



# The Rice Advocate

US Rice Producers Association

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## USRPA Continues Leadership in Protecting Export Credits for Rice

USRPA continues its leadership role in protecting USDA's GSM-102 export credit guarantee program this week by actively participating in drafting comments to USDA's proposal to raise fees on this vital export tool. The program, which ensures credit is available to finance exports of US agricultural products and provides competitive credit terms to buyers in mostly developing countries, has supported more than \$7 billion in US farm exports since 2007, including \$277 million in rice. The letter can be found on [usriceproducers.com](http://usriceproducers.com).

In the letter USRPA joins 14 other commodity groups urging USDA Foreign Agriculture Service (FAS) Director of Trade Programs, Mark Rowse, to work with the ag industry "to develop a more robust and transparent approach to country risk ratings before it undertakes any revisions to the GSM fee schedule". The fee structure for the GSM-102 program was changed to a risk-based approach in 2005 where a numeric risk category (0-6, lowest to highest risk) is assigned to each importing country. The fee schedule changes according to the country risk rating, with agriculture export financing to high-risk level countries requiring higher fees.

Not only is raising fees a bad idea at a time when global markets are improving and showing ample supply of grains, feeds, oilseeds and other ag commodities, fee increases could also trigger a drop in the use of the GSM program. After USDA's July 2005 increase in fees, GSM program utilization was driven to an all-time low in 2006.

The GSM program is a key source of support for US agriculture and the critical food and fiber needs of countries which import US farm products. This export credit guarantee program encourages exports to developing countries where credit is necessary to maintain or increase US agricultural sales.

"We look forward to continuing to work with USDA/FAS in pursuit of our shared goal of building markets for U.S. agricultural exports," the letter closes. USRPA and the other ag commodity groups signing onto the letter have enjoyed an 8 year working relationship with FAS on this important issue.

USRPA will continue to lead efforts in protecting this key support for US farm exports, including encouraging a prompt announcement of GSM program allocations for FY2010, which began on October 1, 2009.

## General Market Update

This week, like those prior, was mostly uneventful in the rice world. Harvest in the U.S. remains plagued with poor weather and is approaching unsalvageable in some areas. With most of the U.S. crop still in limbo, this could have a substantial effect on the pricing scenario later in the year. Oddly, the government figures and market values have not yet accounted for this phenomenon meaning that there will be some high levels of volatility after the final numbers come out. Looking offshore, Export sales and vessel loadings were reported down by a substantial percentage this week which was in a way expected (as the buyers have been buying hand-to-mouth for so long) but was also mildly surprising due to the stronger competitiveness of U.S. commodities overseas at this point. Revising last week's projection, we expect this trend to continue until either the global supply situation becomes clearer, the overseas competitors exhaust their short term supply, or overseas buyers become more concerned about available stockpiles. Asian prices remain widely spread, with the benchmark Thai 100%B quoted for the week at \$510 per MT and the Thai-Vietnamese price spread still very close to \$100 per MT. Domestically cash prices have been mostly unchanged over the week, with buyers ideas in the \$11.50-\$12.50 per hundredweight range. Growers have been eyeing the futures market over the past two weeks and are looking for something closer to \$13.50 per hundredweight to do any business. The futures market was a battle between the bulls and bears this week, with each alternately struggling for control. continued on the next page)

### Inside this issue:

**USRPA Leadership in Export Credits**  
**General Market Update**  
**Vernie Hubert Joins Cornerstone**  
**USRPA Rep in the Phillippines**  
**USRPA Rep in El Salvador**

## General Market Update (continued)

. Monday saw the nearby November '09 contract open at \$13.63 per hundredweight before climbing \$0.24 per hundredweight. Tuesday saw an inversion, with a price slide of \$0.29 per hundredweight to close at \$13.565. Wednesday's trading moved the market up by \$0.12 per hundredweight, while on Thursday the market traded back down by \$0.04 to close at \$13.545 per hundredweight. On Friday, the market moved down by \$0.13 to close the week out at \$13.43 per hundredweight. The total range for the week was -\$0.20 per hundredweight with a trading range of \$0.525 per hundredweight. With the general status of the U.S. crop still in question and the likelihood of it falling well short of USDA's projections, we remain very bullish on the market for the remainder of 2009.

## Cornerstone Adds 25-year Hill Veteran to USRPA Team

USRPA is pleased to announce the addition of Capitol Hill veteran Vernie Hubert to its team at Cornerstone Government Affairs in Washington DC.

Vernie has worked on agriculture and related issues in Congress for over 25 years. He spent his first 20+ years as professional staff on the House Committee on Agriculture, serving in several positions, including twelve years as the Minority Counsel and Legislative Director.

