

# The Rice Advocate

US RICE PRODUCERS ASSOCIATION

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## FDA Issues LLRICE Safety Announcement

Earlier this week, the Food and Drug Administration (FDA) issued its long awaited statement certifying the safety of the LLRICE6xx line for animal and human consumption. In the release, the FDA ascertains that the strain of genetic material in question (LLRICE604) is of the same lineage as the other deregulated events LLRICE61, LLRICE62, and LLRICE 601, and that it poses no threat to human or animal health. This statement comes as a relief to the rice industry which has been actively combating health and safety concerns relating to detection of the LLRICE in several of its most important international markets. In times such as these, it is critical to have the support of the federal government to deal with trade issues, and the USRPA

applauds the FDA for its thorough, insightful, and prompt attention to this problem. In dealing with these issues, we await the final report from APHIS to determine the source of the presence and to identify steps that need to be taken to prevent such mishaps from occurring in the future, but are certain that they will be as prompt and thorough as their sister agency. The full text of the FDA statement reads: The U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) has informed the U.S. Food and Drug Administration (FDA) that, as part of APHIS's ongoing investigation into the presence of minute levels of APHIS-regulated genetic material found in Clearfield 131 (CL131) rice seed, [Continued on Page 2]

## APHIS to Clarify Stance on Biotechnology in Relation to Seed Stocks

In response to industry concerns and a letter to the Government Accountability Office (GAO) from the leadership of the Senate Agriculture Committee, the Animal and Plant Health Inspection Service (APHIS) issued a statement this week that it will be reviewing the current regulations concerning biotech material. The specific target of the announcement is to determine a feasible method of dealing with situations where trace amounts of viable genetic material becomes intermingled with the commercial seed supply. Although the intention is termed a "clarification", it is seen by many as a positive step in the process towards a strong biotech regulatory policy. As technologies continue

to move forward at an increasingly faster pace, it is important to plan for contingencies that may occur. The current policy, which is up for revision, was originally developed in 1984, and was last amended in 2003. The U.S. Department of Agriculture's Animal and Plant Health Inspection Service is clarifying the existing approach for handling situations in which regulated genetically engineered (GE) plant material becomes mixed at low levels with commercial seeds and grain. This policy is not new, but rather a description of how APHIS currently evaluates and responds to these incidents. In light of continuing international discussions regarding [Continued on Page 4]

## USRPA Pushes Farm Bill Agenda in Washington



(left to right) House Subcommittee Chairman Bob Etheridge (D-NC); Dan Gertson, Chairman, USRPA; and Mr. Ken McCauley, President, National Corn Growers Association

US Rice Producers Association Chairman Dan Gertson represented the rice industry in Washington this week at a hearing of the House Agriculture Committee's hearing of the Subcommittee on General Farm Commodities and Risk Management to review proposals to amend the program provisions

of the 2002 Farm Bill. Gertson delivered remarks on behalf of both the USA Rice Federation and the USRPA. Among the main points in his testimony, Gertson emphasized that: 1) The rice industry strongly supports the con-

tinuation of the current farm programs with the three prong safety net of a non-recourse marketing loan program, direct payment program, and counter-cyclical program. 2) U.S.

farm policy will have saved about \$25 billion dollars since passage of the 2002 Farm Bill. As a result, the commodity program budget baseline according to the Congressional Budget Office has GONE DOWN by about 43% since 2002. At the same time, production costs for rice producers have GONE UP by more than 42%. 3) The falling value of program support in the face of rising costs of production is why we are seeking a very [Continued on Page 2]



House Majority Whip James Clyburn (D-SC) and Dan Gertson

## NASS Issues Rice Stock and Planting Projections

This morning the National Agriculture Statistics Service (NASS) released its much anticipated Projected Plantings Report. This report, which is published annually by NASS, is a survey based analysis which provides a rough estimate as to the projected

	2005	2006	2007	2005-06 change	2006-07 change
Arkansas	1,643.0	1,406.0	1,221.0	-14.42%	-13.16%
California	528.0	526.0	532.0	-0.38%	1.14%
Louisiana	530.0	350.0	360.0	-33.96%	2.86%
Mississippi	265.0	190.0	180.0	-28.30%	-5.26%
Missouri	216.0	216.0	191.0	0.00%	-11.57%
Texas	202.0	150.0	160.0	-25.74%	6.67%
<b>Total</b>	<b>3,384.0</b>	<b>2,838.0</b>	<b>2,644.0</b>	<b>-16.13%</b>	<b>-6.84%</b>

plantings of agricultural commodities across the United States. Many in agriculture use the report as a baseline to estimate what ending stocks and market price will look like throughout the year. This year's report, not surprisingly, shows a decrease in rice acreage across the board of approximately 7% from 2006 to 2.64 million acres. Long grain, which represents roughly 76% of the U.S. rice crop is expected to fall by 8% from 2006, while medium grain acreage is projected to fall by only 3%. One of the main citations in the report for this decrease is a seed

availability issue relating to the adventitious presence genetic material in two of the main seed varieties intended for the year. To NASS' credit, they took extra pains to ensure that this factor was incorporated into their report (The Rice Advocate—March 9,

