

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Malaysia

Since SGS was first established in Malaysia 52 years ago in 1971, our rice services in the country have flourished.

With four agricultural laboratories with ISO and IEC 17025 accreditation, plus nine agricultural trade offices across the country, we currently have 45 full-time employees involved with agricultural commodities. Our operations are **FOSFA**, **NIOP**, **Gafta**, **MPOB**, **FCC**, and **MCB** accredited.

Our testing services offer analysis for nutritional composition, pesticide residue identification, mycotoxins, heavy metals, and microorganisms.

In addition, we provide inspection services for rice, including supervision for loading and discharging, inspection of containerized items, and conducting sampling and draft & damage surveys.

Across the past 12 months, we have analyzed 780,000 MT of rice despite challenges, including a loss of landed quality.

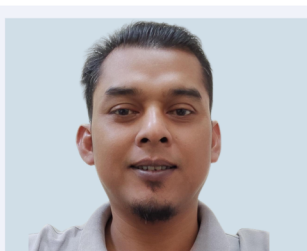
Our Team



ARJUNA TOKIRAN

Agri Head

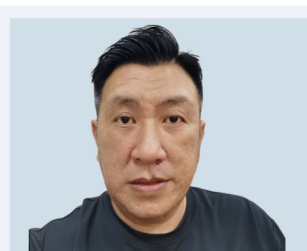
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Myanmar

Since our rice operations began in Myanmar in 1948, our presence in the country's rice industry is still felt.

With an agricultural laboratory and a trade office (located in Yangon), we have 67 full-time employees dedicated to our rice testing services. Our laboratory is ISO accredited, having been awarded ISO 17025:2017 accreditation for heavy metal testing – including mercury, arsenic, lead, and cadmium – in June 2023.

Over the past year, our specialists have analyzed 842,740 MT of rice, carrying out testing, inspection, and fumigation services. We also plan to offer prior warehouse fumigation services shortly.

Industry Challenges

The past 12 months have been busy for SGS' rice

services in Myanmar. In 2022, Myanmar achieved its rice export target of two MMT.

However, more challenges have arisen. The current production for this year is forecast to be lower than last year, with a predicted 10-20% less rice produced within the same period. The instability of the exchange rate and the higher inflation rate have also posed an additional challenge for traders in the rice industry.

While demand is increasing from the EU, it has decreased in Africa throughout the past year. We have also won contracts for testing rice shipments to Bangladesh and Indonesia – 200,000 MT and 100,000 MT, respectively.

As Myanmar aims to achieve 10% year-on-year growth in the rice export sector, this spells a promising era and more opportunities for SGS Myanmar's testing services in the future.

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Pakistan

This has been a boundary-pushing year for SGS in Pakistan as we explore new techniques and ways of providing accurate, innovative support for regional rice producers.

We have completed over 9,500 rice analyses this year and are now accredited by **Gafta** to provide fumigation services and can conduct CO2 fumigation for organic rice. In addition to this, we are currently developing our approach to rice varietal identification, using a combination of DNA fingerprinting and pesticide residue testing.

Following a difficult year for rice crop quality in 2021/2022, we expanded our operations to provide customers with the support and insight they need to maintain the integrity of their products. Notably, we have developed a new mobile laboratory near Port Qasim, close to a large volume of rice mills; this new facility will use visual analysis to maintain the quality of export cargo while ensuring minimal turnaround time.

Returning strong after a challenging year

Flood damage, rising crop prices, and declining exports made the 2021/2022 season a challenging one for the Pakistani rice market. However, the 2022/2023 season has been much more promising: no crop damages have been reported, and we expect very healthy export volumes for the year. Throughout this period, we have been a valuable partner for our customers across Pakistan. Through constant innovation, dedication, and a commitment to providing the best possible testing, inspection, and fumigation, we have demonstrated our ability to provide support in all circumstances – whether the industry is struggling or thriving.

“We rate SGS as our most valuable partner - they have played a pivotal role in bringing sustainable practices and innovative solutions for our industry & we really look forward to working closely to make these practices as a global benchmark for the rice industry”.

Haseeb Ali Khan
Managing Partner at Khan Rice Mills

Our Team



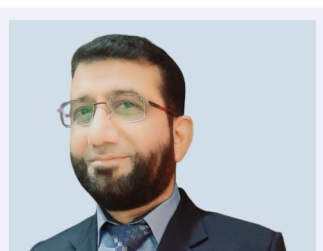
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Philippines

SGS has been present in the Philippines since 1949.

