**The Rice Advocate**

US Rice Producers Association

**Volume 7, Issue 20** **Friday, May 21, 2010**

## Southwest Louisiana Rail Facility Would Give Area Farmers Market Alternative

Rice farmers are like other producers, they are always looking for another alternative to market their crop and especially when prices approach (or go below) the cost of production. Such is the case in Southwest Louisiana where a rail loading facility would give farmers an opportunity to participate in the growing market in Mexico, the number one long grain market for U.S. rice. Located near the town of Lacassine, a group of local farmers want to build the new rail facility at the Lacassine Agri-Industrial Park. The facility could ship rice, soybeans, wheat and other grains to Mexico. According to the North American Transportation Statistics Database, rail exports to Mexico has a growth rate of over 300% since 1996 and imports back into the U.S. over 200%. In 2004 the U.S. Surface and Transportation Board approved Kansas City Southern's (KCS) acquisition of controlling interest in the Texas Mexican Railway Company and the U.S. portion of the international bridge at Laredo, Texas. At the time the Tex-Mex was a link with Mexico's largest railroad, Grupo TFM. Then in 2005 after several years of intense discussions, the KCS acquired full ownership of Mexrail, Inc. and Grupo TFM. In December of 2005, TFM was officially renamed the Kansas City Southern de Mexico (KCSM). The KCS customers conduct business between the two countries in a variety of different industries including electric-generating, chemical & petroleum products, paper & forest products, agriculture & mineral products (including rice), automotive products and intermodal transportation. In 1993 the U.S. rice industry exported 256,659 tons of rice to Mexico according to the U.S. Department of Commerce. By 2002 the figure had reached 729,793 tons of which 660,463 tons was rough rice. 2009 was a record year of rice trade from the U.S. to Mexico with 834,026 tons of which 742,449 was rough basis. So far during 2010 rice exports to Mexico are ahead of the 2009 pace. With these developments and limited local buyers in southwest Louisiana it's no wonder farmers are looking for new options to market their rice. Currently there is not a facility in the area for shipping paddy rice. A new facility at Lacassine would be owned by the Jeff Davis Parish Police Jury which would lease it to the South Louisiana Rail Loading Facility. Independent brokers would rent the facility on a contract basis. A small managing group would be hired to operate the facility. Half of the infrastructure needs are already available at the site including water, roads and a double rail spur for 200 railcars. Local farmers are raising capital investment (20%) for the project by accepting memberships into the South Louisiana Rail Loading Facility, LLC. The Jeff Davis Police Jury has already committed $200,000 dollars. Elected officials at both the state and federal level are supportive of the project and the group hopes to have the project fully funded ($2.8 million) by the fall of 2010. On Tuesday, May 25, 2010, 7:00p.m. at the Welsh Community Center, Welsh, La., there will be a meeting of the current members of the South Louisiana Rail Facility, LLC and potential members. This is the final informational meeting to be held as the membership closes June 1st. The purpose of the meeting is to hear updates on state and federal funding from local leadership and to get a better understanding of Mexico's rice market. Dinner will be served. For questions or information, contact:

Mark Pousson: 337-370-1958

Glenden Marceaux: 337-370-6077

Burt Tietje: 337-370-9468

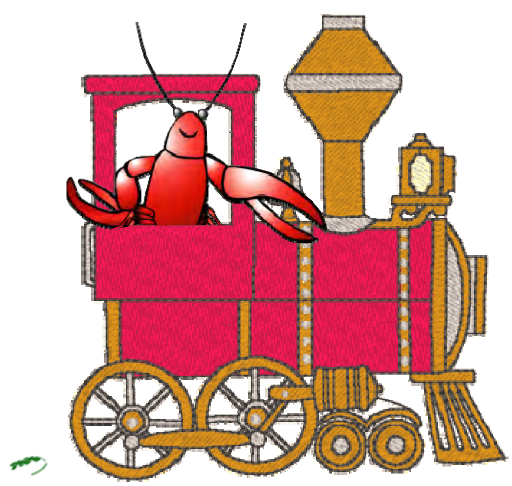
Marion Fox:
337-821-5534

Bill Wild:
337-247-2465

Chris Krielow:
337-794-2790

Dale Vidrine:
337-224-8763

Jim Watkins:
337-540-6424



**Inside this issue:**

## June 1 Deadline Approaching to Sign up for ACRE and DCP

Farmers and landowners have until Tuesday, June 1, 2010, to sign up for the 2010 Direct and Counter-cyclical Program and the Average Crop Revenue Election Program. With the sign up deadline less than two weeks away, all farmers who still need to sign up should take action immediately to benefit from these important programs.

