

# WHOLE GRAIN



## USA RICE AND MEXICO AGREE: #HAFTANAFTA

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SUCCESS OVERSEAS PAGE 8

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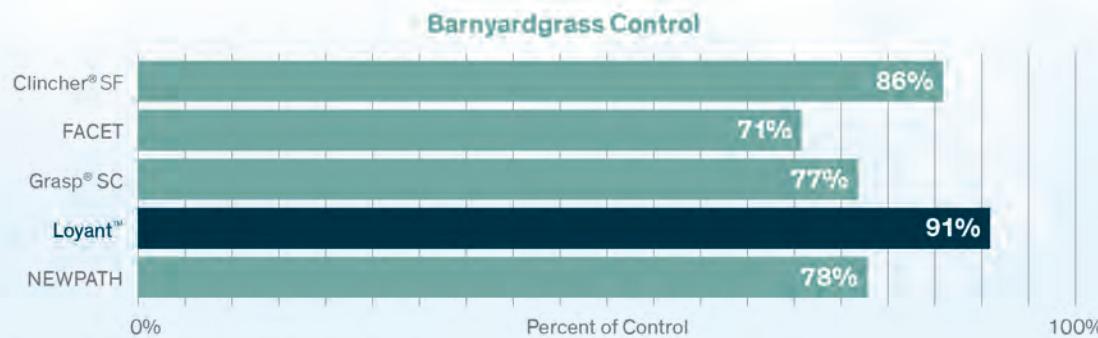
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# NEW SOLUTION WILL STRENGTHEN WEED MANAGEMENT IN RICE

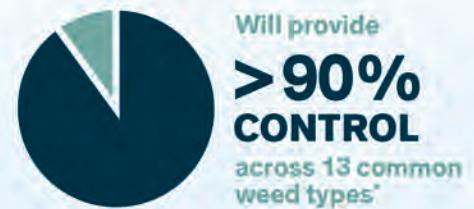
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# An Industry of Heart

## BY BRIAN KING

**TURN OF THE CENTURY** Australian politician Elizabeth Andrews once said, “Volunteers do not necessarily have the time; they just have the heart.” I’m happy to say that the U.S. rice industry is overflowing with people with heart, but we can always use more.

While USA Rice has a small paid staff, as an organization – as an industry – we rely a great deal on the volunteer leaders who fill our committees, boards, and task groups for two-year terms.

On August 1, the new term will begin with over 300 individuals that will serve on various USA Rice boards, committees, subcommittees, task forces, and working groups with volunteers from all six rice producing states and all segments of the industry. Many people pull double, triple, or more duty, serving on many, many committees. We need to broaden that base and get even more people involved.

If you are reading this and you serve USA Rice in some capacity – thank you! If you are reading this and you do not – please get involved. You won’t have to look far to find a way in – to find someone in your community already participating. Talk to your state promotion or research board, your local grower organization, or the Farm Bureau.

If you attend a Field Day, chances are good that a representative of USA Rice will actually be there, and if we don’t have staff there, you know many of the people around you, listening and learning or talking and educating, are involved in the organization.

And you can and should mark your calendar to attend the USA Rice Outlook Conference this December in San Antonio, Texas. Not only will there be excellent programming, but many of the committees and boards I mentioned will be meeting there – and those meetings are always open to the public. And if you



are a grower paying into your state’s check off program – well, you’ve earned a seat at the table – now you just have to claim it.

So come get involved. Show off your big rice heart – I know you’ve got one, put it to work for you, your family, your partners, your neighbors. Put it to work for your industry – we’ll all be glad you did, and we’ll all be better off for your involvement.

Thank you and have a good, productive, and safe summer. 

“Show off your big rice heart — I know you’ve got one, put it to work for you, your family, your partners, your neighbors. Put it to work for your industry...”

— Brian King, USA Rice Chairman

USA Rice

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USA Rice is the global advocate for all segments of the U.S. rice industry with a mission to promote and protect the interests of producers, millers, merchants, and allied businesses.

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## PARTNERSHIPS ARE KEY TO STRETCHING OUR RESOURCES

BY BETSY WARD

### YOU KNOW AGRICULTURE IS CYCLICAL

— there are up years and down years, years where things click into place, and years where it seems everything that can go wrong does. It's an emotional, financial, and psychological rollercoaster. Plenty are with you along for the ride — your family, partners, employees, and more.

As your voice in Washington and around the world — USA Rice is with you, too. And tough years for you, like the one we're in right now, are tough for us. Don't forget our budget, and our ability to advocate on your behalf, is directly tied to the vibrancy of the industry.

Our annual budget — being voted on by USA Rice committees and boards in July — is supported by check off and promotion dollars from the states derived from acres planted, and by mill dues derived from rice milled.

One of the most effective ways we've reduced expenses and raised non-dues revenue is through our aggressive development of partnerships to help us tell the rice story.

On the conservation front, our 2012 ground-breaking partnership with Ducks Unlimited helped us both broaden our conservation efforts and set the stage for our industry's success with a key governmental partner — USDA's Natural Resources Conservation Service (NRCS).

The 2014 Farm Bill created a new program, the Regional Conservation Partnership Program (RCPP), to be managed by NRCS.

RCPP focuses on additional partnerships to drive private lands conservation, and rice has been very successfully singled out in the program to put money directly in the hands of farmers and enroll hundred of thousands of rice acres in conservation programs.

Additional dividends have come from corporate partners who contribute money or in-kind donations to the program, companies like Walmart.

Another government agency we partner with is USDA's Foreign Agricultural Service (FAS). FAS manages overseas market development and promotion programs for U.S. commodities, and rice receives about four million dollars each year from FAS to help strengthen our position around the world.

It's important to note that these are not simply government handouts, as some might argue. In the case of the RCPP, we've matched \$25 million in NRCS grants with \$25 million of private contributions — both cash and services. And the \$4 million from FAS is supplemented by more than \$28 million from industry.

Another fruitful partnership USA Rice has developed is with the Asian restaurant chain PF Chang's China Bistro. All 214 of their high-end restaurants exclusively use U.S. rice, and they've put tens of thousands of their own dollars against telling that story to their customers — most notably through a beautiful documentary-style, rice-focused video in their Farm to Wok Series (if you haven't seen it, check it out on their website).

So as this already tough year progresses and you watch your crop rise up and head towards harvest, know that we're with you — looking for ways to reduce the burden on you but still provide the outstanding level of support for U.S. rice that we do and that you depend on.

As always, thank you for your support. 



## FARM WORK FROM AFAR

BY WILLIAM MENCER

WASHINGTON, DC — Some of my fondest memories from my days on the family farm in southeast Arkansas were sharing conversations with my father and grandfather over breakfast and lunch each day. We would discuss things such as the weather, the jobs that needed to be done on the farm that day, commodity prices, and current events. From a young age, I can remember having an interest in how the farm operation functioned and how the policies and world events affected my father and grandfather's day-to-day decisions for the farm.

As I got older, I decided to pursue those interests in agriculture and policy by attending Mississippi State University. While at Mississippi State, I obtained a degree in Agriculture Economics Law and Policy and a minor in Political Science. My education made me aware of my obligation as a citizen of the United States, and as a farmer therein, to do something, to be involved and make a contribution to the process. The best way I knew to go about doing that was interning for USA Rice. Having grown up on a rice farm, I have seen the results of the work done at USA Rice firsthand and I felt it would be an appropriate way to give back to an industry that has provided my family with the life we share today.

**"I have seen the results of the work done at USA Rice firsthand and I felt it would be an appropriate way to give back to an industry that has provided my family with the life we share today."**

During my time at USA Rice, I did many things that have provided me with invaluable experience and memories that will last a lifetime. Some of my favorite activities included attending farm bill conferences, hitting Capitol Hill with USA Rice members, attending Congressional hearings, and getting to know the team at USA Rice.

Having the opportunity to meet people from all over the country that keep the rice industry's interests a priority for legislators has been extremely rewarding. Living on the farm, it is easy to sit back and assume that our livelihood and way of life will always be there. However, this experience has taught me the importance of showing up and making your case. As they say here in Washington, "If you don't have a seat at the table, you may find yourself on the menu."

I very much look forward to taking the lessons I learned at USA Rice back to my community and applying them to the next chapter in my life: law school. I know the insights I've gained into the federal process will be of great benefit while in law school and my life thereafter.

No matter where this life takes me, one thing is certain, I'll never forget where I came from, and that's rice country. 

*William knows a lot about rice farming but he also knows a lot about college basketball, enough to win this year's NCAA Mens' Basketball Championship office pool.*

William basks in the glory of pulling a perfect levee gate on father Joe Mencer's farm in Lake Village, AR.



# USA RICE MILLERS' ASSOCIATION ANNOUNCES NEW CHAIRMAN, VICE CHAIRMAN

BY DEBORAH WILLENBORG

Passing the gavel:  
Robbie Trahan (right)  
to Alex Balafoutis.

CARLSBAD, CA — At their 118th convention here in June, the USA Rice Millers' Association (RMA) announced the election of Alex Balafoutis, Vice President of Sales for the Rice Business Unit at PGP International in Woodland, California, and Keith Gray, Vice President of Supply Chain at Riviana Foods, as chairman and vice chairman, respectively. Each will serve a two-year term that begins August 1, 2017.

Chairman-elect Balafoutis presented outgoing RMA Chairman Robbie Trahan with a plaque to commemorate his tenure. Balafoutis thanked Trahan for his outstanding service and dedication to the organization.

In accepting the plaque, Trahan said, "The RMA has faced numerous challenges over the past two years and what I have found most impressive about this organization is our ability to work together when we're grappling with an issue. We have long-standing traditions and relationships, and you can really see that come into play when we're trying to find a way forward to a solution." 



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# WEEK OF MEETINGS REINFORCES RELATIONSHIP BETWEEN U.S. AND MEXICAN RICE INDUSTRIES

BY HUGH MAGINNIS

**MEXICO CITY, MEXICO** — A delegation of U.S. rice industry leaders traveled here in late April for a week of high level meetings with government officials, trade representatives, and customers, including the powerful Mexican Rice Council (MRC) to review market efforts and opportunities and discuss topics of concern with the Mexican rice industry. Specifically on everyone's mind, the future of the North American Free Trade Agreement (NAFTA), a treaty both industries strongly support.

