



The Rice Advocate

US Rice Producers Association

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Arthur Yap, Secretary of Agriculture for the Philippines: "When is the next Perfect Storm going to hit?"

While the Philippines has had its share of destructive weather lately, the Secretary of Agriculture Arthur Yap was referring to a world rice price storm when he addressed the audience at the World Rice Conference this week in Cebu, Philippines. Organized by The Rice Trader and supported by the US Rice Producers Association, the conference involved leading buyers, traders, sellers, producers, millers and government officials of rice throughout the world particularly from the Asian region. In his keynote address to open the conference, Secretary Yap referred to a number of factors that are currently influencing the rice trade including shortages in the Philippines, the world's largest importer as a result of damages to the crop and stored rice from recent typhoons.

"We all know its coming" and "we are not far from a repeat of 2008" Yap went on to say citing the increase in oil prices (up 26% this year) that greatly affect the cost of farm inputs. The apparent effects of El Nino is adding to the volatile situation as weather changes have caused large drops in production in a number of areas in the world particularly in India. The conference swirled with predictions of India's current import needs. Once the number three exporter in the world, India may now rival the Philippines as the number one importer in the world. Estimates as high as 3.5 million tons for each country was a constant comment at the conference as participants analyzed all the available supply and demand statistics from around the world. Dwight Roberts, president & ceo of the US Rice Producers Association gave the audience an update on the U.S. and South American crops that are also experiencing their share of weather issues whether its too much rain or too much drought. Continuous heavy rain has caused severe damage to the U.S. harvest in the upper Mississippi River delta in the U.S. Robert Papanos of Seacor Commodity Trading explained to conference participants that "we have gone full circle in the rice market" while adding the fact that it will be difficult for India to return to the export market for at least a few years due to a list of internal challenges means the world loses 4 million metric tons of supply. The psychology of the market has changed and governments have re-entered the rice market, Papanos pointed out. Of particular concern to the rice trade around the world is that the effects of El Nino worldwide are strengthening more as indicated by the Australian monitoring model.



www.triworldrice.com

For a list of news articles regarding the World Rice Conference, go to

Left to right are Dwight Roberts (USRPA), Philippine Agriculture Secretary Arthur Yap and Jeremy Zwinger (The Rice Trader)

General Market Update

With very little solid movement to report, this week's rice market abounds with positive news. Export sales and vessel loadings were reported to have increased for the week, and while not unexpected are a welcome change. The next few weeks will be interesting to watch as the competitiveness of US goods overseas continue to increase. If the global supply scenario is as tight as expected, we expect these value to continue to remain positive in the near future as overseas buyers work to maintain strategic inventory levels. Local cash markets remain mostly unchanged for the week at \$11.50-\$12.50 per hundredweight although reports from the Delta later in the week indicate price movement into the mid \$12 per hundredweight range consistently.

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In Asia, benchmark Thai 100%B grade is quotes for the week at \$520 per MT with the price spread between its Vietnamese counterpart dropping below \$100 per MT for the first time in weeks. Other news from Asia that will have longer lasting effects is the announcement that India is planning to import some rice. While the quantities are purported to be comparatively small, the psychological impact is quite large. Recall 2008 when the rice price climb was initiated by the WITHDRAWAL of India from the EXPORT market (at the time it was one of the top five exporters on the world). Also, with the poorer weather conditions in that region, the Philippines may join in this purchasing schedule, bringing some much needed business to the trade. Weather in the US is also a problem as severe rains continue to drench the rice growing areas and hamper crop harvest. Prolonged precipitation will additionally hurt an already poor quality and will have long lasting effects in the market. The futures market has begun to respond to all of these factors with a stronger net performance for the week. Monday saw the nearby November '09 contract open at \$13.40 per hundredweight before climbing \$0.02 to close at \$14.42. Tuesday saw \$0.08 per hundredweight appreciation, while on Wednesday, the market moved up an additional \$0.32 to close at \$13.92 per hundredweight. Thursday's moves put the market up an additional \$0.02, while Friday's trading moved the market up by \$0.14 to close at \$14.36 per hundredweight. The total range for the week was \$1.07 per hundredweight while the net market appreciation for the week was \$0.96 per hundredweight. Long term we remain bullish on the market. As the market begins to move, we encourage growers to set pricing goals in order to maximize profits for the current crop and also to help reduce risk for the next one. We anticipate that the remainder of the year and the first part of the next will be positive for rice producers.

UN Overwhelmingly Condemns US Embargo against Cuba (Again)

The UN General Assembly voted this week on a ritual call for the US to lift its nearly half-century old embargo against Cuba. "Here we go again. I suppose old habits die hard," remarked Susan Rice, US Ambassador to the UN. For 18 consecutive years, the world has condemned the United States' failed effort to isolate Havana. The yearly vote has evolved from only 59 countries in 1992 voting in favor of ending the blockade to 187 countries this year voting in favor of the resolution. Only 3 countries voted Wednesday in support of the current embargo: US, Israel and Palau. Micronesia and Marshall Islands abstained from voting.

In a press briefing after the vote, State Department Spokesman Ian Kelly commented, "This yearly exercise at the UN obscures the fact that the United States is a leading source of food and humanitarian relief to Cuba. In 2008, the United States exported \$717 million in agricultural products, medical devices, medicine, wood, and humanitarian items to Cuba." Ambassador Rice reiterated, "The US maintains no restriction on humanitarian aid to Cuba. In fact, the US is a major source of humanitarian assistance to the Cuban people and the largest provider of food to Cuba." But could the supply of food to Cuba be larger and the market for US farm exports more expansive were restrictions lifted?

