



NEWS RELEASE

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RICE PRODUCERS AT WHITE HOUSE SUPPORT TRADE PROMOTION AUTHORITY, SUPPORT 2001 CROP ASSISTANCE; OPPOSE ROUGH RICE EXPORT EMBARGO

Washington, DC (June 18, 2001) – Representatives of the U S Rice Producers Association joined President George W. Bush at the White House today to support the President’s request to Congress to pass legislation giving the President “Trade Promotion Authority” (or “TPA”).

Nolen Canon, Chairman of USRPA and a farmer from Tunica, Mississippi, said that “Rice farmers, as much as the producers of any other major commodity are dependent on exports for our livelihood. Our future success lies in export markets, and we support the enactment of Trade Promotion Authority to empower the President to negotiate the best possible deal on behalf of America’s farmers.”

Canon was joined at the White House by USRPA farmer-member Jacko Garrett of Danbury, Texas. Garrett said that “Reducing tariff and non-tariff barriers to rice exports will help the entire rice industry, including growers, millers, and exporters. Giving the President TPA will give him the credibility he needs to take a seat at the negotiating table on behalf of American agriculture. We support his efforts.”

Canon and Garrett added that rice farmers are hopeful that the Congress and the White House could come to an understanding quickly to provide assistance to farmers for market losses related to the 2001 crop. “With rice prices as low as they have been in years, providing assistance to producers consistent with the assistance provided last year will be critical to their economic survival,” Garrett said.

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In addition, Canon explained that while in Washington they intended to meet with policy makers to emphasize the need to continue the Department of Agriculture's recently announced policy to stop the discrimination against the inclusion of unprocessed ("rough") rice in food aid programs. "Under current law, more than half of total exports funded under P.L. 480 are earmarked for processed commodities. We have not quarreled with this value-added product set-aside. But with food aid exports only representing a thin slice of total rice exports this year, farmers are hard-pressed to understand why the government should REQUIRE every grain shipped under food aid to be processed rice. There is no similar 'embargo' on food aid shipments of unprocessed wheat corn, and other commodities."

The USRPA continues to believe that allowing purchasers to buy and food aid recipients to receive rough rice if they so choose is a defensible, common sense export policy. The attached responses to the USA Rice Federation's June 15 Press Release supporting a food aid rough rice embargo provides more reasons why this is an intelligent, fair policy.

The U S Rice Producers Association, representing rice farmers in Mississippi, Missouri, Texas, California, Louisiana and Arkansas, is the only organization solely representing the views of the U.S. rice farmers.

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US Rice Producers Association
Responses to Issues Raised in USA Rice Federation June 15 Press Release

Federation Issue	USRPA Response
<p>#1 “A vocal minority within the U.S. rice industry is attempting to overturn a decades-long history of using value-added rice for food aid over seas...”</p>	<p>(1) This statement implies that the US Rice Producers Association is seeking to bar (or “embargo”) the use of value-added rice in food aid programs. This is patently untrue. USRPA, and thousands of rice producers across the country seek only to STOP THE EMBARGO on the use of rough rice in food aid.</p> <p>(2) One reason that this “decades-long history” of no rough rice on food aid has happened is because the market for rough rice has only developed over recent years. But what a market it is! As much as 40 percent of all US rice exports this year are expected to be in the form of rough rice. As the Federation itself has pointed out, the US has a virtual monopoly on the rough rice trade, and thus can demand high prices that increase returns to growers. We believe that government programs – even food aid programs – should meet market demands, NOT simply aim to shove our surpluses down our customers’ throats.</p>
<p>#2 “The inclusion of unmilled ‘rough’ rice in food aid ... will contribute to the collapse of the domestic milling industry...”</p>	<p>(1) If the domestic milling industry is in financial trouble, dependency on government food aid cannot save it. In fact, if embargoing rough rice from food aid was the panacea for the domestic milling industry, then the milling industry should not be in trouble at all, since the “decades-long” rough rice embargo supported by the Federation should have kept the industry in good health. It has not.</p> <p>(2) This statement by the Federation suggests that USRPA wants to include rough rice in food aid solely at the expense of milled rice exports. This is not true. It ignores the fact that there may be customers willing to buy US rough rice (under P.L. 480 Title I), or to receive it under other food aid programs (P.L. 480 Title II, the “Section 416” program, and others), who would otherwise seek some other commodity altogether if they cannot get rough rice. Or even worse, who would simply take their milled rice business to cheaper suppliers.</p>