The 12-member USA Rice delegation, led by USA Rice Chairman Brian King and President & CEO Betsy Ward, included growers, millers, merchants, and exporters from across rice country.

Discussions centered around the impact of the Mexican government's move to drop tariffs to zero for countries with which Mexico does not currently have a free trade agreement; the need for a coordinated approach to any renegotiation or "modernizing" of NAFTA; and the current crop situation in both Mexico and the United States.

While most Asian rices do not enjoy the quality, safety, or consumer acceptance that U.S. rice does, the tariff issue is seen by both the U.S. and Mexican industries as potentially paving the way for greater imports from Asian exporters who already heavily subsidize their domestic rice industries.

The delegation heard time and again how NAFTA has helped U.S. rice compete, and how the U.S. and Mexican industries must continue to make the case with their respective governments about the benefits of NAFTA that far outweigh any disruption in trade that withdrawal or significant modernization could bring.

"Mexico takes 20 percent of all U.S. rice exports - 16 percent of all U.S. long grain rice - and that is *because* of NAFTA, not in spite of it," explained King. "We are grateful to have been able to meet with so many of our valued customers here and we heard them loud and clear and agree: 'NAFTA works!'"

"The direct and positive impact that NAFTA has had on U.S. rice exports and on jobs and

Laying all the cards on the table.



“ Strong promotion of increased rice consumption in Mexico supports the objectives of both USA Rice and the Mexican Rice Council, and cooperation on promotion will be strengthened as a result of these meetings.

— JOHN OWEN, LOUISIANA RICE FARMER AND  
CHAIR OF THE LOUISIANA RICE PROMOTION BOARD



prosperity in Mexico and the United States must be continually emphasized," said Ward. "We will be working together to preserve the benefits of NAFTA for the U.S. rice industry, as well as for our Mexican partners."

The delegation also met with key Mexican rice millers, packers, distributors, and traders to express appreciation for the business relationships that have been developed over many years with Mexico.

"Strong promotion of increased rice consumption in Mexico supports the objectives of both USA Rice and the Mexican Rice Council, and cooperation on promotion will be strengthened as a result of these meetings," said John Owen, Louisiana rice farmer and chair of the Louisiana Rice Promotion Board, who participated in the delegation.

"The theme of common goals for our industries was reiterated in every meeting," said Todd Burich, chair of the USA Rice Trade Policy Subcommittee for Latin America. "We accomplished a great deal during the week and I think we all went home with a greater appreciation for just how interdependent we are, how committed to free and open trade between our countries we are, and how we will work with our respective governments to effectively convey those truths." 

*Hugh Maginnis is USA Rice vice president international.*

Visiting the Central Market in Mexico City.

# USA RICE CUSTOMER MEETINGS IN MEXICO INTERRUPTED BY ANTI-NAFTA WHITE HOUSE LEAK

BY MICHAEL KLEIN

USA Rice's Brian King and Betsy Ward listen to a Mexican customer.

MEXICO CITY, MEXICO — Timing is everything, and so it was amidst heightened rhetoric from the White House about the North American Free Trade Agreement (NAFTA), that a USA Rice delegation of growers, millers, merchants, and exporters traveled here to meet with officials and customers to reassure them of the U.S. industry's commitment to the number-one market for U.S.-grown rice in the world. And it was in the middle of that week, just as USA Rice's 12-member delegation was going to sit down with important Mexican customers, that news began to leak out of Washington that President Trump was going to announce the U.S. was pulling out of NAFTA.

The tone of the meetings, that had been very cordial to that point, grew more tense.

"The Mexicans had been pretty upset about the characterization of NAFTA as being a one-way deal that was bad for the U.S. — especially since it isn't true — but then when we all heard the Administration was circulating a draft notice that we were pulling out of NAFTA, the reaction was strong," said USA Rice President & CEO Betsy Ward who, with USA Rice Chair Brian King led the delegation here.

"Personally I think it was great that we were there in the room with our key customers when this happened so we could say, 'hold on a second, we do not agree with this position,'" said King. "For many years, Mexico has been our top market both in terms of volume and value, and we told them we know that is *because* of NAFTA, not in spite of it, and we want to keep it that way."

Ward said the meetings with the Mexican Rice Council (MRC), the leading organization representing Mexican producers and millers, as well as with importers, wholesalers, distributors, and Mexican brand representatives, got back on track quickly and she believes the relationship is likely stronger as a result of the week's efforts.

"I said, 'make no mistake, to us, NAFTA has been a success on both sides, and we have been steadfastly communicating this to the Trump Administration — 'update what you need to, but do no harm to what works,'" she said.

It was less than 48 hours later that President Trump backed off the reports that he was



going to pull the U.S. out of NAFTA, but would instead seek to modernize the treaty through a renegotiation — an approach both Mexico and Canada supported.

In addition to meetings with MRC and government officials, delegation members reviewed and analyzed the current promotion programs underway here, met with importers, wholesalers, and repackers, and visited wholesale and retail markets in this sprawling metropolis of 21 million people.

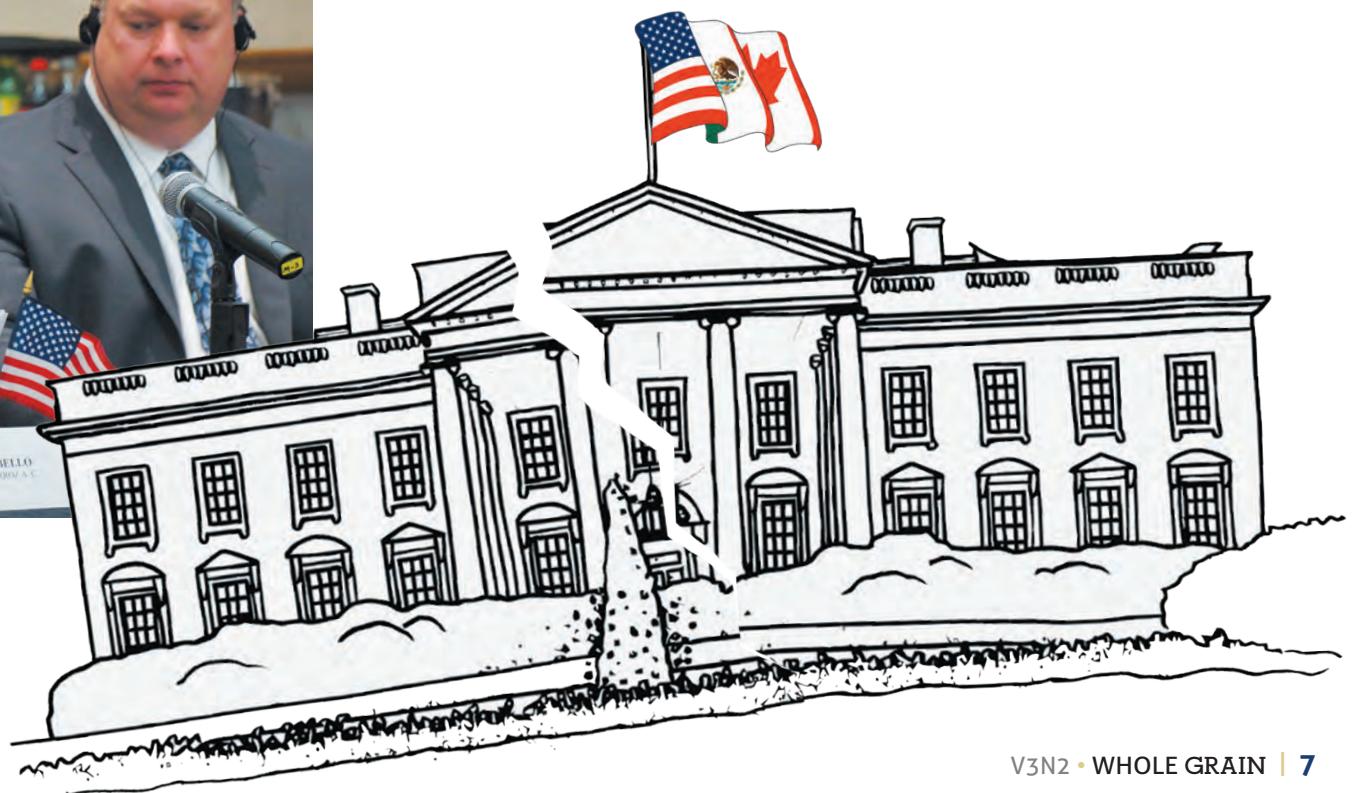
Mexico is currently the top destination for U.S. rice, with 825,000 metric tons heading here in 2016 and a good uptick in sales thus far in 2017. The United States enjoys an almost 93 percent market share, but Ward said trade between the countries could easily become disrupted as the countries trade barbs over various issues.

"We do not want to become a casualty of a broader trade war, which is why regular communication and meetings are so important. We're going to build on this momentum," she said. [we](#)

Michael Klein, USA Rice vice president for communications & domestic promotion, enjoys repeating the phrase "HaftaNAFTA."



Pedro Schettino (L) is president of the Mexican Rice Council, the most influential producer and miller organization in Mexico.



## U.S. RICE MAKES STRIDES IN THE TOUGH ASIA MARKET

BY JIM GUINN

ARLINGTON, VA — Rice is so intrinsically embedded in Asian culture that it is a highly sensitive (read: “politicized and often protected”) commodity, but through hard work, U.S. rice exports have made great strides in the past year in the two critical markets of Japan and Korea.

Interest in U.S. rice in Japan continues to grow in both foodservice and retail sectors due to a number of factors, including versatility and price. It seems Japan’s domestic rice policy, that incentivizes production of super premium table rice and rice for livestock feed, is pushing the country’s foodservice industry to look to imports to meet their needs.

