

A New Way of Buying Rice



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Buyers of rice face many problems. They don't know if they are getting the best price, they worry that they can't trust new suppliers and they face numerous financial and non-financial risks, especially during the transportation part of the trade. Rice Exchange has been designed specifically to make the rice buying process better. Here we talk with the COO and co-founder of Rice Exchange, Frank Gouverne, to see how Rice Exchange makes life easier for rice buyers around the world.



Frank Gouverne

Q: One of the most important considerations for rice buyers is price. Buyers presumably want to pay the best price for the rice they buy. How does Rice Exchange allow them to do this?

A: Through our platform buyers of rice benefit from extensive price discovery. Currently, all prices are negotiated bilaterally between seller and buyers and this is not representative of the whole market. On the Rice Exchange platform buyers can see prices from other sellers and from many origins, in one place and in real time. When buyers see a good offer from one or more sources, they can negotiate the price

and conditions with a few clicks. Buyers can also post enquiries and obtain the best offers from the main exporting countries. This is a huge advantage.

Q: How do buyers know if they can trust new suppliers, who might be offering more competitive prices, if they have not done business with them before?

A: Firstly, we provide direct connectivity between buyers and sellers so they can build their relationship quickly and securely over our platform. Once both parties have established themselves on the platform, it will be easy for them to see each other's trading history, if both parties agree to share this information, that should give extra reassurance. In the future we will implement a rating system for both buyers and sellers that will add a further layer of trust.

Q: How does Rice Exchange help buyers with their own operations?

A: A typical rice trade generates a multitude of documents. All trades on the Rice Exchange platform are digital. This means that the risk of documents being tampered with, manipulated or lost is drastically reduced. This saves buyers time spent in their own back offices. The electronic documents that our platform produces give the buyers' banks visibility and trust, enabling these institutions to release more finance.

Q: Once terms have been agreed and the paperwork is in place, buyers often face an anxious wait during the execution of the trade. How does Rice Exchange lower the anxiety levels and give buyers a better view of what happens to their rice cargo?

A: We have several ways of doing this. The platform gives users daily cargo operations reports as opposed to the existing system of waiting for the inspection reports that arrive when the shipment is seaborne. This daily reporting gives real time visibility on cargo operation activities and allows buyers to react should something be wrong. All parties to the trade have the same information: the buyer, the seller and the inspection company.

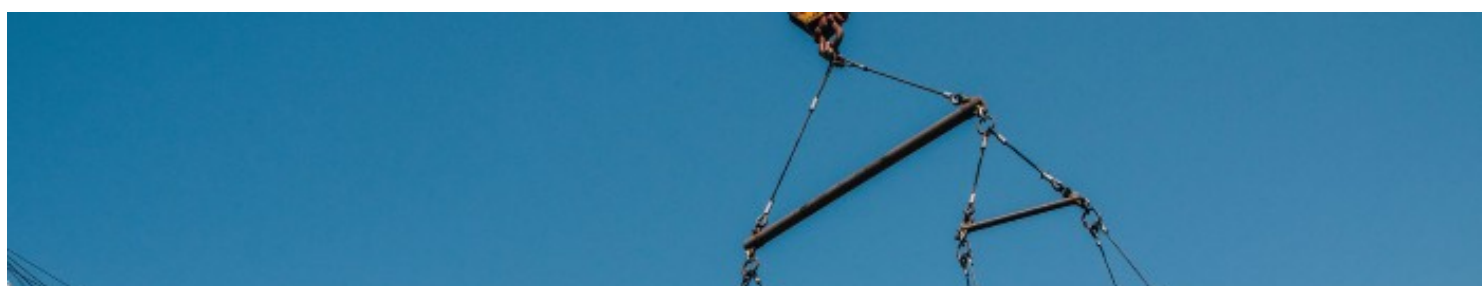




Photo courtesy of Ducat Maritime

The inspection companies that work with Rice Exchange have agreed to provide buyers with daily reports although their services are paid for by sellers.

Unfortunately, it is common for buyers to be kept in the dark regarding the shipment of their rice cargo. The Rice Exchange platform not only brings transparency to shipment preparation but on many other aspects of the trade with the objective of creating an ecosystem of parties who aren't afraid of transparency and want to work in a trusted environment with reliable partners.

Improved transparency helps buyers access the dedicated Rice Exchange insurance policy, provided by first class European underwriters via our integrated insurance brokers [Siaci Saint Honoré](#).

Q: What about shipping? How does Rice Exchange help buyers that are buying small to middle sized lots?

