



May 26, 2022

The Honorable Thomas J. Vilsack
Secretary
U.S. Department of Agriculture
1400 Independence Ave, SW
Washington, DC 20250

Dear Secretary Vilsack:

I am writing to follow-up on my letter to you of February 25, 2022, regarding the U.S. rice industry's ongoing economic situation and to request some level of financial relief for rice farmers who are not experiencing a run up in commodity prices while experiencing a disproportionate increase in input costs.

As you know, since the time of my previous letter to you, the Russian invasion of Ukraine led to protectionist actions by major fertilizer-producing countries which has further exacerbated pandemic-driven supply chain disruptions impacting U.S. agriculture. This, in turn, has fueled even higher input costs that have continued to spiral upwards to reach record highs, further impacting the rice industry in the heart of fertilizer-spreading and planting season.

Agricultural commodity prices have surged over the last 12 to 14 months, with the exception of rice. In fact, there was a recorded decline in rice prices in the April 2022 USDA World Agricultural Supply and Demand Estimates Report and prices have remained flat since that report was published.

This decline in price also comes as U.S. rice planted acres are forecast to be at their lowest since 2017 and are likely to fall further, short of projections in the March 31 USDA Prospective Plantings Report. Internal industry estimates predict approximately 2.2 million of planted rice acres this crop year, down from an average of 3 million acres.

With acreage and production declines, increased prices would normally follow but that is not the case this year. Spiraling input costs, stagnant prices, and lower rice acreage and production will, if left unabated, negatively impact rice producers individually and the industry as a whole.

At the request of Senate Agriculture, Nutrition, and Forestry Committee Ranking Member, Senator John Boozman, the Agricultural and Food Policy Center at Texas A&M University published a study last week on the impact of commodity price changes and higher input costs on its 64 crop representative farms, including rice farms. Crop year 2022 is projected to generally be a profitable year for farmers of most major commodities. However, rice is the clear outlier. Rice farmers will be the most adversely impacted of any commodity due to two years of stagnant commodity prices and drastic increases in production costs.

According to the report, "The 15 representative rice farms face the largest reduction in net cash farm income per farm (\$880,000) and per acre (\$442) relative to the other farm types...on average, 10 of the 15 rice farms are expected to face negative net cash farm income in 2022."

Our farmers are also at a clear competitive disadvantage in global markets where foreign countries blatantly and exorbitantly violate their World Trade Organization commitments through excessive domestic support programs for their producers. For instance, India, the world's largest exporter of rice accounting for over 40 percent of global rice trade, not only subsidizes its producers at upwards of 85 percent, but has also injected more than \$20 billion in fertilizer subsidies this year to insulate its producers from price swings.

Taking into consideration the drop in net farm cash income for 2022, we believe U.S. rice farmers need direct assistance, relative to 2022 plantings, of no less than \$400 million in order to weather current conditions.

Although the window to affect planting decisions and augment domestic food production to address what we understand is an imminent world food shortage has passed for 2022, **it is not too late to utilize your existing authorities to provide the critical financial assistance our industry needs to remain viable into the future and give our farmers the tools to support the Biden Administration's efforts to address global food emergencies now and in the future.** Our rural communities, which also depend on the rice production supply chain to survive, would also benefit as would the hundreds of millions of U.S. and global consumers that already depend on our staple product for food security.

Our livelihoods and our industry are at stake. Rice has been produced in our country since its inception, and for more than a century prior. We wish to pass this legacy along to the next generation, but we are concerned about our viability in the near-term.

We greatly appreciate the positive initial discussions with your staff regarding both the situation and our request for assistance and we thank you for your consideration. We would greatly appreciate the opportunity to work with you further on ways to most effectively provide critical assistance.

Sincerely,



Kirk Satterfield
Chairman
USA Rice Farmers