Late last year, the esteemed Japan Cooked Rice Association took it upon themselves to test U.S. rice against domestic varieties. The 2016 U.S. medium grain crop went up against Japanese Haenuki rice, the variety most commonly used by the foodservice industry for sushi.

The U.S. medium grain held its own and was considered “on par” with Haenuki and “comparable” to some local varieties of Koshihikari and Kirara 397, leading a trusted business journal to report on the tests and say that the blanket conclusion that Japanese rice is superior in all categories of use including in sushi is not supported by the test results.

Additionally, USA Rice and member companies participate in targeted food shows to help U.S.-grown rice gain notoriety, including the sprawling FOODEX 2017, the largest annual food show in Asia, and HOFEX, the top hospitality and foodservice show in the region.

“Two new wholesalers who target small foodservice operations now carry U.S. medium grain and two

“... our efforts are paying dividends and we are poised to potentially grow our presence [in Korea] – something that appeared unclear when the government announced plans to move to tariffication.”

— HUGH MAGINNIS  
USA RICE VICE PRESIDENT INTERNATIONAL

new retail chains are also carrying the product,” said Hugh Maginnis, vice president international for USA Rice. “Japan was our third largest export market in 2016, importing 346,800 MT of U.S. rice.”

Two years ago, when Korea first implemented tariffication, whereby the purchase of rice for table use was no longer guaranteed by Korea’s World Trade Organization (WTO) commitments, USA Rice began discussions and held technical meetings with rice flour users and rice flour processors there to gain more interest in U.S. rice as a processed food ingredient.

USA Rice kicked off a food ingredient promotion with a rice cake project that encouraged rice flour processors to test U.S. medium grain rice for their operations and ultimately change the origin of their rice flour products to the U.S. from either domestic or Chinese rice.

Steadily, many food manufacturers have launched new U.S. rice-based food products and some changed rice flour sources to use U.S. rice.

“According to noodle product manufacturers, Korean customers prefer the chewy texture of noodles and rice flour made with U.S. rice,” Maginnis said. “So our efforts are paying dividends and we are poised to potentially grow our presence there - something that appeared unclear when the government announced plans to move to tariffication.” 

Jim Guinn, former vice president for international promotion, is now wearing two new hats: USA Rice Director of Asia Programs and Grandpa.



Above: Taste-testing at the USA Rice booth.  
Left: Colorful Sushi Salad made with U.S. medium grain.

# IRAQ FINALLY PURCHASES U.S. RICE; EXTENDS AGREEMENT

BY MICHAEL KLEIN

ARLINGTON, VA — Following a last minute, full-court press by USA Rice involving Congress, the U.S. Embassy, and high-level State Department and U.S. Department of Agriculture (USDA) officials, Iraq made its first-ever purchase of U.S. rice under the U.S. - Iraq Memorandum of Understanding (MOU) in late May. Just a few weeks later, Iraq then renewed the MOU with the U.S. through the end of 2017.

Iraq's precedent-setting purchase of 30,000 MT of U.S. long grain milled rice comes after more than 16 months without any Iraqi purchases of U.S. rice and will help U.S. rice exporters regain a foothold in the Iraq market.

"We were pleased to see that Iraq has stepped up to meet its commitment to purchase U.S. rice under this agreement," said USA Rice President & CEO Betsy Ward. "This could not have come at a better time for the U.S. rice industry, and we are grateful for the cooperation of the Iraqi Grain Board (IGB) and the Ministry of Trade (MOT)."

"The USA Rice team, including our local office in Iraq, worked hand-in-glove with Congress, the State Department, and USDA over the last year to keep the pressure on, ensuring that Iraq



follows through on its commitment to purchase competitively-priced U.S. grown rice under this MOU," said Hugh Maginnis, USA Rice vice president international. "We appreciate the teamwork and persistence of so many people who contributed to this successful sale. This gives our rice farmers a very welcome shot in the arm." 

## USDA FAS: USA RICE PROGRAMS IN JORDAN A SUCCESS

BY MICHAEL KLEIN

AMMAN, JORDAN — According to the most recent Global Agricultural Information Network (GAIN) Report on the Hashemite Kingdom of Jordan, consumer programs aimed at promoting U.S.-grown rice here are successful based on the market dominance and price of the U.S. commodity.

"Rice is a staple of the Jordanian diet...[and] in marketing year 2017/18 imports are expected to reach 210,000 metric tons [with] U.S. market share expected to remain steady at nearly 65 percent supplying 100,000 metric tons," reads the March 22 report. "Although the price is relatively higher, the U.S. industry's market development efforts have paid off, generating loyalty among Jordanian consumers who have developed a strong preference for U.S. origin rice."

USA Rice-sponsored promotion programs in Jordan include print and online advertising in advance of the Ramadan holiday when great feasts with rice are often prepared, outdoor advertising in 30 high-profile, high-traffic locations, and the distribution of branded aprons and other cooking apparel to tens of thousands of families here in Jordan's capital city.

"We are working to improve our already excellent relationship with Jordanian consumers and see this market, number one in the Arab region for U.S. medium grain, as one we can continue to grow," explained Hartwig Schmidt, USA Rice's representative for the region. "Medium grain is the local favorite, constituting about half of imports, with long grain, basmati, and jasmine making up the rest."

Schmidt said that extreme water scarcity here means Jordan must import a great many crops - especially one as water-dependent as rice. He said India, the next largest origin, accounts for about 23 percent of imports, but that no country pays a tariff to import rice to Jordan.

"Jordan is a young country with a growing population thanks in part to refugees from Palestine, Iraq, and Syria," Schmidt added. "Rice is an important part of all their cultures, and we'll do all we can to ensure they appreciate the quality and dependability of U.S. rice." 



Mansaf — a traditional Arabic dish made of lamb cooked in a sauce of fermented dried yogurt and served with rice.

## EXPORTS TO UK AT TEN YEAR HIGH

BY SARAH MORAN

**LONDON, ENGLAND** — The UK, the largest market for U.S. rice in the EU, has experienced an impressive 81 percent increase in all types of U.S. rice imports during the first four months of 2017 (more than 10,800 MT valued at \$5.6 million). This has been driven by a staggering 5,877 percent increase in parboiled long grain rice imports and a 64 percent increase in long grain imports.

“Long a mainstay of ethnic markets here, we’re now seeing an overwhelming response from USA Rice promotions aimed at getting U.S. rice back onto mainstream UK retail shelves,” said Terry Harris, of Riceland Foods and chairman of the USA Rice Europe, Middle East, Africa Promotion Subcommittee. “Following the initial success with retail promotions in 2014, we are seeing exports here increase significantly this year.”



... the largest market for U.S. rice in the EU, has experienced an impressive 81 percent increase in all types of U.S. rice imports during the first four months of 2017

## U.S. PADDY ALLOWED UNHINDERED ACCESS INTO COLOMBIA

BY SARAH MORAN

**BOGOTA, COLOMBIA** — It’s been a long journey with too many delays, but the government of Colombia has finally removed import restrictions on U.S. paddy rice.

On June 6, 2017, the Colombian Agricultural Institute (ICA) published “Official Resolution #6705 of 2017” that removed a previous resolution restricting imported U.S. paddy rice to the port of Barranquilla. The previous resolution also implemented phytosanitary measures for the transportation of U.S. paddy rice and for the management of residues (such as husks) after being milled in Colombia. These mitigation procedures and restrictions to one port in Colombia are now null and void.

This resolution follows on the heels of a June 1, 2017, resolution that removed the phytosanitary pest *Tilletia horrida* from Colombia’s official pest list. ICA conducted a study that found *tilletia horrida* is already present in various locations in Colombia. The study, that collected 54 samples from farms and mills, found *tilletia horrida* in 92 percent of the collected samples.

“This is excellent and long-awaited news,” said USA Rice Chairman Brian King. “By removing the restrictions on U.S. paddy rice and allowing it to enter any maritime port, U.S. rice will be more competitive in the Colombian market.”



UK marketing activities have been further strengthened by a broader strategy encompassing ethnic wholesale and retail, a traditionally important market for U.S. long grain rice. Key relationships have been forged in the Chinese and Afro-Caribbean sectors and, in 2016, a highly successful trading partnership began with Wanis, the UK's leading Afro-Caribbean wholesaler.

"Our focus, patience, and hard work has been rewarded and now U.S. rice is returning more broadly to the market," added Hartwig Schmidt, USA Rice Regional Director.

"USA Rice's marketing activities have helped to increase the distribution and demand of U.S. rice," said Peter Walker, S&B Herba Sales and Marketing Manager. "The UK is a growing market for U.S. rice sales and we have always had strong support from the ethnic sector, but this year we are now also having significant success in growing the retail and food manufacturing sectors."

"In addition to the retail and ethnic sectors, U.S. rice is also experiencing demand from the manufacturing sector with U.S. parboiled rice going into ready-to-heat prepared meals," Schmidt said. "A spokesperson for a leading UK manufacturer recently remarked that 'the premium quality and consistency of U.S. rice is seen as a benefit to both manufacturers and consumers alike.'" 

*Sarah Moran, USA Rice's senior director for international trade and market development, spends her days facilitating rice exports and her evenings developing an American-grown rice palate in her two kids.*

In June of last year, USA Rice led a trade mission of 10 people, including King, to Colombia to meet with ICA and stress the importance of concluding the study in a timely manner and improving access for U.S. rice. Within three months of the visit, ICA agreed to reduce the mandatory minimum grain moisture content of U.S. rough rice, one of the required mitigation procedures.

"USA Rice has been working with APHIS and FAS since 2012 to remove these restrictions on U.S. paddy," said USA Rice President & CEO Betsy Ward. "We are thrilled to see that everyone's hard work has finally paid off."

Last year, the U.S. exported 140,000 MT of rice valued at \$58 million and more than 40 percent was paddy rice. Colombia, our 51st largest market prior to the U.S.-Colombia Free Trade Agreement, has become one of the top fifteen U.S. export markets for the past four years. 