USDA's Farm Service Agency issued a press release this week stating, "USDA calculates DCP payments using base acres and payment yields established for each farm. Farms with base acres are eligible for DCP. Eligible producers receive direct payments at rates established by the 2008 Food, Conservation and Energy Act. For 2010, eligible producers may receive an advance payment of 22 percent of the direct payment for each covered commodity and peanuts on the farm. USDA will issue advance direct payments as soon as practical after enrollment. Final direct payments will be issued in October 2010. Counter-cyclical payments vary depending on market prices and are issued only when the effective price for a commodity is below its target price (which takes into account the direct payment rate, market price and loan rate)."

"ACRE provides a valuable risk-management tool for producers by offering a revenue-based alternative to the traditional counter-cyclical program. Producers may elect to participate in ACRE even if they have already received an advance DCP payment for 2010. Last year, over 130,000 farms chose to participate in ACRE."

Farm Service Agency county office staff are available to answer questions on program rules and application procedures. Producers can also find numerous resources online to help them in the enrollment procedure:

- ACRE calculators and decision tools on land grant university websites
- FSA's ACRE webpage: www.fsa.usda.gov/dcp.

2010 ACRE election forms and DCP and ACRE contracts can be completed and signed online on the USDA website at www.fsa.usda.gov/dcp or at any USDA Service Center. For those who choose to sign up electronically, click on Access eDCP Services at the above mentioned web address. From there, producers can choose payment options, assign crop shares, sign and submit their contracts, and view and print submitted contract options.

## Brazil Rice Imports & Exports Surprise in the Month of April

Report from Tiago Barata of Agrotendencias
Porto Alegre, Brasil
tiagobarata@agrotendencias.com.br

According to figures released by Brazil's Ministry of Development, Industry and Trade, Brazilian rice imports and exports were characterized by a surprising behavior in April, this year. In spite of the falling competitiveness of Brazilian rice by virtue of the continued devaluation of the cereal in the international market, the unfavorable position of Brazil's currency against the dollar and the crop frustration in excess of one million tons, sales abroad soared 258% compared to the 9,917 (paddy rice basis) exported in the previous month, reaching a volume of 35,515 tons. The other surprise is the low volume of rice imports by Brazil.

CLICK HERE to read Tiago's full report.

## Tax Extenders Package Includes Disaster Relief for 2009-Crop Losses

On Thursday this week Ways and Means Committee Chairman Sander Levin (D-MI) and Senate Finance Committee Chairman Max Baucus (D-MT) released the text of H.R. 4213, the American Jobs and Closing Tax Loopholes Act. Among other provisions, the bill would provide a supplemental direct payment to rice, upland cotton, wheat, corn, peanut and soybean producers in designated disaster counties. Additionally, the bill would provide assistance for 2009 weather-related production losses for specialty crops, livestock, sugar, aquaculture, cottonseed, and poultry. Eligible producers need not have purchased crop insurance. The historically low threshold of loss due to a natural disaster is 5%, and the financial assistance would be 90% of the farm's total 2009 direct payments for all crops.

The original legislation, the Tax Extenders Act of 2009, passed the House of Representatives on December 9, 2009. The Senate passed a similar package, the American Workers, State and Business Relief Act, as an amendment to that bill on March 10, 2010. Baucus and Levin worked with the House and Senate to merge these two packages into the American Jobs and Closing Tax Loopholes Act.

In addition to approximately $1 billion in supplemental direct payments to producers with a minimum 5-percent loss in production, the bill would provide $42 million in cottonseed assistance, $25 million in aquaculture assistance, $21 million to a Hawaiian sugar cane cooperative, $75 million to poultry producers, and $150 million for specialty crop producers. The program is designed for payments to be issued quickly through USDA and State block grants. The agricultural disaster provision is estimated to cost $1.479 billion over ten years.

USRPA will continue to monitor the bill's developments.

