

# The role of inspection companies in the global rice trade



Rue Swabey

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Buyers of rice in Africa, the Caribbean, Europe and the Middle East rarely see the rice they purchase in Asia or the Americas before it arrives at its destination. Sometimes sellers send a pre-shipment sample by courier to the buyer which serves as a first indication of the quality of the rice. However buyers want to be sure that the rice shipped will reflect the sample and corresponds to the contractual specification. This is where inspection companies come in: they provide trustworthy information to both buyer and seller. Appointing an inspector mitigates the risk of fraud and theft which is common in the global rice trade. The most common problems are short falls in the volume, wet damage and the adulteration of rice with cheaper substitutes.

Rice Exchange is a private permissioned blockchain solution for the trade and commercialization of rice. Our digital platform transforms the highly fragmented international rice trade into a modern global marketplace by introducing trust and efficiency via the provision of verified, immutable data for all stakeholders. On the platform buyers, sellers and service providers connect, conduct trades and arrange insurance, shipping, inspection and settlement in a secure and cost-efficient environment.



Photo courtesy of ISC Myanmar

At Rice Exchange we work with the leading inspection companies. Traditionally sellers appoint and pay for the services of an inspection company though the service is also available to buyers. On offer are pre-shipment inspections of rice cargoes, fumigation, starch tests and supervision of the loading and discharge of the grain. Rice cargoes need to be inspected for quality, weight, moisture and moisture levels. If the rice is bagged the weight of the bag and strength of the stitching require testing.





Photo courtesy of ISC Myanmar

In addition to these checks other tests may be required to ensure that rice complies with the standards of the destination market. Basmati rice imported into the European Union may not contain more than 0.01 mg per kg of tricyclazole (a fungicide). Good inspection companies are familiar with these standards and interpret them in a uniform and consistent manner.

Frank Gouverne, COO of Rice Exchange and veteran rice trader of 35 years, stresses the importance of using a reputable company to ensure that best practice is followed when packing and loading rice cargoes as the inspector is the eyes and ears on the ground. Increasingly maritime insurance companies are insisting on additional measures to avoid shortages or damage to the rice during the transit period from origin to destination. An inspection company can certify that those damage prevention measures have been applied. This gives both parties and the insurance underwriters the knowledge that the rice was stored and transported using best practice to the benefit of both the policyholder and the insurance company.

Each time the inspection company performs an action related to the rice cargo a report is uploaded to the Rice Exchange platform providing reassurance to all parties involved in the trade. Buyers and sellers can view all the documents related to the trade on the platform including certificates of quality- and weight. Once the rice cargo is seaborne our platform provides real time tracking of the cargo. This visibility allows buyers peace of mind and the ability to react if something goes wrong.

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