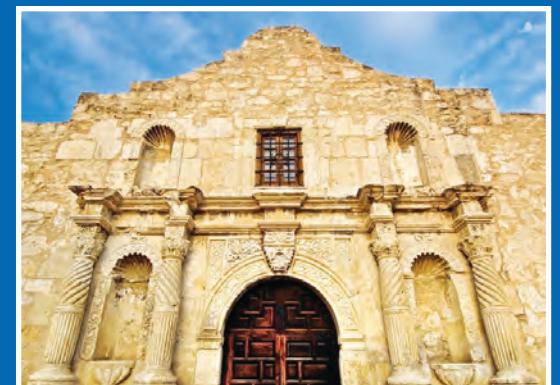
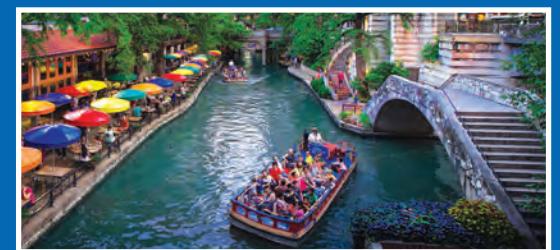
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# TRUMP BUDGET DECLARES WAR ON AGRICULTURE

BY MICHAEL KLEIN

WASHINGTON, DC — President Trump released his detailed, \$4.1 trillion federal budget in late May, and while every area of the federal government except defense and infrastructure saw cuts, the cuts to agriculture and rural areas are disproportionately severe by anyone's standards.

The total mandatory spending cuts proposed far exceed those signaled earlier this year in the President's Skinny Budget: \$240.7 billion over 10 years, or a 27.5 percent budget cut. Of that, crop insurance is targeted for \$28.562 billion in cuts over 10 years, or a 36 percent reduction and more than 10 percent of the total cuts. This includes a \$40,000 payment limit on premium discounts, a \$500,000 AGI means test, and the elimination of premium discounts on the Harvest Price Option (HPO).

With respect to the Commodity Title, the Administration proposes cuts of \$653 million over 10 years through the imposition of a \$500,000 AGI means test, down from the current \$900,000.

The Conservation Title is cut by \$5.755 billion over 10 years, or 9.6 percent through the "streamlining" of programs.

The Nutrition Title is slated for cuts to the tune of \$193.287 billion over 10 years, or 28.7 percent. This includes reforms to SNAP (\$190.932 billion) and retailer user fees (\$2.355 billion).

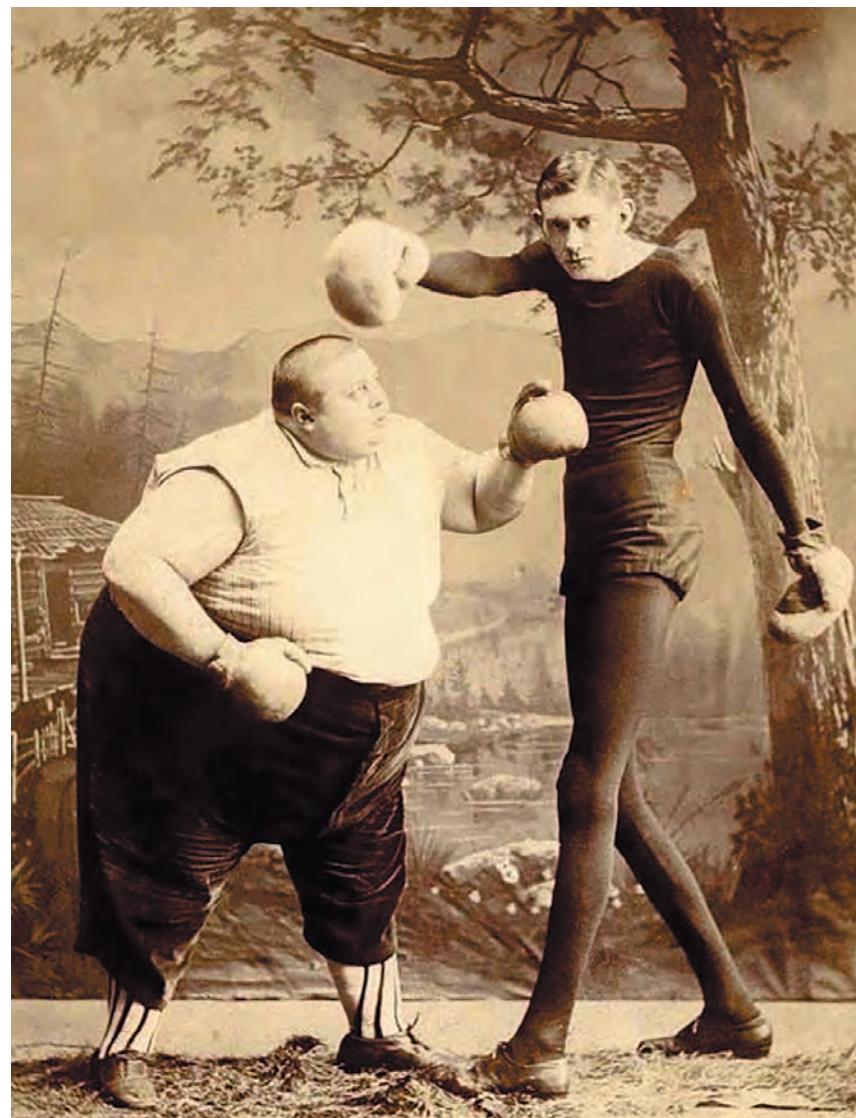
Some other notable cuts include \$11.571 billion over 10 years through the elimination of "small" programs, and user fees being imposed by FSIS, APHIS, GIPSA, and AMS, as well as the elimination of interest payments to electric/telecom utilities, and the elimination of the Rural Economic Development Program.

The budget also proposes eliminating the Foreign Market Development Program (FMD) and the Market Access Program (MAP), both of which are important to the rice industry that exports about 50 percent of the crop annually.

At a February 2017 House Agriculture Committee hearing on international market development in the next Farm Bill, Dr. Gary Williams of Texas A&M said that according to a study done by Texas A&M, Oregon State University, Cornell University, and Informa Economics, eliminating the FMD and MAP programs would result in the value of U.S. agricultural exports dropping by an annual average of \$14.7 billion. Since eliminating the programs reduces government spending by about \$250 million annually it is difficult to see the return on this cut – especially since the President needs as much economic growth as he can get. The full budget only balances with 3 percent annual economic growth, despite current economic indicators pointing to a maximum of 2 percent growth into the next decade.

The President's budget also proposes extending budget sequestration for the period of FY2025-2027 (\$911 million). Note that cuts to agriculture accounted for 30 percent of total sequestration cuts in FY2016 so these cuts would fall disproportionately upon agriculture.

"The proposal is disappointing considering the level of support President Trump received from the parts of the country his budget is hurting most ... If these cuts were ever enacted, they would devastate rural America and our farmers ..."



Trump's 'Skinny Budget' gets fleshed out and ag loses big.

The President's budget makes no attempt to hide its low view, or misunderstanding, of agriculture programs, saying, "[t]he 2018 President's Budget targets commodity assistance, crop insurance subsidies, and conservation assistance to producers that have an Adjusted Gross Income (AGI) of \$500,000 or less. It is hard to justify to hardworking taxpayers why the Federal government should provide assistance to wealthy farmers with incomes over a half a million dollars. Doing so undermines the credibility and purpose of farm programs. The Budget also eliminates funding for a number of programs for which there is no Federal purpose, those programs include the Market Access Program [and] the Foreign Market Development Cooperator Program...In a time of belt tightening, the Government should not be subsidizing the advertising and promotion of commodities...Lastly, the Budget targets conservation funding to the most sensitive agricultural land, by maintaining acreage in the Conservation Reserve Program at the current statutory cap of 24 million acres, eliminating distortionary signing and practice incentive payments, and focusing near-term enrollment on higher-value continuous acreage."

The budget was not well received by lawmakers on Capitol Hill, many of whom characterized the proposal as "dead on arrival."

"President Trump's budget proposal finally addresses our growing national debt while still prioritizing our armed forces, which currently face a readiness crisis after years of neglect," said Representative Rick Crawford from Arkansas' First District, the largest rice producing district in the country. "However, the severe cuts to USDA programs don't fully consider the current state of rural economies and the significant savings already generated by the last Farm Bill. As the House of Representatives builds upon the Administration's budget blueprint, I will work with my colleagues on the House Agriculture Committee

## The President's budget makes no attempt to hide its low view, or misunderstanding, of agriculture programs ...

to advocate for producers and other programs vitally important to rural economies and a safe, reliable food source in the United States.”

The Chairmen of the House and Senate Agriculture Committees, Representative Mike Conaway and Senator Pat Roberts, released a joint statement saying, “As we debate the budget and the next Farm Bill, we will fight to ensure farmers have a strong safety net so this key segment of our economy can weather current hard times and continue to provide all Americans with safe, affordable food.”

Appropriators in both the House and Senate have begun their work on the FY18 spending plan which must be signed into law prior to September 30 to avoid a government shutdown. As part of this process, Cabinet Officials from the Administration are asked to testify before the various appropriations subcommittees in order to explain, justify, and show support for the President's Budget Proposal.

Recently, when testifying before the House and Senate Agriculture Appropriations

Subcommittees, USDA Secretary Sonny Perdue did explain the President's budget but offered very little justification or support when pressed by lawmakers. Perdue said some of the proposed cuts “may have missed the mark and I believe that we can work toward right-sizing the budget.”

Included in Perdue's list of cuts that may be excessive were crop insurance, rural development, and two international food programs proposed for elimination, the McGovern-Dole school feeding program and Food for Peace.

“The proposal is disappointing considering the level of support President Trump received from the parts of the country his budget is hurting most,” said USA Rice President & CEO Betsy Ward. “If these cuts were ever enacted, they would devastate rural America and our farmers. But the President does like to negotiate, so I guess this is his opening offer. He won't be surprised we're rejecting it.” 

