

The Rice Advocate

US RICE PRODUCERS ASSOCIATION

Volume 4, Issue 22

Friday, May 18, 2007

Farm Bill Update

In Washington this week, the Farm Bill continues to build steam as it goes to the House Agriculture sub-committees for their respective markups. The Conservation, Energy, Research, and/or credit title is expected to be completed today, and will head to the sub-committee next Tuesday (May 22). The remainder of the titles are expected to be submitted after the May district work period, all of which will be addressed at the sub-committee level. There will be no Chairman's Mark as each title will be introduced separately over the next few weeks. The current target is to have the completed Farm Bill package out of full committee by July 4. Key notes to the process are that six subcommittees will each present to the full committee, and each will have an open rule for amendments. Also,

sources indicate that there will be NO new ideas or proposals accepted at the floor level—they must all go through a Committee Member. No new funding has been approved for the Agriculture budget and it remains about \$60 billion lower than the working budget in 2002. Without the infusion of new money, the current priority is to maintain the current programs that are working. As the Conservation, Energy, and Credit title goes to subcommittee, the current draft focuses on making conservation programs more adaptable to all regions of the country while improving the programs by reducing overhead, combining duplicative programs, and decreasing the bureaucratic red tape. In order to accomplish this task successfully, it is expected that [Continued on Page 2]

USDA To Allow the Planting of Pharmaceutical Rice In Kansas

Ventria Bioscience of Sacramento, California, has received federal approval by the US Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) to begin planting genetically modified (GM) rice on as much as 3,200 acres in Geary County, Kansas, according to an environmental assessment published in the Federal Register on Wednesday, May 16th. Ventria has received permission to grow a proprietary rice variety that is enhanced with synthetic human genes to express three separate human proteins: *lactoferrin* and *lysozyme*, both of which are found in breast milk and saliva, and *serum albumin*, a blood protein used in medical therapies. The company says the proteins, once extracted and put into an oral re-hydration solution, promise to save chil-

dren's lives by combating diarrhea – the second leading cause of death for children under five in developing countries. The company also plans to eventually enter the domestic market by placing the proteins in yogurts, granolas, and sports drinks. APHIS's *Finding of No Significant Impact* (FONSI) claims that the GM rice offers no harmful consequences to the environment or to other rice crops in the region – despite a consenting majority of comments submitted by the public during their final review. Scott E. Deeter, president and chief executive of Ventria, says that he plans to move forward with the project as quickly as possible. Ventria's three-year quest for planting approval has been met largely with staunch opposition – first in California, then in [Continued on Page 3]

1st Rice Congress of the Americas 2007 Focuses on Regional Issues

This week, rice industry representatives from over 23 countries gathered in Cancun, Mexico to attend the 1st inaugural "Pan American Rice Congress". Through this venue, conference attendees were provided the opportunity to discuss the issues confronting buyers, sellers, and consumers of rice throughout the Western Hemisphere. As Randy McNeil of Poinsett Rice & Grain, Inc in Jonesboro, Arkansas stated, "This is the kind of event that we have needed: where buyers and sellers from this region of the world [Latin America] can gather and discuss how we can work together by having a better understanding of each other's



rice trade. I want to congratulate the organizers and commend the US Rice Producers Association for their active support of this conference and for their efforts to increase rice consumption in our most important markets." The conference was organized by IBC Asia (www.ibc-asia.com), and

The Rice Trader publication and sponsored /supported by Ascot Rice Trading, OLAM Company and the USRPA. The monumental success of this year's event has laid the groundwork for future Rice Congresses in the upcoming years. Presenters and participants in the event included key contacts such as [Continued on Page 3]



As Randy McNeil of Poinsett Rice & Grain, Inc in Jonesboro, Arkansas stated, "This is the kind of event that we have needed: where buyers and sellers from this region of the world [Latin America] can gather and discuss how we can work together by having a better understanding of each other's



USRPA Welcomes Summer Intern Patrick Weiman



The US Rice Producers Association is proud to welcome Patrick Weiman, a recent graduate of Texas A&M University, to our staff as a summer intern. Patrick received his B.A. in Economics as well as his B.S. in International Studies this May, and intends to enter the Land Economics and Real Estate Program in the fall.

A member of the National Society of Collegiate Scholars, he spent last summer employed by the Banco Nacional de Costa Rica in Liberia, Costa Rica as an intern where he honed his language and professional skills. Patrick brings strong academic credentials in the areas of economic theory, analysis, domestic and international policy, and econometrics. His economic training, as well as language and interpersonal skills will be a powerful asset to the USRPA office staff as we face the numerous issues surrounding the rice industry. 🌿