## General Market Update

Most likely in response to the small bounce in Asian price quotes this week, WMP values were left unchanged by USDA in its Wednesday report. The USDA export sales report was for the week was again excellent at 68,100 metric tons and included a bonus in the form of 14,000 tons of long grain milled sold to Brazil. There had been some talk about something going on for Brazil for the last few days, but the official posting was a welcome confirmation and hopefully is the first of many sales in that direction before the end of this calendar year. There has been some talk of Brazil considering Asian rice, but we believe that US will be competitive on both quality and ultimate price and that further sales to Brazil will be mostly paddy out of the new crop. In addition to the milled long grain to Brazil, a total of 24,200 tons of rough rice were sold to Venezuela, Mexico, Jamaica, and Honduras along with 9,000 tons of medium grain rough to Turkey – the US paddy just keeps on selling. On top of the Brazilian sale, another 15,700 tons of long grain milled were sold to Haiti, Ghana, and various other countries with the sales report being rounded out by 5,000 tons of milled medium/short going mostly to Canada, Syria, Jordan, and Mexico. The export loadings reported by USDA for the week were almost double the sales figure at 131,300 tons, over 45,000 of which went as long grain rough to Venezuela, Mexico, and Honduras with another 27,000 tons being medium rough shipped to Turkey. Long grain milled tonnage came in at 34,000 for the week spread among Algeria, Haiti, Ghana, and Canada along with parboiled milled to Nigeria and Saudi Arabia. Last but not least was the medium/short grain milled at nearly 21,000 tons most of which was lifted for Japan. Both sales and shipments were very good last week, but we must not lose sight of the need for additional milled long grain sales; this situation is become ever more critical. Nothing firm has been reported yet, but there is a feeling that the Iraqis may buy at least 30,000 tons of US milled out of their last tender. Although this would be very welcome business, the quantity needs to be closer to 60,000 to 90,000 tons for its effects to be felt along I-10. Hopefully there will be some news on that next week. Perhaps as a result of the stain problem in the Delta and Arkansas, there is also talk of a fair amount of export paddy going to barges out of south Louisiana – this should help move some of the remaining paddy in that area. With the consistent sales and shipments continuing from week to week, long grain supplies ought to be fairly well whittled down by the end of the crop year.

A little movement was seen in the Texas old crop this week as buyers picked up some parcels between $3.50 and $4.00 over loan. South Louisiana is reported to be seeing bids slightly higher than that, but interest in selling is said to be low, especially in the wake of rising futures prices and the sale reported to Brazil. Any export barge loading from south Louisiana would also help lower remaining stocks. Bids in the Delta are reported at $12.00 loaded barge with offers 50 cents higher. Ways to accommodate the stained and damaged paddy in that area are still being sought, and the problem seems to be one of serious concern. With all the big rough rice sales and shipments posted over the year but especially over the last few weeks, a lot of rice is moving downriver from the Delta/Arkansas area. Planting of the new crop as well as its progress and condition continue to be reported very positively by USDA. As the old crop disappears, though, early demand for rice to export and mill may serve to keep some firmness in the market.

Even with the continuing political unrest in Thailand and the crash of the Euro, Asian prices remained fairly strong this week. Both talk and signs of some demand returning helped as well. Thai 100% Grade B was quoted between $470 and $480 per metric ton fob vessel, and Thai parboiled was noted at $465 per ton. Viet 5% was called $365 per ton, and Pakistani 5% was said to be $375 to $385 per ton. Dryness is still a problem in parts of Asia, but the Indian weather bureau continues to expect a good monsoon. There is talk of potentially damaging very heavy rains which may cause some flooding. If the rains return to India, even with some flooding along the way, we still believe the old saying that "rain makes grain." If the dry conditions are not relieved in India and parts of China in the near future, we can expect another wild year in the market.

Rough rice futures started the week by making new lows on both Monday and Tuesday into technically oversold territory on the continuation chart. This action generated a technical buy signal, and as is usually the case in rice futures the next session's action resulted in a positive close albeit on low volume. Thursday's report of the milled rice sale to Brazil, however, kicked additional buying into gear which persisted into Friday. Range for the week was 76 cents from the low of 11.50 made on Tuesday to the 12.26 high on Friday with the week's settling price at 12.20. Volume picked up in the second half of the week, and the average daily volume came in around 745 contracts. Open interest was up close to 200 contracts from the previous Thursday's numbers. New crop futures were surprisingly strong, and it looks more and more like some sort of value bottom or at least support is being inferred by futures prices across the board.

**Good News for our Texas Rice Farmers!!!** TDA and USEPA recently approved a Section 18 Emergency Exemption for Tenchu 20SG which is a rice stink bug insecticide with good residual activity. Mitsui Chemical/Landis International are aggressively pursuing a full federal Section 3 label. Documentation for the Section 3 label will be submitted late this year or early next year. So, this excellent pest management tool may be available to all southern rice farmers by 2012. CLICK HERE to read the letter from the EPA or for more information concerning Tenchu 20SG rates etc., contact Dr. Mo Way at moway@aesrg.tamu.edu or 409-658-2186.