## FORTIFIED RICE STUDY CLEARS WAY FOR MORE RICE IN FOOD AID AS ADMINISTRATION LOOKS TO ELIMINATE HUMANITARIAN PROGRAMS

BY REBECCA BRATTER

WASHINGTON, DC — As the most widely-consumed and accepted commodity in the world, with an almost indefinite shelf-life, rice always plays a key role in humanitarian feeding programs. In recent years, USA Rice has worked to reverse the trend of cash replacing commodities in some programs, and earlier this year, got a boost from a much-anticipated study on rice fortification.

The World Food Programme (WFP) study promises to pave the way for greater use of fortified rice in U.S. Agency for International Development (USAID), U.S. Department of Agriculture (USDA), and WFP food assistance programs. The study demonstrated that rinse-resistant coated fortified rice and extruded fortified rice perform the same in terms of taste and impact on malnutrition.

USDA already uses fortified rice in the McGovern-Dole school feeding program but the tonnages have been limited by lack of access to rinse-resistant coating technology. The results of this study should lead to greater use of all available fortification technologies in food aid programs and help bolster the use of U.S.-grown rice.

“The study concludes that extrusion and rinse resistant coating are both viable techniques for fortifying rice and that both fortification technologies are effective delivery devices for key nutrients,” said Bobby Hanks, president of Supreme Rice Mill in Crowley, Louisiana and chairman of the USA Rice Food Aid Subcommittee. “This is welcome news for the U.S. rice industry that should now see benefits from greater programming of fortified rice and overall use of rice in feeding programs.”

However, this occurs against the backdrop of President Trump eliminating funding for Food for Peace and the McGovern-Dole programs in his Fiscal Year 2018 budget. That approach isn't sitting well with the industry, or even in the President's own party and Cabinet.

“The McGovern-Dole program has provided more than 22 million meals to children in 41 countries and U.S. rice is a part of that,” said Hanks. “It is both a moral obligation and the American way to help those in need, and we can do that with U.S.-grown fortified rice, even more so, now that we have received a positive evaluation from WFP.”

At a recent Farm Bill hearing into President Trump's budget proposal House Agriculture Committee Chair Mike Conaway (R-TX) set the tone by laying out the challenge of recognizing that the elimination of food assistance programs “seems contrary to the role they play in a robust ‘America-first’ policy,” while also noting that there are efficiencies and reforms necessary to meet the current budget pressures.

“USA Rice has a long and successful history in food assistance and looks forward to contributing ever increasing amounts of both milled and fortified rice to these programs in the future,” said Hanks. “These programs are critical to global food security and global geopolitical security. As Secretary of Defense James Mattis recently reminded us, if goodwill programs like these are not fully funded, ‘then I need to buy more ammunition.’” 

Rebecca Bratter is a food security consultant to the U.S. rice industry with 20 years of experience in global ag markets.



# MOST LIKELY TO MAKE AN IMPACT

Presidents must appoint thousands of individuals to positions across the government. Some require confirmation from the U.S. Senate. While many positions remain vacant, here's a look at some key positions important to rice that have been filled – either permanently or on a temporary basis.

## White House

### Special Assistant to the President for Agriculture Affairs **Ray Starling**

"We met with Starling and the National Economic Council at the White House earlier this year to discuss the importance of continued growth of agriculture exports and trade policy concerns," said Ben Mosely, USA Rice vice president of government affairs. "I left the meeting with a sense of assurance that the Trump Administration understands agriculture's needs and that they welcome our recommendations to increase U.S. agriculture exports."

### Director of the Office of Trade and Manufacturing **Peter Navarro**

Navarro is an economist, a trusted advisor of the President's, and not a fan of trade with Cuba. In fact, last year USA Rice testified on Capitol Hill about the benefits of normalizing trade there while Navarro testified against. "Our goal is to normalize commercial trade with Cuba," said Mosely. "We have many strong advocates in Congress on this issue and USA Rice will continue to work with them to open this market."

## U.S. Department of Agriculture

### Secretary **Sonny Perdue**

It wasn't long after his confirmation that Secretary Perdue took to the air for a tour of the devastation caused by flooding in northeast Arkansas. He also met with a delegation from USA Rice in Washington last May for a wide-ranging discussion of industry priorities including trade, the upcoming Farm Bill, flooding in the mid-south, labor shortages in California, food aid, and the importance of rice research programs.

Secretary Perdue has appointed three USDA veterans to acting under secretary roles that are part of the reorganization he announced in May. The acting USDA officials named may not ultimately fill the posts, however, since it is suspected none of the posts will be filled by White House-nominated, Senate-confirmed appointees until September, it was important to place experienced leaders in these positions to help solidify the chain of command at the department.

**Jason Hafemeister is acting Deputy Under Secretary for Trade and Foreign Agriculture Affairs.** The position is a new one, created with the 2014 Farm Bill.

**Dan Jiron is acting Deputy Under Secretary for Natural Resources and Environment.**

**Robert Johansson is acting Deputy Under Secretary for Farm Production and Conservation** – a new position that will have authority over the Farm Services Agency and the Natural Resources Conservation Service.

## U.S. Trade Representative

### Ambassador **Robert Lighthizer**

Robert Lighthizer, the Trump Administration's U.S. Trade Representative hit the ground running following his confirmation in May with a long list of To-Do items, perhaps most notably overseeing the renegotiation of the North American Free Trade Agreement (NAFTA).

Other issues on Lighthizer's list include a 100-day trade program with China, a possible opening up of the U.S.-Korea Free Trade Agreement from which rice was excluded in 2007, and a stepped up emphasis on enforcement of existing trade deals.

### USTR General Counsel **Stephen Vaughn**

As the General Counsel to the United States Trade Representative (USTR), Vaughn advises the USTR on all legal and enforcement matters.

### USTR Chief Agricultural Negotiator **Gregg Doud**

Agriculture veteran Gregg Doud has been nominated to serve as the Chief Agricultural Negotiator at USTR. "Doud is a seasoned and well-respected farm and trade policy veteran," said Mosely. "He understands the intricacies of phytosanitary issues and other trade barriers we face, and he also has a deep knowledge of commodities markets."

## U.S. Department of Commerce

### Secretary **Wilbur Ross**

President Trump has asked Commerce Secretary Wilbur Ross to be in the driver's seat on a lot of trade issues as he is very strong on enforcement of existing trade deals. "As an ag group, we have not spent a ton of resources against the Commerce Department in the past – but all that is changing now," said Mosely. "Commerce is going to be an important agency for us and one of the ways we are gearing up for that is to really start driving home the notion that we represent manufacturers and downstream production."

## U.S. Environmental Protection Agency

### Administrator **Scott Pruitt**

USA Rice President & CEO Betsy Ward met with U.S. Environmental Protection Agency Administrator Scott Pruitt last March as part of a multi-day planning session of the CEO Agriculture Council that brings together leaders from all major agricultural organizations to coordinate alignment on core issues.

"Administrator Pruitt's approach to regulatory reform as a means to economic growth is certainly welcome by the rice industry," Ward said. "The Trump Administration has signaled a real shift in process with outreach already happening between EPA and USDA which is something USA Rice has been encouraging for some time."

## Food & Drug Administration

### Commissioner **Scott Gottlieb, MD**

Dr. Scott Gottlieb heads the FDA where he once served as a deputy FDA Commissioner under President George W. Bush. The regulatory agency touches the rice industry at several points and if Gottlieb takes the agency in a new direction, there could be significant impact for the industry.

FDA oversees food labeling and has regulatory authority over not just statements of nutritional value, but food names and categories – something the rice industry has a growing interest in with the proliferation in the marketplace of "rice pretenders" (see story on page 21).

### Director, Center for Food Safety and Applied Nutrition **Susan Mayne, Ph.D.**

Dr. Mayne joined the FDA in January 2015. The rice industry has worked closely with FDA on food safety issues for the last several years. "We've had as constructive a relationship as a regulated industry and their regulators can have," Ward said. "We had healthy and vibrant discussions and I always felt like, even though we disagreed at times, both sides listened to each other." 

.....  
"The Trump Administration has signaled a real shift in process with outreach already happening between EPA and USDA which is something

USA Rice has been encouraging for some time."

# Class of 2017

## TRUMP ADMINISTRATION

Ray Starling  
Peter Navarro  
Sonny Perdue  
Jason Hafemeister



Dan Jiron  
Robert Johansson  
Robert Lighthizer  
Stephen Vaughn



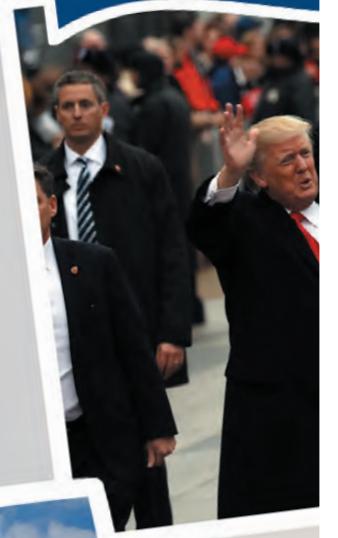
Gregg Doud  
Wilbur Ross  
Scott Pruitt  
Scott Gottlieb, MD



Susan Mayne, Ph.D.



Most Like



FIELD TRIP!

## NATURE'S STEWARDS

BY MICHELLE THOMAS | PHOTOS BY ADAM JAHIEL

Reprinted from National Resources Conservation Service, published by the U.S. Department of Agriculture

### U.S. RICE FARMERS EMBRACE SUSTAINABLE AGRICULTURE AND EARN FIRST-EVER CARBON CREDITS FOR RICE PRODUCTION

*"He would often dream up new ideas and inventions that he would build in his shop and implement on his farm. Most all of them worked better than anything else available. He never faced a hill that he didn't think could be flattened with a lot of hard work and determination, and he taught those around him to question the conventional wisdom and not be afraid to boldly seek new ways of doing things."*

- FROM LEROY ISBELL'S OBITUARY IN THE STUTTGART DAILY LEADER, 2014

Chris Isbell didn't set out to make history. He was just following in his father's footsteps. But on June 14, 2017, Chris Isbell and six other farmers – two from California and five from Arkansas and Mississippi – did just that. The first ever carbon credits generated from rice farmers were sold to Microsoft, all because these pioneers tested out a radical idea – that by implementing conservation practices on their crops, rice farmers could reduce methane emissions and thereby generate a carbon credit that could later be sold on the carbon market. Their voluntary conservation practices not only generated carbon credits but also reduced energy consumption and water use, critical to both regions.