US Rice, Beans, and Soy Help Low Income Communities in Guatemala



The USRPA program promoting US Rice, Beans, and Soy is continuing to help lower income families in the new program year. The Guatemalan Rice Association (ARROZGUA) is spearheading the program within its own borders, working mainly in

the country's low-income interior regions to provide aid to families and communities under economic strain. The program provides training to mothers, teachers, and workers responsible for the daily preparation of school-age children's lunches. Communities are offered information regarding the nutrients and vitamins contained within the foods, as well as recipes, cooking tips, and general ad-

vice regarding proper food preparation. The cooking demonstration given at each school doubles as lunch for all involved. Thus far, the program has been focused in the lowest income communities in the Amatitlan, Palin, and Escuintla regions: Aldea Los Humitos, El Pepinal, Agua de la Mina, La Periquera, San Antonio Calvillo, El salto, and El Cañaveral among others. The program emphasizes social work in rural schools throughout the country in support of the *School Lunches* program. To date, 151 schools have been visited this year, benefiting some 50,000 students. The program has also been successful in training over 4,000 parents, teachers, and workers. 🌿



vice regarding proper food preparation. The cooking demonstration given at each school doubles as lunch for all involved. Thus far, the program has been focused in the lowest income communities in the Amatitlan, Palin, and Escuintla regions: Aldea Los Humitos, El Pepinal, Agua de la Mina, La Periquera, San Antonio Calvillo, El salto, and El Cañaveral among others. The program emphasizes social work in rural schools throughout the country in support of the *School Lunches* program. To date, 151 schools have been visited this year, benefiting some 50,000 students. The program has also been successful in training over 4,000 parents, teachers, and workers. 🌿

Farm Bill—Continued From Page 1

the Committee will have to tap into reserve funds. Also included in the draft is a provision to decrease the Conservation Security Program by roughly \$1.5 billion, which House Agriculture Committee Chairman Collin Peterson says will be used to help fund conservation programs in other areas. No new sign-up for the CSP will be available until 2012. The draft emphasizes renewable energy through programs that promote cellulosic and biodiesel technology, which will be funded using the Department of Energy (DOE) loan guarantee program. This program will have to work with USDA, although DOE will authorize the funding. As a result, some current programs will be merged to avoid duplication and to promote coordination in response to budgetary constraints, primarily in the research and alternative energy areas. In response to the

tight budget, House Democrats indicate that they will dismantle a farm stewardship plan championed by Senate Agriculture Committee Chairman Tom Harkin to pay for other conservation needs. Also on the funding front, the House and Senate reached a budget conference agreement this week at \$2.9 trillion for Fiscal Year 2008. This figure includes a \$20 billion reserve fund for agriculture and also allows \$954 billion in discretionary spending. No new direct funding was allocated for the Farm Bill and any additional spending must be offset by new forms of revenue or cuts in other spending programs. The resolution also created a pay-as-you-go rule in the Senate similar to the one adopted in the House earlier this year. Final passage of the conference agreement is expected shortly. 🌿

General Market Update

It was another slow, quiet, and somewhat disappointing week in the rice trade, with milled export business missing in action and a rather unexpected drop in the futures on Friday. Net export sales registered for the week with USDA were low at 22,500 metric tons, with long grain paddy to Mexico and Guatemala accounting for well over half of the sales. Most of the balance was made up of long grain milled to Mexico, Canada, and Ghana and a touch of medium grain milled to Israel. Tonnage actually exported for the week came in at 49,000 tons, split fairly evenly among Mexico (long grain paddy), Japan

(medium grain milled), and Haiti (long grain milled). The absence of long grain milled export business is definitely being felt in the market. There continues to be talk and expectation of new Iraq business, but thus far nothing has been reported as confirmed. A new US wheat sale of 200,000 tons was reported, however, and this is encouraging – hopefully US rice won't be far behind. USDA lowered the world market price this week by \$0.18 cents on long and medium grain and \$0.19 cents on short grain for no apparent reason, since it seems that Thai and Viet prices have remained fairly [Continued on Page 4]

Rice Congress—Continued From Page 1

Ing. Agr. Ricardo Ferres, President of Saman Rice Milling, the largest rice company in Uruguay and a major exporter of rice. Pedro Alvarez Borrego, Chairman and CEO of Alimport, Cuba's largest importer of food and agricultural supplies updated participants on the Cuba market. Tiago Sarmento Barata, a rice market analyst from Safras & Mercado in Porto Alegre, Brazil discussed the Brazilian rice production and export trends that have so much influence in the region. Of particular interest was the presentation by Patricio Mendez del Villar, who gave an excellent breakdown of consumption trends on a regional and by-country basis, outlining both the constraints and opportunities for expansion. Dwight Roberts, President and CEO for the USRPA gave a presentation entitled "North American Rice Markets Revealed" and was pleased with this first conference. He remains convinced

that this type of meeting will lead to positive results for the rice industries of the Western Hemisphere. Roberts said that, "I think some eyes were opened and we all learned things from each other, and it was obvious to me that working together we can grow the market for all involved because the per capita consumption rates throughout the Western Hemisphere should be growing at an even faster rate than it has been. I agree with Milo Hamilton from First Grain Inc., when he said the Latin America rice industry has a great future." At the conclusion of the Congress, the representatives passed a unanimous resolution calling for an end to the U.S. embargo on Cuba and allowing greater trade and friendlier relations. A copy of the resolution and a series of articles with details about the issues discussed at this inaugural event will be included in future issues of the Rice Advocate. 🌿

