



Rice Producers of California
P.O. Box 942, Colusa, CA 95932

RPC Monthly Newsletter

California Rice Seeks Asian Demand...outside of Asia

It is no secret to any member of the California Rice Industry that CA demand is split almost 50/50 between the export markets and the domestic markets. The bulk of those exports go to Asian consumers living in Asia. But what of the Asian consumers outside of Asia? There is an ever-growing Asian population that has immigrated to Latin America—and they brought their appetites with them.

On a global scale, the Medium Grain rice (sticky rice or sushi rice) that is grown in CA is a specialty product that is grown in only a few regions around the world, making this crop highly desirable to its consumers. RPC, under its parent organization, US Rice Producers Association (USRPA) is working to find new consumers in the Western Hemisphere to help boost demand of our product.

The USRPA has done an exceptional job forging strong relationships with key consumers in Central and Latin America for the Long Grain rice that is grown in the southern US. The CA industry currently finds itself at a crossroad where the status-quo of Asian demand is no longer sufficient. RPC is committed to taking steps to ensure a strong and profitable CA Rice Industry, and that is why we are pursuing new Asian business opportunities ...outside of Asia. We are talking about Latin America.



There are four factors that drive Asian immigration to Latin America, thus resulting in increased demand for CA Rice in the region. They are “The Push,” “The Pull,” “Social Networks,” and “Tariffs.”

The Push: Many people groups across Asia are relocating to Central America because they are being *pushed* out of Asia; ie: they either missed the opportunity to participate in the private sector during earlier economic booms, or are from countries where the private sectors are simply dysfunctional and corrupt. In Central America, the cost of living is much more affordable, credit is available, and capital needs are reduced.

The Pull: Although many immigrants began working in low skilled jobs that often times left them in more harsh conditions than the ones they were coming from, some were still able to form communities and work their way up the financial ladder. As a result, there is a lucrative *pull* from established ethnic networks that can provide jobs, security, and familiarity in a new country. In fact, some of the wealthiest people in countries like Guatemala are actually of Korean descent. In some of the suburbs of Guatemala City, it is more essential to speak Korean than it is Spanish. The other large “pull factor” is the US. In many cases, it is easier to immigrate to the US as a citizen of a Central American country as opposed

RPC Mission Statement: We promote and advocate for the viability and sustainability of rice farming in California. We actively engage in economic analysis and public outreach work. We support rice farmers through education and collaboration. We will be a strong, focused and independent voice for California rice producers.

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Next Issue... Spotlight on:

- ◆ Brazil
- ◆ Paraguay
- ◆ Argentina



to an Asian country. Therefore, forward-thinking Asian immigrants are using Central America as a stepping stone to citizenship in the US.

Social Networks: As mentioned above, these social networks play a large role in attracting more immigrants to a new country, and they are the bridge between the “push/pull” factors. Once an immigrant has arrived, found work and becomes established, they bring over more of their family or friends from the villages that they came from. These social networks often perform more effectively in creating and finding jobs than governmental social programs. These sub-communities enable immigrants to preserve their culture—and diets—despite being half way around the world.

Tariffs: Central Americans must pay a 30% trade duty in order to procure rice from any source outside of the U.S, and that tariff does not differentiate between LG or MG rice. The following situation outlined in the “Case in Point” box is one example of how the CA industry may capitalize on demand based on these tariffs:

CASE-IN-POINT: *There have been reports of Brazil shipping bagged round rice to Costa Rica and Guatemala while not paying the duties. Should this issue be confronted, there'd be a notable increase in U.S. medium grain demand to the region. Brazil's government frequently over subsidizes their rice prices, but fortunately, should the 30% tariff be imposed on them, U.S. prices should still prove more economical. Not to*

mention the quality difference between the Brazilian rice and the much higher quality, Calrose rice.

In Summary: All of these immigration factors have acted as a strong force in attracting Asian citizens to Central America, and so far, there doesn't seem to be a slowing. In fact we see the opposite; even though immigration has stabilized, the already immigrated families are now growing. The Chinese, Japanese and Korean food industries are now thriving in Latin America. We expect to see the region grow in importance to the California rice industry, and RPC will be on the forefront of these developments. .

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