Despite the impressive facts and figures of the current US supply of ag products to Cuba – official Cuban figures show imports of over \$3 billion of US ag products just in the last 8 years – a U.S. International Trade Commission report released in June demonstrates that our share of the market, accounting for 38% of all Cuban ag imports in 2008 alone, could be a lot bigger without an embargo in place. "With restrictions lifted," the report notes, "the share would have been 49-64%."

Support in the US Congress for easing restrictions on Cuba is continuing to grow support for two important measures that would open up travel to the island for all US citizens and facilitate the sale of agricultural products. USRPA has been a longstanding advocate of easing ag trade with Cuba, and rice producers will continue to support passage of both the Cuba travel and ag trade bills.

The UN vote condemning the USA's 47-year trade embargo on communist-led Cuba is merely a symbolic measure, but it heavily reflects the global sentiment on US-Cuba relations as even staunch allies both in the region and across the Atlantic turn into harsh critics on a yearly basis.

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Meanwhile, Washington and Havana seem to be caught in a tit-for-tat as the Obama administration won't consider lifting the embargo without preconditions of Cuba improving human rights standards and releasing political dissidents. Cuba expects an overhaul of restrictions with no strings attached. Both governments point fingers saying the ball is in the others' court. "We await a constructive Cuban response to our initiatives," Ambassador Rice closed her remarks at the UN. Cuban Foreign Minister Bruno Rodriguez pointed back, "We are waiting for the North American response," hinting at Cuba's formal offer in July to hold expanded talks with the US on any level.

School Lunch Program: Fall Period in Queretaro, State of Mexico and Morelos

October is the second month working in the School Lunch Program for the fall period.

During this time we have reached 100 schools, training more than 3,000 moms in rice cooking and nutrition and educating more than 10,000 children on rice benefits, nutritional facts, and the importance of healthy eating where rice is the key element.

Queretaro is having great results with an extra value since there lives many people coming from many other cities in the country, mainly Mexico city, resulting in a good impact going to different sectors and areas of our country since the word of mouth about rice and our program spreads among Mexican families.

Always supported by DIF program and tagging along their arguments on healthy eating habits, reducing obesity indexes for example, and communicating rice benefits to the communities we visit.

In Morelos, we celebrated Columbus day and invited children and mothers to learn more on Mexican Gastronomy combining Mexican pre-hispanic and Spanish cuisine, where rice was the star, proving to be a invaluable source of nutrients. State of Mexico is the third state on children malnutrition, according to the National System in DIF, finding more than 110 thousand children in this situation.

School Lunch Program is contributing to fight malnutrition through our training sessions stressing the importance on rice in every family's meal and proving the good results on kids physical and mental development. DIF recognizes our great work designing programs to diminish malnutrition problems and obesity by teaching mothers how to cook in a nutritional way for their families, using rice as a basic food.



In Central America, the School Nutrition Program, through September, has trained 19,795 cooks/mothers at 928 schools. At these schools, a low-cost, nutritious meal has been served to more than 230,000 children. In Nicaragua, Costa Rica and El Salvador, the program is a cooperative effort of the USRPA, USARF, World Initiative for Soy in Human Health (US soy) and US Dry Bean Council. The USRPA also conducts the program for rice in Guatemala and Honduras.

The USRPA has recently begun an evaluation of the School Nutrition Program in Central America. The firm Allen F. Johnson & Associates has been hired to conduct an impartial evaluation. AFJ and Associates evaluator Isabel Martinez (center) accompanied the School Promotion team in Guatemala to observe the program and interview participants at the schools. AFJ and Associates has offices in Washington DC and Guatemala City.



USRPA Shares Concerns on Senate Food Safety Bill

US Rice Producers Association joined in sending a letter on Thursday to the Senate Health, Education, Labor and Pensions (HELP) Committee as its members begin consideration of comprehensive food and feed safety legislation. The House passed its version of the measure by a large majority in July, but the Senate HELP Committee has deferred its negotiations on the bill until the current Health Care debate has finished, possibly stalling a Senate vote on Food Safety legislation until next year.

USRPA participated in submitting comments on what is already included in the Senate bill, refinements that would improve the bill, and objections to provisions included in the House measure. "We are committed to providing safe, abundant and affordable food and feed for U.S. and world consumers," the letter opens. The letter included the participation of 25 organizations representing the US agricultural production, marketing, commodity storage, manufacturing, processing and export sectors.

Rice producers emphasized the need for refinements to the current Senate bill which would incorporate provisions from H.R. 2749 that grant an exemption from FDA inspections and oversight for farms or farming practices. Additionally, USRPA is advocating the inclusion of other provisions reflecting the low food safety risk presented by rice and other grains.

USRPA will continue to monitor the progress of the bill as it makes its way through committee negotiations and eventually to the Senate floor.



The latest Texas Rice Crop Survey reports (updated through Friday October 30, 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 missy@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.



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Upcoming Events

November 19, 2009	Mississippi Rice Council Meeting
December 10-11, 2009	FECARROZ—USRPA meetings, Houston, TX
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
March 22-26, 2010	Africa Rice Congress, Bamako, Mali
March 24, 2010	Doing Business with Cuba Workshop, Houston, TX
April 21-22, 2010	Rice Americas Conference, Cartagena, Colombia
June 16, 2010	Doing Business with Cuba Workshop, San Antonio, TX

USDA Reports Next Week

Crop Progress	Monday, Nov 5, 4:00 pm
Weather-Crop Summary	Tuesday, Nov 6, 12:00 pm
U.S. Export Sales	Thursday, Nov 8, 8:30 am
World Agricultural Supply and Demand Estimates	Friday, Nov 9, 8:30 am

All USDA reports are available by visiting http://www.usda.gov/wps/portal/?navid=AGENCY_REPORTS=RT.

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