2007). While seed availability remains a significant concern for rice producers, soaring commodity prices in corn, beans, and wheat are definitely pulling acres away from rice. Based on these concerns, the total planted acreage is shifting in the right direction but is still too conservative to be accurate. The monthly rice stocks report was also issued this morning showing a decrease in stocks of around 6% from a year ago. By combining the two reports, total stocks should again decrease this year, hopefully continuing to elevate market price.

## FDA—Continued From Page 1

LLRICE 604 has been identified as the source of the genetic material. [LLRICE 604, from the LLRICE 600 series, was developed by Bayer CropScience for herbicide tolerance. Bayer CropScience recently notified FDA that bio-engineered rice varieties from the LLRICE 600 series express the phosphinothricin-N-acetyltransferase (PAT) protein which provides tolerance to glufosinate-ammonium herbicide. As discussed in the FDA's June 2006 guidance document, "Recommendations for the Early Food Safety Evaluation of New Non-Pesticidal Proteins Produced by New Plant Varieties Intended for Food Use" (available at <http://www.cfsan.fda.gov/~dms/bioprgu2.html>), in cases where a new plant variety intended for food use may be present in the food supply at only low levels, FDA believes that any food or feed safety concern is limited to

the safety of the new protein (such as its potential toxicity or its potential to be allergenic). If a protein has previously been evaluated as part of a biotechnology or early food safety consultation and no safety concerns were identified, FDA would not have safety concerns about the low level presence in food or feed of a new plant variety containing that protein. FDA has previously evaluated the PAT protein for safety on a number of occasions through the Agency's voluntary biotechnology consultation process. Therefore, FDA has concluded that the presence of rice from the LLRICE 600 series at low levels in food and feed would pose no food or feed safety concerns. The FDA statement can be accessed by visiting the FDA's Center for Food Safety and Applied Nutrition website or by clicking [here](#).

## Testimony—Continued From Page 1

modest increase in our rice loan rate from the current level of \$6.50 per hundredweight to \$7.00 per hundredweight. We are also seeking a \$0.50 increase in the target price to \$11.00 per hundredweight. 4) We urge this Committee as you draft the Farm Bill to include language directing the USDA to set the national loan rate for each class of rice at the same level as established by the farm bill, with the only adjustment continuing to be reflective of milling yields. 5) The rice industry urges the Committee to enact a transparent verifiable formula and method for calculating the Average World Price (AWP) for rice, producers and others will have greater confidence in the

process. We look forward to working with the Committee to include legislative language in the farm bill in this regard. 6) It is unfortunate that many of the changes in the Farm Bill Proposal developed by the USDA, particularly in the commodity title, would weaken the safety net the farm bill is intended to provide. We urge you to oppose these provisions of the USDA Farm Bill Proposal. Chairman Gertson's entire proposal can be viewed by clicking [here](#). Also while in Washington, Gertson met with House Agriculture Committee Chairman Collin Peterson (D-MN) and House Majority Whip James Clyburn (D-SC) to press rice producer's issues and concerns.

Update from Mexico: More Government Support, More Program Success



Hector Gomez of Diconsa and Oportunidades program delegates during a communitarian training session in Tlilcalco

OPORTUNIDADES, another health focused program from the Mexican Government, is examining Diconsa's rice promotions to evaluate the possibility of including some of these activities during their communitarian sessions. This was confirmed by

the attendance of two Oportunidades delegates during a day long communitarian training session in three different communities. Hector Gomez, one of the heads of Diconsa's promotional division, remarked that the program in the state of Veracruz is growing in acceptance and has created huge



impacts with other cooperating governmental agencies that work to improve the quality of life of the large number of people who live in extreme poverty conditions. "This is very good news for us, for the program, and for the support that these other organizations can give to our



own activities, providing better nutrition to all those people" remarked Gomez at the end of the promotional session as he tasted different rice dishes with a group of children from the community of Tlilcalco. Joint activities with Diconsa have been ongoing for

at least 4 years, visiting some of the most remote communities and having a large impact on them. Increases in rice consumption have grown an average rate of 4% in zones impacted by our promotions, totalling a yearly consumption of almost 3,000 MT for the State of Veracruz alone. Also in Mexico, the Women's Congress was celebrated on the 23rd, 24th, and 25th of March in Puebla. This was a huge success for the organizers, Mas Por Menos, and the over 3,000 women attendees. This event was coordinated to provide a positive environment to demonstrate the benefits of rice consumption, economy, nutrition, and health for families. Many other organizations dedicated to promoting a higher quality of life also participated in this event.



