

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Costa Rica

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Rice Producers Win Lawsuit Against the Government

Report Categories:

Trade Policy Monitoring

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Report Highlights:

Rice producers won a preliminary lawsuit against the Government of Costa Rica (GOCR) in a case related to the government's fixing of the producer price of rice. The GOCR had issued an executive decree in November 2010, reducing the price paid to rice farmers in an effort to comply with its WTO commitments. Producers took their case to court and a judge granted a temporary measure that sets the producer price at a higher level than that previously fixed by the government.

General Information:

Rice Producers Win Lawsuit Against the Government

On January 31st a judge ruled in favor of rice producers who had sued the Government of Costa Rica for fixing a lower producer price for rice. The judge granted a temporary measure, requested by producers, to increase the fixed price from colones 20,050 per 73.6 kg bag (\$534/MT) to colones 22,604 per bag (\$602/MT). The temporary measure will be in effect immediately until the final lawsuit takes place (timeline for this is not yet defined) and a final verdict is issued. The GOCR plans to appeal the judge's verdict.

The judge's decision overturns the Government's Executive Decree issued in November 2010 and makes the colones 22,604 producer price retroactive to January 1st, 2011, so producers will be paid back by the millers to that date with respect to the new price. Producers celebrated the judge's decision since they will avoid potential financial losses that would have resulted from the lower price fixed by the GOCR in November. A lawyer that represented the producers in this case indicated to the press that the price fixed by the Government would have led his clients into bankruptcy. However, millers and consumers will have to pay higher prices.

The Ministry of Economy was planning to issue a decree to reduce the consumer price by approximately \$2 per kilogram in the next few days. However, as a result of the aforementioned legal ruling, the price reduction will be about \$1. The fixed consumer price applies to rice of the 80/20 quality (80 percent whole grain and 20 percent broken grain), which is the most popular among consumers.

The Vice-Minister of Economy, present during the proceedings, reiterated the Government's concern about trade partners' complaints expected during the meeting in March of the Committee on Agriculture of the World Trade Organization (WTO), since the GOCR will not be able to show a producer price reduction as previously planned.

According to the press, on this point the judge said that at this time there is no certainty of damage and that the Government will have enough time to solve the problem in the event that one of the trade partners initiates a process against the country.