The sale of the carbon offset credits, managed by Terra Global Capital, to Natural Capital Partners on behalf of its client Microsoft, rewards the farmers for their activities and demonstrates credibly measured environmental benefits. "Being the first of a kind emission reductions from sustainable rice production, Microsoft valued the innovation by farmers and the investment in technology to catalyze measuring and monitoring emission reductions," said Rob Bernard, Chief Environmental Strategist, Microsoft.

A diverse group of like-minded partners guided the farmers through the process, including Terra Global Capital, American Carbon Registry (ACR), USDA Natural Resources Conservation Service (NRCS), California Rice Commission, White River Irrigation District, and the Environmental Defense Fund (EDF). This public private partnership was funded by NRCS under the Conservation Innovation Grants (CIG) program and Entergy Corporation, an integrated energy company, through its Environmental Initiatives Fund.



About agricultural sustainability, Mark Isbell, Chris Isbell's son and fourth generation innovator, says that "It's a combination of something we do with others, i.e., we can't do it alone, and building on the knowledge our ancestors have passed down to us."

#### Carbon Credits 101

A carbon credit is a payment that a farmer – or any organization – can earn for taking voluntary actions to reduce greenhouse gas emissions.

#### How to generate a credit

Through a voluntary rice protocol developed by the ACR, rice growers in the Sacramento Valley of California and the Mid-South (Texas, Arkansas, Mississippi, and Louisiana) can implement voluntary conservation management practices on their land that reduce methane, a potent greenhouse gas. Methane management practices include dry seeding, early drainage, and alternate wetting and drying – these voluntary conservation management practices significantly reduce the amount of methane generated by rice growing and cultivation. In addition to reducing methane emissions, these conservation practices have numerous "co-benefits" such as reduced water pumping costs, reduced fuel usage, reduced water usage, and reduced nutrient loading in downstream water bodies because the rice farmers modify their water consumption practices.

With help from third-party verification entities, growers are able to accurately quantify the amount of emissions that they are avoiding. The more acreage a grower manages with these conservation practices, the greater the potential to generate emission offsets.

The carbon credits generated through these projects represent quantifiable reductions in emissions compared to what would have normally been produced during the same year, without any on-farm changes and rice yields remain the same.

Any company or entity looking to reduce or offset their carbon footprint can then purchase the credit.

#### Moving from credits to market

Throughout this project, a group of dedicated rice growers worked closely with the White River Irrigation District and NRCS to implement conservation practices required under the rice protocol. Participating growers were required to keep thorough water consumption records and document conservation practices.

"The partnership that enabled this first-of-kind carbon offsets began with the growers and leveraged the expertise of many, many organizations," says NRCS Arkansas State Conservationist Mike Sullivan. "Getting innovative conservation on the ground requires forward-looking growers and a team of experts to support their efforts. This project had all of the components of success. It wasn't easy but innovation is never easy. That's where the NRCS Conservation Innovation Grants program provides such important value to our nation's rural economies and rural innovators."

Arkansas farmer Mark Isbell pumps water on a rice field.

The sale of these credits also helps move forward the Rice Cultivation Projects Compliance Offset Protocol, approved by the California Air Resources Board (ARB) in 2015, which allows U.S. rice farmers to generate offsets that can be sold into the California's compliance cap-and-trade market (in addition to having access to the voluntary carbon offset market). The effort to recognize voluntary conservation and market opportunities for rice growers in the California regulatory program was spearheaded by EDF and numerous other partners, with support through the NRCS CIG program.

### Meet the Farmers

Meet four Arkansas farm families involved in the groundbreaking carbon offset credit transaction.

The Whitakers, Isbells, Hooks, and Sullivans all practice legacy agriculture. All four families have children who plan to stay on the family farm. Usually it's the young farmer who wants to push the boundaries and not necessarily choose to farm "the way my daddy did." In this case, it's the older generation who is pushing the technology, a more inclusive and broader type of conservation.

These families, collectively called Nature's Stewards, are after the rice grower's conservation trifecta: enhancing water/soil conservation, expanding wildlife habitat, and participating in the carbon credits market all while growing and marketing a more sustainable rice.



Jim Whitaker evaluates the land health on his farm in McGehee, Arkansas.

### Whitaker Farms

Jim Whitaker and his brother Sam, co-owner of Whitaker Farms, are setting the bar for what it means to be a sustainable production rice farmer.

They've knocked down their contoured and leveed fields and now raise rice on what's called a zero-grade field. Why? Because a perfectly level field uses up to 60 percent less irrigation water. This allows farmers to use more stored surface water and less water coming from endangered aquifers.

CONTINUED ON PAGE 18

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CONTINUED FROM PAGE 17

Conventional rice contoured and leveed rice fields require roughly 27 inches of water per year. “On zero-grade, we’ve got it down to 12 inches of irrigation per year. Rice is supposed to be the water hog but it’s getting to be on par with other crops,” says Sam.

Farming on a zero grade field also presents an opportunity to reduce greenhouse emissions – but only if the producer practices a precise type of irrigation called alternate-wet-drying or AWD.

George Dunklin, former president of Ducks Unlimited and a retired farmer from outside Stuttgart, says zero-grade has multiple benefits but, above all, it’s great for waterfowl.

“Without a doubt,” he says. “The zero-grade cycle allows us to get the fields ready for winter flooding, which we do largely for the thousands and thousands of ducks and geese that come down from the northern U.S. and Canada.”

To Jim Whitaker, the Rice Carbon Offset project has been very rewarding for Whitaker Farms. “Conservation has always been a major component in our family operations. This project has helped save millions of gallons of water, lower fertilizer rates, increase waterfowl habitat, and lower GHG emissions. We consider this a win/win for the environment.”

## Isbell Farm

About 85 miles north of Whitaker Farms, the Isbell family - Chris, his son Mark, their wives and other extended family - grows rice in central Lonoke County. They’re generational innovators.

Leroy and Chris Isbell were named Rice Farmers of the Year in 1996 for their innovative farming techniques. Ten years later, Mark Isbell was named the 2016 Rice Farmer of the Year at the 19th Annual National Conservation Systems Cotton & Rice Conference.

The Isbells subscribe to the idea that one innovation leads to another – which is why they are participating in the carbon credit offset program. “So often some little thing will make a big difference for a farmer. Try to think about those things around the corner,” says Chris.

Isbell Farms was the recipient of the ACR’s 2016 Commitment to Quality Award for their efforts in sustainable rice production.

“While the carbon credits program is important, the credits themselves are not our central concern. Three other concepts are involved. Number one, it’s the idea of potential – one thing leads to another. There are multiple opportunities involved, like saving water. Number two, the program fosters an ongoing relationship with researchers. That’s critical,” says Chris. “And thirdly, it’s the right thing to do. If we can do the right thing but choose not to do it, well, that’s not a good thing, is it?”

## Hooks Family Farm

The Hooks family - Dan, his brother Paul, and Dan’s son Luke - represent bedrock agriculture. Their family has been farming just outside Hazen, Arkansas for 120 years. This longevity can be attributed, in part, to balancing a conservative, steady-as-she-goes attitude with a willingness to take a chance on the future.

That willingness to take a chance often came the hard way to Dan Hooks - through experience. “When I was a kid, I’d see this patch in the soybean field that was flat, well, almost flat, but the water wouldn’t drain from it. Year after year, I’d see this spot and see how the standing water would kill the beans,” Dan said. “But riding on the tractor, day after day, you get a chance to work some math in your head. I calculated we could spend \$4,000 and get that spot all leveled out. We did and it was a money maker.”

Years later, he had a similar experience with water conservation. “I was just married and had a brand-new baby. We were deep in a drought and the crops in the fields didn’t look like much. Our fresh water pumps were only producing about one-third of what they once did. There was just no way to cover all our irrigation needs. It was a dire situation. One question remained stuck in my head: how am I going to remedy this situation?”

Hooks began tinkering with water recovery systems, ditches that collected run-off from the field for re-use. Finally, he took advantage of a cost-share program offered by the White River Irrigation District and built a 40-acre reservoir.

Hooks demonstrated a grasp of trade-offs faced by the 21st century Arkansas farmer. In building the reservoir he would lose 40 acres of production. Yet he would also gain a steady water

supply in an era of increasing water supply instability. “The first year we used the system of getting water from the reservoir, we had better yields than ever before.”

Then, in 2015, came another opportunity. He participated on a panel with the executive director of Arkansas’s White River Irrigation District Dennis Carman. Carman told the panel about the opportunities in participating in the carbon credit offset program.

“As I was listening to Dennis, I kept asking myself: why wouldn’t I want to do this? We already have precision-leveled fields and are using AWD,” says Hooks. “Carbon credits represent money on the table for us. I signed up.”

## Florenden Farms

In his office at Florenden Farms located outside Burdette, Arkansas, Mike Sullivan has a hat on his desk that simply reads: “sucker.”

“One of the scientists I work with gave this to me,” Mike smiles and says. “He says any farmer who allows this much research on his fields must be a sucker.”

In fact, admits Sullivan, “we’ve got researchers from Jonesboro (home to Arkansas State University) crawling all over this place.” As he talks about the importance of science and research, his son Ryan, age 26, enters the room accompanied by his dog, Malley, who enthusiastically greets everyone.

Rice producers engaged in sustainable farming practices struggle with a pair of negative images: they’ve got the reputation as major water users and are a source of methane, a greenhouse gas. Sullivan is bent on changing the reputation of rice production.

“The general public is screaming for sustainably sourced products,” he says. “I see the carbon credits program as an extension of alternate-wet-dry and zero-grade farming. We’re building the base right now.”