### USRPA Co-Sponsors 1st Annual Pan-American Rice Congress

The First Inaugural Rice Congress of the Americas, will be held this year in Cancun, Mexico at the Westin Hotel on May 16-17. This will be the first dedicated event in the Western Hemisphere that will highlight the growing importance of rice production, consumption and the issues surrounding the trade of rice in the Americas. Delegates to the Primer Congreso PanAmericano del Arroz will analyze global rice markets, build a trade perspective on developments in the Americas and understand the role of government and the general impact these have on the rice business. Key issues to be dealt with include: global rice trade and the outlook for 2007-2008, rice trade patterns within the Americas focusing on the U.S., South and Central America and the Caribbean nations, GM and biotechnology, and is it the next "green revolution", and of course the WTO and the Free Trade Debate. With the Americas offering the highest per capita rice consumption outside of Asia, there is real potential offered in both production and consumer marketing. The events will feature rice leadership from throughout the region including Pedro

Alvarez Borrego, Chairman and CEO of Alimport (Cuba), Ricardo Ferris, President of Saman Casa Central (Uruguay), Tiago Sarmento Barata, rice market analyst for Safras & Mercado (Brasil), Luciano Scoccimarro, Commercial Director for Ascot Latin America SRL (Argentina), Fred Seamon, senior economist for the Chicago Board of Trade, Patricio Mendez del Villar, market analyst for CIRAD (France) and numerous other rice business leaders from the U.S. and the Western Hemisphere. The Congress is being organized by IBC Asia of the Informa Group who have hosted numerous international rice conferences throughout Asia over the years. The first Rice Congress of the Americas 2007 is supported by both the US Rice Producers Association and the Rice Council of Mexico. Anyone connected with the rice supply chain and especially connected to the markets in North, South and Central America as well as the Caribbean should attend. For more information and registration see the event website: [www.ibt-asia.com/RiceAmericas2007](http://www.ibt-asia.com/RiceAmericas2007), or call the USRPA office, 713-974-7423. 🌿

### APHIS—Continued From Page 1

low-level presence (LLP), APHIS is taking this opportunity to formally state our approach. One of APHIS' roles is to protect plant health by overseeing the importation, movement and field testing of regulated GE material. A major focus is ensuring appropriate confinement of such material in field tests. Developers must comply with all APHIS regulations and permit conditions to prevent the release of regulated GE material. However, when LLP incidents occur, the agency's policy is to respond with actions appropriate to the level of risk, determined by a scientific assessment and warranted by the facts in each case. APHIS will initiate an inquiry whenever regulated material is mixed with commercial seeds or grain to evaluate any risk, to determine the circumstances surrounding the release and to determine whether remedial and/or enforcement actions may be appropriate. If APHIS determines that an incident involving regulated GE plant material could pose a risk to plant health or the environment, APHIS will take appropriate remedial steps using its authority under the Plant Protection Act. In cases in which APHIS determines that remedial action is not necessary to mitigate LLP of regulated GE plant material to protect plant health and the environment, APHIS is not precluded from taking enforcement action against a company or individual for violations of APHIS regulations. A 2002 U.S. Office of Science and Technology Policy *Federal Register* notice outlined proposed actions to be taken by the three agencies that provide regulatory oversight of the development of GE organisms—APHIS, the U.S. Food and

Drug Administration (FDA) and the U.S. Environmental Protection Agency (EPA)—aimed at strengthening the controls to prevent low levels of regulated materials from GE plants from occurring in commercial seeds and grain until appropriate safety standards have been met. APHIS, in 2003, strengthened its field testing requirements for crops that produce pharmaceutical or industrial compounds to ensure that regulated materials from these plants are not found, even at low levels, in commercial seeds and grain. APHIS also initiated a process to amend its biotechnology regulations in 2004. In 2006, FDA published a *Federal Register* notice and guidance document for early food safety assessments and EPA published a *Federal Register* notice clarifying its guidance for field testing of plant-incorporated protectants (pesticides intended to be produced and used in a living plant). This clarification is consistent with those documents. APHIS oversees the development and introduction (importation, interstate movement and environmental release) of GE organisms. The agency is committed to ensuring safety in the oversight of field tests and other activities involving GE plants. APHIS' approach is to apply precautionary measures to such activities which are commensurate with the risks posed by these crop varieties. This allows for research and development activities to take place, so that potential benefits can be realized, while still protecting agriculture, the environment and the public. The entire announcement can be downloaded by visiting the APHIS [website](#) or by clicking [here](#). 🌿