A: The platform offers two possible shipping methods - containers and break-bulk shipment on a parcel service - both of which can be booked on the platform with our integrated shipping providers. Container services are well known and offer multiple advantages. Buyers that book their freight via the platform receive updates detailing when their cargo is picked up, when the rice is loaded on the vessel and when it reaches the destination. Buyers who purchase bigger lots may want to ship the cargo by vessel, but the volume may not be large enough to fill a big vessel or the buyer may

lack the expertise to do so. To help those buyers, we have teamed up with Ducat Maritime, a leading parcel shipping service that focuses on the important rice route between Asia and West Africa. Ducat is one of the few shipping companies to offer a parcel service for small or medium-sized bagged loads between 1,000 and 3,000 tonnes. It does this by bundling smaller cargoes, which can be collected from and delivered to multiple locations. This service democratizes the global rice market as it allows smaller buyers to benefit from the same level of service as the largest buyers in the market.

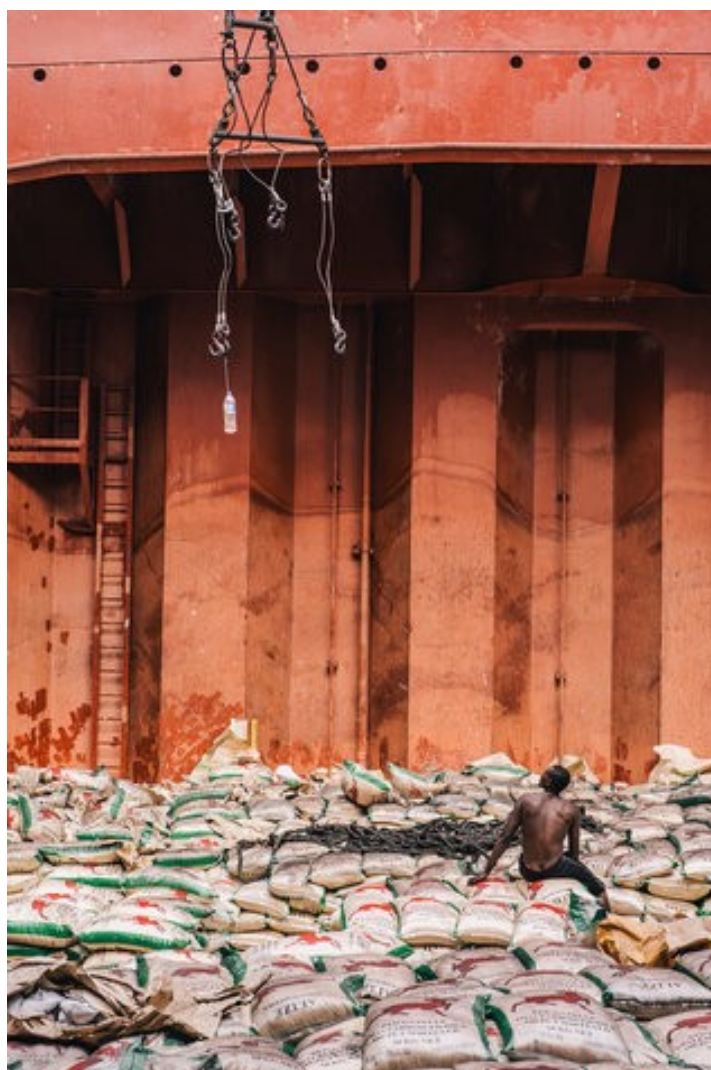


Photo courtesy of Ducat Maritime

Q: How does Rice Exchange help buyers reduce the risk of financial loss for damages caused during transportation?

A: The risk of damage during transportation and the financial exposure related to that can have a serious impact on buyers' cash flow. Many buyers do not have insurance in place or cannot access good cover as their volumes are too small. As a result buyers often purchase rice on a CIF (cost, insurance and freight) basis but they have no idea

of the policy terms nor do they have a guarantee that an eventual claim will be paid. Rice Exchange has partnered with [Siaci Saint Honoré](#) to provide platform users with a dedicated marine insurance policy from a Swiss underwriter. Initially the insurance cover is only available for container shipments but we hope to extend this to conventional shipments too. The insurance cover is linked to the implementation of loss prevention measures including the use of kraft paper and dry bags for container shipments. These measures are expected to reduce insurance claims considerably benefiting buyers who will enjoy competitive premiums.

The COVID-19 pandemic has exacerbated the challenges faced by rice buyers. Logistical obstacles are mounting as offices are closed and freedom of movement is restricted. The Rice Exchange platform enables buyers to access to the best offers from Asia and South America from the comfort of their home or office. We look forward to helping all buyers to build new supplier relationships, achieve price transparency and benefit from improved services and logistics. Register to use the platform [here](#).

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