Ventria—Continued From Page 1

southeastern Missouri, where Anheuser-Busch threatened to boycott Missouri rice if the deal was permitted. Deeter says that the current plan is to only utilize 250 acres at the Kansas site, and that there is unlikely to be an LL601 type incident because they are 300 miles away from any rice producing areas. He also maintains that their production system is entirely Ventria-dedicated and completely self-contained. In a draft environmental assessment released on February 28th, the USDA cited storage, processing, and milling equipment which was committed to only Ventria crops as sources of assurance that the GM rice posed no threat. Many within the industry and around the country, however, do not share the optimism of APHIS or Ventria, and there are serious apprehensions that a repeat of the LL601 announcement, from which the rice industry is still recovering, would prove devastating. Among the primary concerns is the possibility that the genes could invade the commercial supply chain, whether by pollen spores, mismanagement, or accident. Consequences of a

breach could include possible consumer backlash, allergic risks, and trade repercussions. As of yet, neither *lactoferrin* nor *lysozyme* have been approved for human consumption by the FDA. Ventria is not required to get such approval, as the FDA only monitors genetically engineered plants when manufacturers *voluntarily* submit to an approval process. At present, the allowance of Ventria to grow bio-medically altered rice without extensive testing for health issues or a comprehensive system of safeguards to protect the domestic supply must be met with a healthy dose of skepticism and concern. One glimpse into the history of the USDA regarding the containment of genetically altered crops gives real concern to this latest approval of Ventria, as it has previously shown poor oversight in the containment of not only rice varieties, but varieties of other domestic crops as well. USRPA questions the wisdom of giving the go-ahead to Ventria when there are still so many fundamentally important questions left unanswered and recourse measures unresolved.. 🌿

General Market Update—Continued From Page 3

steady to slightly up. Bids for long grain rough in Texas remained steady this week at \$3.35 over loan with some quantities moving at that level. South Louisiana was a mixed report ranging from \$15.90 to \$16.15 per barrel with a lower willingness by sellers to entertain those levels being noted and less old crop being available now. Reports of slightly stronger bids in the Delta and Arkansas from \$9.00 to \$9.15 delivered mill/river were heard, but little interest in selling followed. There is too much old crop rice remaining for this time of year, but no one believes these price levels are sustainable in the face of the realities of production and transportation costs, to say nothing of next year's lower production. Asian quotes

were steady to slightly stronger this week with Thai 100% Grade B pegged at \$327/\$329 per metric ton fob vessel and Viet 5% holding at \$300 per ton. Rough rice futures were dull on low volume Monday through Thursday of this week, but Friday's action was a bit of a surprise to most observers when selling hit early and took prices down \$0.25 to \$0.31-1/2 cents across the board. The range for the week basis the July contract was \$0.52 cents with July settling nearly at the bottom of the range at \$10.115, leaving a small gap on the chart at the \$0.10.38/10.35 area. Fund selling was blamed for this drop, and that could easily be the case since the estimated volume for Friday was over 2,600 contracts. 🌾

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 thomas@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.

Chicago Rice Futures for the Week Ending May 18, 2007						
Closing Price	Jul-07	May-07	Jul-07	Sep-07	Nov-07	Open Int.
11-May	10.545	10.860	11.140	11.380	11.630	15,097
18-May	10.115	10.460	10.780	11.050	11.300	15,128
Weekly Change	-4.08%	-3.68%	-3.23%	-2.90%	-2.84%	0.21%
5 Day Average Volume			260.2 ↓		Source: Chicago Board of Trade	



2825 Wilcrest Drive, Suite 505
Houston, Texas 77042

Phone: 713-974-RICE
Fax: 713-974-7696
info@usriceproducers.com
<http://www.usriceproducers.com>

Upcoming Events

June 13, 2007	NE Louisiana Research Station Field Day—St. Joseph, LA
June 21, 2007	RiceTec Field Day—Alvin, TX
June 26, 2007	33rd Eagle Lake Field Day—Eagle Lake, TX
June 28, 2007	LSU Rice Research Station Field Day—Crowley, LA
July 5-6, 2007	USRPA Annual Summer Board Meeting—Tunica, MS
July 12, 2007	60th Beaumont Field Day—Beaumont, TX
July 19, 2007	Mississippi Delta Research Field Day—Stoneville, MS
Aug 9, 2007	RiceTec Field Day—Jonesboro, AR

USDA Reports Next Week

Crop Progress	Monday, May 21, 4:00 pm
Weather - Crop Summary	Tuesday, May 22, 12:00 pm
U.S. Export Sales	Thursday, May 24, 8:30 am

USRPA does not discriminate in its programs on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, or marital/family status. Persons with disabilities who require alternative means for communication of information (such as Braille, large print, sign language interpreter) should contact USRPA at 713-974-7423.