## Over One Million Acres of Horizon Ag's Clearfield Varieties Planted in 2010

Horizon Ag reports that the CL151 variety continues to lead in sales while CL 111 is generating a lot of conversation among farmers due to the excellent seedling vigor. If CL111 yields close to CL151 and has the milling quality similar to CL161 then farmers (and mills) will be demanding this variety next season. Horizon's new lines of CL142-AR and CL181-AR are both indicating an excellent choice in many areas of the rice belt. Horizon Ag has also set up demonstration areas this season to showcase the proper management for CLEARFIELD varieties region by region.

For information about these locations with regional reports from throughout the gulf coast and delta growing areas visit www.horizonseed.com or CLICK HERE to download their spring 2010 Newsletter.

### Crop Survey Reports and State Newsletters

**Texas A&M AgriLIFE Research Center:** The latest Texas Rice Crop Survey reports are available through the Beaumont Center web site at:
http://beaumont.tamu.edu/CropSurvey/

**University of Arkansas** Division of Agriculture, Cooperative Extension Center: Access the latest editions of the Arkansas Rice Newsletter at:
www.usriceproducers.com/stateassociations/50-arkansas

**LSU Ag Center:** The latest issues of Rice Research Station News are available at:
www.usriceproducers.com/stateassociations/119-louisiana

**RiceFax: Midsouth/Texas;** 05/20 - Rain brings misery or relief. (CLICK HERE)

US Rice Producers Association
2825 Wilcrest Drive, Suite 505
Houston, Texas 77042
Phone: 713-974-RICE
Fax: 713-974-7696
rice_advocate@usriceproducers.com
www.usriceproducers.com
www.riceromp.com

### Upcoming Events

| | |
|---|---|
| May 25, 2010 | 25th Annual Meeting Delta Council, Cleveland, MS |
| June 16, 2010 | Export to Cuba Workshop, San Antonio, TX |
| June 20 - 21, 2010 | 2nd Middle East-Africa-Asia Rice Summit 2010, Dubai |
| June 20 - 24, 2010 | RMA 111th Convention, La Costa Resort & Spa, Carlsbad, CA |
| June 28 - 29, 2010 | Global Grains Trade Summit, Ho Chi Minh City, Vietnam |
| June 29, 2010 | Eagle Lake Field Day; Eagle Lake, TX |
| June 29 - July 1, 2010 | 6th Nat'l 25x'25 Renewable Energy Summit, Washington, DC |
| June 30 - July 1, 2010 | Congreso Nacional Arrocero 2010, San Jose, Costa Rica |
| July 1, 2010 | Rice Research Station Field Day; Crowley, LA |
| July 8, 2010 | Beaumont Field Day; Beaumont, TX |
| July 12 - 14, 2010 | USRPA Board Meeting, Branson, MO |
| July 15, 2010 | Agronomic Crops Field Day; Stoneville, MS |
| July 22, 2010 | Progeny Rice & Soybean Field Day, Wynne, AR |
| July 27 - 29, 2010 | The 3rd Africa Rice Outlook, Cape Town, South Africa |
| August 11, 2010 | Arkansas Rice Research & Extension Field Day, Stuttgart, AR |
| August 18, 2010 | Cash River Valley Seed Company Field Day, Cash, AR |
| August 26, 2010 | Missouri Rice Council Field Day, Glennoville, MO |
| September 21 - 24,2010 | Rice Challenges in the 21st Century, Cali, Colombia |
| October 12 - 14, 2010 | TRT World Rice Conference, Phuket, Thailand |

### Additional Resources

For economic analysis on agricultural efficiency, efficacy, and equity issues: www.ers.usda.gov

Texas Rice from A&M AgriLife Research Ctr. at Beaumont: http://beaumont.tamu.edu/eLibrary/eLibrary_default.htm

AgFax - Editor: Owen Taylor: www.agfax.com

USRPA News & TRA Archives: www.usriceproducers.com/news

### USDA Reports Next Week

| | |
|---|---|
| Crop Progress (NASS) | Monday, May 24, 4:00 pm |
| Weather Crop-Summary (NASS) | Tuesday, May 25, 12:00 pm |
| U.S. Export Sales (FAS) | Thursday, May 27, 8:30 am |
| Agricultural Prices (NASS) | Friday, May 28, 3:00 pm |

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