## General Market Update

The long awaited and much anticipated prospective plantings report was finally released by the U.S. Department of Agriculture on Friday. The corn, bean, and wheat projections seemed to shock the markets somewhat, but rice was about as expected by the trade in this particular report. The USDA report called for a drop in long grain acreage of 8% from last year's already lower numbers, but that figure is seen by most as inaccurate since a number of negative occurrences have taken place since the Agriculture Department had an opportunity to gather information – namely the CL131/Mexico matter and the big washout in the rough rice futures of the last two weeks. It looks like the Mexico problem has been settled for the most part, but the uncertainty on the rice side of American agriculture due to genetically modified, seed, and price problems combined with more attractive aspects of corn and beans is taking a toll on rice acreage. Trade attitudes on cleaning up the genetically modified seed and remaining stocks point to one or two years yet of work to be done, which likely means lower long grain rice acreage for at least that period. The weekly reports issued by USDA on exports and net export sales showed good numbers in both announcements. Exports of 97,700 metric tons were heavy on long grain rough to Central America and Mexico and long grain milled to the Caribbean, with the balance being mostly medium grain milled to Japan and smaller various destinations. Net export sales reported were 76,100 tons and contained an important 40,000 ton posting to Cuba – this makes for a very welcome 65,000 tons of milled long grain to Cuba over

the last two weeks. The balance of the sales report was split mostly between other long grain milled and long grain rough sales. The rough rice market is quiet in all the states as the market tries to determine what Friday's report reflects and how planted acres might cause the mills to react in anticipation of less rice grown next year. No bids were seen in Texas this week except for some low quality rice US #2 and #3 with some light heat damage at \$3.30 and \$3.60 premiums respectively. Bids on the river of \$0.30 cents to \$0.40 cents under May and July futures delivered barge weakened the overall market as futures were down some \$0.35 cents earlier in the week from Friday's close. No farmers seemed willing to sell at these discounted numbers. Bids weakened from buyers in S. La but few if any confirmations were reported. There is little change in Asia as Thai 100% B remains quoted in \$328 per metric ton fob vessel territory and Viet 5% has a government set minimum export price of \$305 per metric ton fob vessel. After last Friday's big drop, rice futures slipped a few more cents early Monday to \$9.73 basis the May contract and then started trekking upward into the prospective plantings report. Following Friday's report rice futures held up on the plus side for the first hour and then fell into the minus as corn traded only limit down all day with beans and wheat down hard as well. Friday's settlement in the May contract was \$10.08, down \$0.065 cents on the day but within \$0.10 cents of top of the week's \$0.45 cent range. In terms of production costs, these levels are very encouraging to planting which should ultimately lead to higher prices. 🌱

Chicago Rice Futures for the Week Ending March 30, 2007						
Closing Price	May-07	May-07	Jul-07	Sep-07	Nov-07	Open Int.
23-Mar	9.790	10.100	10.420	10.700	11.000	15,957
30-Mar	10.080	10.430	10.740	11.020	11.250	15,913
<b>Weekly Change</b>	<b>2.96%</b>	<b>3.27%</b>	<b>3.07%</b>	<b>2.99%</b>	<b>2.27%</b>	<b>-0.28%</b>
<b>5 Day Average Volume</b>			<b>1,575.8</b> ↑		Source: Chicago Board of Trade	



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### Upcoming Events

April 26, 2007	"Doing Business with Cuba", Int'l. Trade Center—Dallas, TX
May 16-17, 2007	Pan-American Rice Congress—Cancun, MX
June 6-9, 2007	National AITC Conference—New Orleans, LA
June 10-13, 2007	USA RMA Convention, The Atlantis—Paradise Island, Bahamas
June 13, 2007	NE Louisiana Research Station Field Day—St. Joseph, LA

### USDA Reports Next Week

Crop Progress	Monday, April 2, 4:00 pm
Weather - Crop Summary	Tuesday, April 3, 12:00 pm
U.S. Export Sales	Thursday, April 6, 8:30 am

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