Sullivan seeks a green seal on rice the way an Olympic athlete desires a gold medal. “We need a type of green seal on every bag of rice. That seal needs to



be accompanied by a barcode that, when accessed, tells the consumers that this rice came from a young farmer – which in my case would be my son Ryan – grown in Burdette, Arkansas, and was grown using less water, less energy, and at the same time creating more water fowl habitat. Will the carbon credit deal help us get that green seal? I don't know, but I'm willing to give it a try.”

### Spurring New Ideas

Through the voluntary rice protocol pilot, these farmers showed what works and what doesn't and spurred the development of new protocol. Now also through the CIG program, the Climate Smart Group, EDF and K·Coe Isom are leading a nitrogen management pilot project that will determine the feasibility of developing carbon credits by improving fertilizer efficiency on croplands.

The competitive NRCS CIG program, which drives public and private sector innovation in resource conservation, helps develop the tools, technologies and strategies to support next-generation conservation efforts on working lands and develop market-based solutions to resource challenges. [w3](#)

*Michelle Thomas is NRCS communications coordinator for the Conservation Innovation Grants (CIG) Program and Regional Conservation Partnership Program (RCPP).*

Bottom left: Dan Hooks (right) and son Luke admire the fruition of labor on their reservoir.  
Below: The Sullivan's precision level fields show a strong rice yield.



# SUMMER 2017 REGULATORY ISSUES UPDATE

BY LYDIA HOLMES

**2017 has been a busy year** so far for regulators with calls from Congress and President Trump to review and rescind unnecessary or overly burdensome regulations and to revisit the methods agencies use. So far, few, if any, initiatives have gone to agencies from Congress and the industry is still dealing with draft rules and registration reviews leftover from the previous administration.

With many political appointments still vacant and many new faces to educate, USA Rice's work centers around explaining the unique aspects of rice production to regulators to ensure that our industry can keep moving forward. Below is a high-level sampling of some of the key issues we've been tracking this year.

### Food Safety Modernization Act (FSMA)

The Food Safety Modernization Act (FSMA) was signed into law on January 4, 2011, and changed the Food & Drug Administration's (FDA) approach from a response to contamination events to a set of preventative control measures facilities must put into place. The first set of compliance dates are currently in effect, with the rest of the compliance dates spanning over the next year. Many of the new requirements under FSMA were added for "ready-to-eat" foods, defined as food in a form that is edible without additional preparation to achieve food safety, or that may receive additional preparation for palatability purposes. Packaged rice and other rice products were not specifically mentioned in FDA's designation of foods that are not "ready-to-eat."

### New Source Performance Standards (NSPS) for Grain Dryers

Amendments to this rule were included in the regulatory freeze instituted in January and were sent back to the Office of Management and Budget (OMB). The NSPS Subpart DD Coalition has met with OMB to share concerns from industry, including input from rice dryers on the potential economic impact the rule would have if dryers are required to retrofit or purchase new equipment.

### Pesticides: Neonicotinoids

The draft Risk Assessments for Clothianidin, Thiamethoxin, and Dinotefuran were published on May 25, 2017, with a 60-day comment period ending July 24. USA Rice is preparing comments that will include information on new research focusing on on-field bee activity in rice, reiterating the fact that rice is self-pollinating and therefore not an attractive crop to bees.

### Regulatory Reform

During the Presidential transition in late 2016, Congress began to push for regulatory reform in the way that agencies approach drafting new rules and evaluating regulatory options. Since the beginning of the Trump Administration, pressure has been on agencies to work with stakeholders to identify rules that should be reviewed, rescinded, or replaced. USA Rice continues to work with agriculture industry partners to support a unified voice for agriculture and submitted comments to the Environmental Protection Agency (EPA) on behalf of the entire rice industry to highlight rice-specific issues and unique aspects of our crop that they must take into consideration when revising or removing rules.

### Spill Prevention Control and Countermeasures (SPCC) for Oil Tanks

EPA is currently drafting new SPCC regulations for agriculture based on the 2014 and 2016 WRDA. The agency plans to release a draft regulation sometime in 2017. In March, Representative Rice Crawford (R-AR) reintroduced the FUELS Act that would increase the threshold for which tanks are required to have SPCC plans. USA Rice continues to work with Congress and EPA on this issue and advocates for language that would provide a higher exemption level or increased flexibility for farmers.

### Waters of the U.S. (WOTUS)

On February 28, 2017, President Trump issued an Executive Order directing EPA Administrator Scott Pruitt to rescind WOTUS. The EPA proposal to withdraw WOTUS is currently at OMB undergoing interagency review. The withdrawal will likely be published in the Federal Register in the coming weeks and that action will revert compliance back to the previous rule until a revision is published. A new proposed version of WOTUS is in development and EPA recently gathered input from state governors on issues to consider. It is unclear when a new proposed rule will be unveiled. [w3](#)

*A former Miss Arkansas Rice, Lydia Holmes joined USA Rice as regulatory affairs manager in October 2016.*

# CHANGES TO SCHOOL LUNCH PROGRAM PRESENT OPPORTUNITY FOR RICE

BY MICHAEL KLEIN

WASHINGTON, DC — One of the first things Secretary of Agriculture Sonny Perdue did after being confirmed by the Senate earlier this year was sign a proclamation to give America's schools more flexibility to make food choices that are both healthful and appealing to students. The rice industry, already a major player in school lunch nutrition programs, can benefit thanks to high nutritional and taste standards.

At the center of the policy shift for rice are new USDA exemptions, likely in the form of waivers to relax whole grain standards for schools struggling to serve 100 percent whole grains. This opens the door for more white rice sales – still nutritious and cost effective but not a whole grain.

"I believe some districts will go back to using more white rice, but we plan to continue using 100 percent brown rice," said Emily Hartman, the child nutrition purchasing coordinator at East Baton Rouge Public Schools in Louisiana.

"Whole grain brown rice has been a nutritional success and enjoys great acceptability in the K through 12 market," said Gary Reifeiss of Producers Rice Mill, a supplier of parboiled brown rice to school foodservice programs around the country. "Schools looking to maintain high nutritional standards that are having trouble with whole grain breads or pastas need look no further than U.S.-grown brown rice!"

Hartman shared her local brown rice success story – in an area where white rice has been king for generations. "We have been serving only brown rice in our district for approximately five years, and our students have accepted it and seem to like it. Just last week we conducted a student survey on jambalaya made with 100 percent brown rice and jambalaya made with half brown rice and half white rice. Most of our students preferred the jambalaya made with 100 percent brown rice so we plan to continue to offer all brown rice."

Food refusal, that leads to food waste, is a major problem for schools. But as the rice industry continues to work with the school foodservice industry to perfect recipes and cooking techniques, the staple is seen as part of the solution, not the problem.

"The waivers most requested in Kansas from the past two school years have been for macaroni in Mac & Cheese," explained Cheryl Johnson, director of child nutrition & wellness with the Kansas State Department of Education. "Students in Kansas are accepting and eating brown rice from my observation and we have not had any requests for a waiver from any school district in Kansas to use white rice to date – they are serving brown rice with good acceptance by students."

Reifeiss believes continuing to work with the schools as they wade through shifting

## FOOD FOR THOUGHT: U.S. RICE MEETS FOODSERVICE TRENDS ON CAMPUS

BY KATIE MAHER

ARLINGTON, VA — College students aren't just hungry for knowledge, they're also just hungry according to Datassential, a foodservice research firm, that reports College & University (C&U) operators spent \$7.2 billion on purchases from distributors and made sales of \$17.9 billion in 2016. This upward trend is expected to continue into 2017 and to help U.S. rice capitalize on the potential opportunity in this market, USA Rice is targeting C&U foodservice providers through a new e-newsletter campaign.

"The C&U segment serves a good amount of rice, but we're asking them to serve even more," said Fred Zaunbrecher, USA Rice Domestic Promotion Committee Chairman. "Since global cuisines are so popular on campuses, we're showcasing rice's supreme versatility; and the low cost of rice as an ingredient helps providers. We're giving them everything from rice menu concepts to ideas and tools to promote U.S. rice to students in college dining halls – we want to help them take advantage of current food trends that go perfectly with U.S. rice."

The first issue of the e-newsletter went out last January and focused on how U.S. rice can help C&U operators meet the demands of today's students for locally-sourced and sustainable foods. It also included a "Meet the Farmer" section featuring California's Nicole Van Vleck and highlighted the conservation aspects of rice farming.

"We know nearly half the people that opened the email were interested in the locally-grown and sustainability messages because they clicked-thru to view more information on our website," said Zaunbrecher, himself a rice farmer in Rayne, Louisiana.

"This activity positions USA Rice as a valuable resource and partner for the C&U segment," he added. "We're giving them everything from rice menu concepts to ideas and tools to promote U.S. rice to students in college dining halls – we want to help them take advantage of current food trends that go perfectly with U.S. rice and help these young people form a lifetime habit of eating U.S.-grown rice."

The C&U e-newsletter will be sent quarterly and future topics include plant-forward dining and innovative breakfast options. 



regulations and policies will be key.

“USA Rice has a great relationship with the School Nutrition Association to help these dedicated men and women, who are feeding our children every day, develop exciting, delicious, and healthy meals,” he said. “Brown rice is surely not the only answer, but it is a great one because it satisfies kids and nutrition requirements.”

The School Nutrition Association welcomed the flexibility offered in the USDA announcement, saying in a press release, “while SNA supports preserving robust federal rules, the Association has continued to advocate for practical flexibility under federal nutrition standards to help ease menu planning challenges and appeal to diverse student tastes.”

USA Rice will once again exhibit during the SNA Annual Conference this summer and expects to field questions about the new policies and share winning recipes and tips to ensure U.S.-grown rice remains in school cafeterias. 

Secretary of Ag Sonny Perdue goes straight to the source for feedback on school lunch.