Over the past 74 years, we have provided testing and inspection services across the country, from an ISO-accredited agricultural lab in Makati City, which is also a FOSFA and Gafta-approved registered agricultural trade office/laboratory, as well as our laboratory in Lapu-Lapu City, Cebu.

We are continuously leveling up the current laboratory team in expertise in rice related to the requirements of other countries in the SEAP region.

In addition, we are providing physical testing services, as well as inspection services on break-bulk and containerized shipments. Our fumigation services are also made available through a third-party partner.

Over the past year, SGS Philippines has inspected 439,867 MT of rice.

Market Update

SGS Since September 2022, the Philippines has overtaken China as the top rice importer, according to the USDA, which projects 3.8 MMT in marketing year 2023-2024, while imports from China are forecast at 3.5 MMT.

Traders/importers need to be assured of the quality and quantity of their rice shipments (and other agricultural commodities) wherein SGS can provide a complete set of physical testing and analysis as well as shipment inspection services.

“When we started partnering with SGS Philippines Inc. the inspection/operations went smoothly, and we are very happy about this”.

Cary Din
Pacific Rim International Harvester Inc.

Our Team



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Singapore

Connecting clients with local and international experts, our team in Singapore supports customers active in the South East Asia Pacific (SEAP) regional rice markets. The team, which is based at our regional desk in Singapore, ensures the seamless delivery of services across the region.

Value-add support services

You can rely on our expertise to coordinate all activities, including:

- Operations
- Sales
- Customer care

We have operated in the country since 1971 and look forward to supporting your business operations.

We work for you to protect your interests and reduce your risk, ensuring your commodities meet global standards for quality and excellence.

Our Team



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Thailand

With an ISO-accredited agricultural laboratory in Bangkok and **Gafta** approved registered agricultural offices in Bangkok and Korat, Thailand is home to one of the most well-established SGS facilities, arriving in 1951. As a result, we have 139 inspectors, 437 analysts, and 25 officers spread around the country.

Drawing on local expertise, our rice industry services – whether standalone or a part of bespoke service bundles – include inspection, fumigation, testing, and system certification.

Our excellence program delivers services to exceed customers' expectations by maintaining continuous improvement in all areas, from safety, environment, and maintenance to logistics and quality.

Our fumigation services include fumigation of bulk cargo, containers, and vessels; CO2 fumigation for

organic rice; degassing and sleeve removal; the Australian Fumigation Accreditation Scheme (AFAS); and fumigation of wood packaging materials (ISPM 15).

We also specialize in providing certification services pertaining to quality and environmental management systems, social accountability, food hygiene, and safety.

Over the past year, we have analyzed over 3,000 different rice samples, with the total inspected rice commodities reaching 1.6 MMT.

Market Update

Due to the El Niño event from July to August 2023, this year's rice production is highly likely to be similar to 2022 production figures, with an estimated quantity of 20 MMT of milled rice.

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Vietnam

Over the past 34 years since SGS established itself in Vietnam, our ISO-accredited agricultural laboratory and **Gafta**-approved registered trade offices in Ho Chi Minh and Can Tho have amassed 230 full-time employees.

Since beginning our Vietnamese operations, we have always been in the top 3 of rice inspection, testing, and fumigation suppliers. Each year, we provided our service to rice shipments exported to the Philippines, Indonesia, Malaysia, Africa, the Middle East, the EU, and the USA.

This year, we also have plans to develop a brand-new rice DNA detection service in addition to our regular rice testing services – from physical analysis and pesticide residues to heavy metals and amylose content.

Market Update

During the latter half of 2023, rice has faced record high prices. This is due to the pressure of lower

production as a result of the recent El Niño phenomenon, as well as the ban and taxation of India toward white rice and parboiled rice.

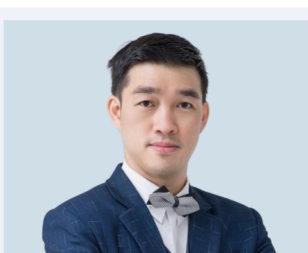
The Philippines has accounted for almost 40.2% of Vietnamese rice exports this year. All the above factors have caused rice prices to rise sharply to new highs, heavily impacting the Vietnamese rice business.

Thanks to our global network, we can assist traders with useful information about any destination with regard to import regulations and quality or quantity issues.

“The SGS team is like a close partner who always protects and watches over the quality requirements for us. When we engage SGS, we always get a fast, reliable, and professional service. We do look forward to the longer partnership with SGS”.

Senajit Chaki
General Manager of Olam Global Agri Vietnam Ltd.

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