Most recently, he has been professional staff on the Senate Committee on Agriculture, Nutrition and Forestry where he served as both Majority Counsel and Minority Chief Counsel.

"We appreciate the incredible work that Vernie has put forward on behalf of American agriculture and he has done a tremendous job," said Senator Blanche Lincoln (D-AR), Chairman of the Senate Agriculture Committee.

"Through nearly 25 years of serving in various capacities on the House and Senate Agriculture Committees, Vernie Hubert has exemplified tremendous character, an infectious personality and an astute knowledge of the law," said Senator Saxby Chambliss (R-GA), ranking minority member of the Senate Committee on Agriculture. "I am certainly grateful for his dedication to agriculture. Vernie's encyclopedic knowledge and valuable input will certainly be missed."

"We are very excited that Vernie has joined Cornerstone," said USRPA CEO and President Dwight Roberts. "He enhances an already solid team of professionals in agriculture who have ably represented USRPA for more than a decade. We expect him to be a great asset to USRPA."

"Given my background, working for Congress has allowed me to combine two of my lifelong interests—agriculture and the political/legislative process. I have been fortunate over the years to have been able to work for and with many talented and dedicated individuals who also share these interests," said Hubert. "As I enter a new phase of my career, I look forward to continuing to work as an advocate for American agriculture."

Vernie is a graduate of Texas A&M University and St. Mary's University School of Law.

## USRPA in the Philippines

Dwight Roberts, President & CEO of the US Rice Producers Association will be in Cebu, Philippines next week to speak at the World Rice Conference on the subject of "USA and South America as Important Future Producers and Exporters of Rice". This year's conference theme is "Getting Past the 2008-2009 Hangover" and a long list of market specialists from all the major Asian and Middle East markets will be on the program. Participants currently registered for the event indicates a world-wide audience that includes allied industries supporting production, transport, trade and the consumption of rice. The conference is organized by the International Commodity Institute, The Rice Trader publication and IRR1's Rice Today magazine. For more information about the conference: <http://www.trtworldrice.com/>

## USRPA Representative in El Salvador for FECARROZ

Former USRPA board chairman Dennis DeLaughter is in El Salvador this week to address the FECARROZ (Central American rice organization) board of directors meeting. Representing the principal buyers of U.S. rice throughout the Central American region, Mr. DeLaughter is giving a U.S. rice market update as it relates to the current world market situation. A rice farmer, professional farm manager, licensed commodity broker and trader on the Chicago Board of Trade, Dennis serves as a market advisor to the U.S. Rice Producers Association.



While in Chile last week, Nolen and Toni Canon took the time to meet with representatives of the Chilean rice sector. National production hovers around 130 million tons on 55,000 acres. Rice farmers are currently in the process of developing a new association to represent their interest. In the picture, Toni Canon takes a close look at Chilean rice brands in a Santiago supermarket.

The latest Texas Rice Crop Survey reports (updated through Friday October 23, 2009) are available through the Beaumont Center web site at <http://beaumont.tamu.edu/CropSurvey/>. The crop survey provides detailed data on rice acreage across the Texas rice belt, including information on varieties and crop development.

The Rice Advocate is now accepting letters to the editor. If you have a topic you would like to address, please email your submission to [jessica@usriceproducers.com](mailto:jessica@usriceproducers.com) with "Letter to the Editor" as the subject. Letters should be 200 words or less and address a specific issue. Submissions will not be published unless signed by the original author. USRPA reserves the right to edit all letters.



2825 Wilcrest Drive, Suite 505  
Houston, Texas 77042

Phone: 713-974-RICE  
Fax: 713-974-7696  
[rice\\_advocate@usriceproducers.com](mailto:rice_advocate@usriceproducers.com)  
[www.usriceproducers.com](http://www.usriceproducers.com)  
[www.riceromp.com](http://www.riceromp.com)

### Upcoming Events

October 27-29, 2009	World Rice Conference—Cebu, Philippines
November 19, 2009	Mississippi Rice Council Meeting
January 11-13, 2010	13th Annual NCS Cotton & Rice Conference—Tunica, MS
January 20, 2010	Western Rice Belt Conference, El Campo, Texas
February 3, 2010	59th Annual Texas Rice Producers Council, El Campo, TX
February 22-25, 2010	Rice Technical Working Group, Biloxi, Mississippi

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### USDA Reports Next Week

Crop Progress	Monday, Oct 26, 4:00 pm
Weather-Crop Summary	Tuesday, Oct 27, 12:00 pm
U.S. Export Sales	Thursday, Oct 29, 8:30 am

All USDA reports are available by visiting [http://www.usda.gov/wps/portal/?navid=AGENCY\\_REPORTS=RT](http://www.usda.gov/wps/portal/?navid=AGENCY_REPORTS=RT).

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