## CAULIFLOWER'S IDENTITY CRISIS COULD LAND THE VEGETABLE IN COURT

BY DEBORAH WILLENBORG

WASHINGTON, DC — Riced vegetables, that is vegetables that have been run through the kitchen tool called a *ricer*, have been around for years, and some parents with finicky young eaters swear by this sneaky way to get their kids to eat vegetables.

That's all fine and good, but the U.S. rice industry sees a difference between riced vegetables and vegetables marketing themselves by names such as “cauliflower rice” or “Cauli Rice.”

“Only rice is rice,” said Betsy Ward, President & CEO of USA Rice. “Vegetables are vegetables and they shouldn't try to pretend they are anything else.”

Ward said USA Rice, the global advocate for the U.S. rice industry, is looking into the issue of “rice pretenders” in the U.S. and the UK.

“These products in the UK are being marketed very aggressively to give the quick impression that they are some kind of rice dish,” said Michael Klein, vice president of domestic promotion for USA Rice. “The packaging of the vegetable product resembles traditional ready-to-heat rice packaging used by rice, and some stores are even stocking them in the rice aisle. That's totally unacceptable.”

Klein says there are two issues at play: mistaken identity and deceptive marketing.

“Most people in the rice industry are surprised to learn that there is no official government definition for rice,” he said. “There is for pasta and milk and tamales and many other foods, but not one for rice. That's the first problem.”

Klein says without a clear, accepted definition of what a food is, there are little grounds to tell a pretender to stop using the word.

In fact, Michele Simon, executive director of the Plant Based Foods Association, in remarks in response to USA Rice's concern over the issue said, “no one owns the word ‘rice.’”

“She's technically correct. For now. But we're going to ask the government to inject some common sense into this,” Klein said.

That would mean convincing the U.S. Food & Drug Administration, the federal agency

safeguarding our food supply, including food identity, to define rice.

“The CODEX Alimentarius is a food code accepted by 188 countries around the world, including the United States, and it very specifically states that ‘rice is whole and broken kernels obtained from the species *Oryza sativa* L.’,” he said.

The CODEX is used, among other things, as a reference of standards and practices code to settle WTO disputes, making it a good place for USA Rice to start.

As cut and dried as food identity can be in this case, the second part is trickier.

A claim of deceptive marketing is rarely a black and white issue. The sides will disagree about whether or not consumer confusion is being created, and if it is, was it done intentionally?

“From personal experience, we think it is reasonable to say consumer confusion is likely being created,” Klein said. “For example in the U.S., there's a product called ‘Riced Cauliflower’ in the frozen section of the supermarket. It's called the right thing, but it's literally stacked next to Mixed Rice and Vegetable frozen dishes. A consumer could easily grab the product with zero rice in it, thinking he was getting the rice mix. That's a problem.”

Klein concluded, “First we need that rice definition, then perhaps an appeal to the manufacturers of the offending products to label their foods correctly, and then we will ask the retailers to take whatever steps they can to prevent consumer confusion.” 



## RETURN TO RICE — CHEF SARA MOULTON LEARNS ABOUT CONSERVATION AND RICE FOR UPCOMING TV EPISODE

BY MICHAEL KLEIN

**HUMPHREY, AR** — TV celebrity chef Sara Moulton, who first visited rice country last year when she cooked crawfish étouffée with Randy Thibodeaux in Crowley, Louisiana, made a second foray in March when her New York-based production team took over 5 Oaks Lodge here to film an episode for Season 6 of her series, Sara's Weeknight Meals, featuring the number one rice-producing state: Arkansas.

Moulton enlisted the help, and family recipes, of Hickory Ridge, Arkansas, rice farmer Eric Vaught, his wife Kelly, and their three children, Baxley, Sawyer, and Sam.

"We're trying to showcase typical family meals on the show," Moulton said. "Eric shared his recipe for fried catfish and something they call 'Rice Puppies,' his take on hushpuppies. They were delicious — but I am a sucker for fried food."

Vaught took Moulton out into some flooded rice fields and talked with her about the unique relationship between rice and waterfowl, and the common link that is water.

"Sara knew rice grew in water but was surprised to learn it was only a few inches," Vaught said. "Without an explanation, it is understandable that someone would see a 'flooded' rice field and not realize how little water we actually use."

Vaught also explained how U.S. rice farmers use technology to require less water today than they did just 15 or 20 years ago.

"Sara enjoyed hearing about how we use water to create wildlife habitat that is obviously good for the ecosystem, but also helps us prepare the fields for the next year in a way that reduces our environmental footprint," he added. "And why wouldn't she? The conservation record of U.S.-grown rice is a great one."

Vaught gave her some pointers for using duck calls, but the pair agreed her cooking was better than her calling.

Sara Moulton was a protégé of Julia Child's, the executive chef at Gourmet magazine, food editor at ABC-TV's Good Morning America, and one of the very first TV chefs on the Food Network. The episode of Sara's Weeknight Meals featuring the Vaught Family is scheduled to air sometime this fall. 

"Sara enjoyed hearing about how we use water to create wildlife habitat that is obviously good for the ecosystem, but also helps us prepare the fields for the next year..."

Behind the scenes with the Vaught Family: That's a wrap!



# NEW AD SERIES ENCOURAGES FOODSERVICE AUDIENCE TO REDISCOVER RICE

BY KATIE MAHER

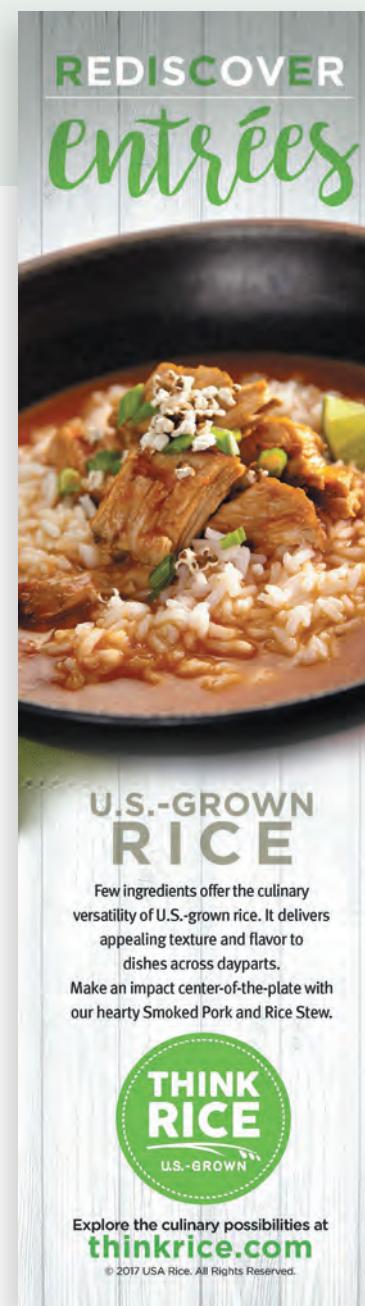
ARLINGTON, VA — USA Rice has launched a new foodservice marketing campaign to reach chefs and foodservice professionals as they read up on trends and search for new menu ideas. The theme of the USA Rice ad series is ‘Rediscover Rice’ which aims to inspire foodservice operators to see the many menu applications of rice, from breakfast to entrees and everything in between. The ads highlight the versatility of rice with appetizing food photography, and encourage viewers to visit [thinkrice.com](http://thinkrice.com) for recipes and information about U.S.-grown rice.

“The new ads are fresh and eye-catching and we’re hoping the clever emphasis of the word ‘rice’ within the word ‘rediscover’ will leave a lasting impression on viewers and inspire them to explore the many menu possibilities rice has to offer,” said John Hasbrook, USA Rice Foodservice Subcommittee Chairman.

Both print and digital ads will appear regularly throughout the year in two leading foodservice publications, *Restaurant Business* and *Flavor & the Menu*.

“We selected these two magazines because they are a source of menu inspiration and foodservice trends for readers looking to be innovative in the culinary space,” “Together these publications reach nearly 120,000 foodservice operators and 88 percent of their readers are the operational decision-makers,” said Hasbrook. 

Katie Maher, USA Rice director of domestic promotion, has adopted “explore the possibilities” as her personal mantra.



## MEETINGS & MEMBER SERVICES

# SPEND SUMMER VACATION THE ‘RICE’ WAY — PRODUCE A VIDEO AND EARN SCHOLARSHIP MONEY

BY DEBORAH WILLENBORG

ARLINGTON, VA — The annual National Rice Month (NRM) Scholarship contest received a major update last year, and while the focus is the same — creating awareness for U.S.-grown rice — the methods moved into the 21st Century.

“The contest went to an all video format last year and competition was fierce,” said USA Rice President & CEO Betsy Ward. “The creativity and quality of the student videos telling the story of U.S. rice was astounding, and I know the judges struggled to choose a winner out of the field of eighteen entrants.”

Last year’s grand prize winner, Heaven McKinley, from Grand Prairie, Texas, did not grow up on a farm or even in an agricultural area but she does love rice! McKinley explained, “One of the things that attracted me to apply for this scholarship, aside from the opportunity to explore rice, a staple in my diet, was the opportunity to creatively present the ways that rice agriculture affects the whole globe, from the economy to the environment.”

High school graduating students from rice-growing states — Arkansas, California, Louisiana, Mississippi, Missouri, and Texas — are eligible for the three scholarship prizes, sponsored by Dow AgroSciences, totaling \$8,500.

The grand-prize winner receives a \$4,000 scholarship and a trip with a chaperone this December to the awards ceremony at the 2017 USA Rice Outlook Conference in San Antonio, Texas. The second-place winner will receive a \$3,000 scholarship, and third-place \$1,500.

Contest entries will be judged on creativity, quality, popularity, and effectiveness in promoting U.S.-grown rice, NRM, and the importance of rice in the student’s state. Total run time of the video should not exceed three minutes. Sample topics include: rice production, nutrition, sustainability, and marketing/promotion. 

Deborah Willenborg’s daughter recently graduated from college so she knows how grateful parents are when their children help fund tuition.



Last year’s video contest grand prize winner Heaven McKinley is headed to the Colorado School of Mines.

Entries are due  
October 31.



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