<p>#3 The inclusion of unmilled “rough” rice in food aid ... will... negatively impact U.S. rice producers as competition for their rice is reduced...”.</p>	<p>We disagree. We believe that having a vibrant export market in all forms of rice is best for producers. The Federation itself has recognized that the export market for rough rice has generated a \$3.00 per hundredweight premium to producers in the cash market “<i>due solely to export demand for rough rice</i>”. We believe that embargoing the sale of rough rice into this growing market is a shortsighted policy that will reduce competition for the product of U.S. rice farmers.</p>
<p>#4 “The rice producers who grow 80 percent of the U.S. crop agree with this policy position.”</p>	<p>(1) There is no evidence to support this claim. No national producer referendum or similar effort has been conducted. The USA Rice Federation claims to represent 80 percent of US rice growers. But this argument assumes that the Federation “represents” the significant number of rice growers in California and Arkansas who have established organizations independent of the Federation to represent their interests. These new organizations are affiliated with USRPA. Taking these affiliated organizations into account, the Federation – at best – can speak for only 66% of U.S. rice farmers.</p> <p>(2) The “no rough rice in food aid” position advocated publicly by the USA Rice Federation is at odds with its own policy. As stated in its “Government Relations Policies for 2001” (available on the Federation’s web site), the Federation policy is that “Federal food assistance programs using taxpayer funds should use value-added products...”. As it applies to rice, the USRPA can agree with this policy, IF it is not read as being exclusionary to ALL rough rice exports under these programs. But we cannot agree with an extreme reading of this policy to require a program embargo against ALL rough rice exports in these programs.</p> <p>(3) The P.L. 480 Title II program already requires that at least 75% of the more than 2 million tons of commodities made available annually must be value-added commodities. With ¾ of these vast food aid exports, totaling more than 55% of all shipments under P.L. 480 Title I and Title II, already earmarked for value-added commodities, won’t the rice mills ever be</p>

	<p>satisfied? USRPA is not now, nor never has, advocated changing this existing statutory requirement. We have simply advocated that rough rice should be allowed to compete for the remaining sales not already reserved for the mills.</p> <p>(4) The P.L. 480 Title I program has no similar value-added earmark, nor does it include authority for the Secretary of Agriculture to exclude unprocessed commodities from the program. Until recently, rice was the only basic commodity that the USDA prohibited from being shipped under the program. As of its June 1, 2001 announcement regarding Uzbekistan, it appears that USDA has made its policy consistent with other commodities and the intent of the statute. The USRPA supports USDA's position.</p> <p>(5) Why should rice mills be given further special "protection" relative to the millers and processors of other commodities?</p> <p>(6) Why should rice farmers be singled out from among the producers of all of the major commodities to be prohibited from direct participation in these markets? Don't they all pay the taxes that fund these programs just the same as the producers of other participating commodities?</p>
<p>#5 "Food aid programs are not commercial sales; they are transfers from the U.S. Treasury to the needy overseas."</p>	<p>It is not that simple. For example, under P.L. 480 Title I, foreign customers BUY commodities from U.S. sellers, NOT from the U.S. Government. The U.S. provides long-term, concessional financing for the sale, but it is a sale nonetheless (not a "giveaway"). Shouldn't these customers be able to choose from the broadest array of commodities and products that the U.S. has to offer?</p>
<p>#6 "We need to maximize the benefit of these taxpayer funds by adding value in the United States, not giving value to a foreign miller."</p>	<p>(1) Read with #5, the Federation seems to be suggesting that any sale that involves support by "taxpayer funds" is not a "commercial sale" and/or should be limited to value-added goods. This is a very slippery slope. What about commercial sales supported by a USDA-GSM loan guarantee, should they be limited to value-added products?</p> <p>(2) This statement is not specific to rice, consistent with Federations stated policy that "Federal food assistance programs using taxpayer funds should use value-</p>

	<p>added products...". We agree that a consistent policy regarding the use of bulk, unprocessed products in food aid programs should be applied to all commodities. Rice should not be singled out to be embargoed from use in these programs.</p>
<p>#7 "Cash prices are the lowest in eight years now – how much will they drop without a local mill to bid on and buy rice?"</p>	<p>We are not opposed to encouraging competitive bids for rice. In fact, only the USRPA policy of allowing all interested parties (not just rice mills) to bid on rice for food aid will bring the maximum numbers of bidders into the market for farmers' rice and empower rice farmers to harvest the \$3.00 per cwt. premium that rough rice brings in export markets.</p>