

To begin is the most important part of any quest, and by far the most courageous.
-- Plato

RICE PRODUCERS



Founded 1997

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RPC 2006 Board

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RPC Celebrates Its 10-year Anniversary

Annual Meeting on March 5

RPC, a grassroots rice producer advocacy organization is celebrating its 10-year anniversary in 2007. RPC has humble beginnings, but an impressive list of accomplishments for an organization with limited resources. The greatest assets of RPC have always been the resolve, commitment and volunteer spirit of our leadership and membership. RPC continues to be the only organization that speaks solely for the interests of the California rice producer. RPC promotes the economic viability of rice farming

in California.

Over the years RPC has effectively addressed a broad range of issues. Those issues include:

- Rice stubble management (burn phase out, alternative uses, straw cooperative)
- Organizational restructuring of the former California Rice Promotion Board
- Rice marketing system reform efforts
- GM rice research and commercialization
- Empowering producers by assisting them in developing marketing skills

- Outreach work with media bringing awareness to producer economic challenges
- Participation in crafting federal farm policy with U S Rice Producers Association

This year's annual meeting will be held on March 5 at 10:30 AM in Yuba City at the Refuge Restaurant and Lounge. There will be presentations on marketing, farm policy, and equipment leasing options. A lunch buffet will be served.

Genetically Modified (GM) Rice Update And The RPC Role

The August 06 Liberty Link experimental rice (GM rice) contamination event has created unprecedented havoc for the Southern rice industry. Market rejection, futures market disruptions, class action lawsuits, buyer certification requirements, and seed testing protocol debates have ruled the day. The USDA and other governmental agencies have investigations ongoing to determine how the unapproved GM rice entered the food and foundation seed chain.

It was fortunate that long grain rice supplies are tight due to planting acreage reductions in the South. This allowed for price recovery to levels that preceded GM rice contamination disclosures by the USDA last August. However,

Southern rice producers were looking forward to outstanding cash prices for the 06 crop that may now never be realized within this marketing year. Futures and cash prices for long grain were trending upward prior to the contamination event.

California has not been immune to these events. Testing and certification is now required for California rice being shipped into our Asian export markets.

RPC has engaged the GM issue for the past three years. It began with the Ventria pharmaceutical rice. The experience clearly demonstrated that our export markets were not going to accept GM rice.

Three years of ongoing RPC

work has finally resulted in the stakeholders of the California rice industry attempting to effectively confront the GM issue. There is a process under way to review the eight-year-old California Rice Commission GM policy. The RPC Biotechnology Policy has become the framework for those discussions. GM research trials are facing stricter guidelines and requirements. Seed testing for all rice (public and private) for Liberty Link traits will be mandatory.

RPC continues to call for a moratorium on all open-air GM rice production and restrictive testing in the state. Potential benefits have yet to be proven and the economic risks are simply too great.





The best hope of solving all our problem lies in harnessing the diversity, the energy and the creativity of all our people.

--Roger Wilkins

Marketing News

Final returns for the 05 crop ranged between \$4.40 to near \$5.20. There has been a flurry of producer outreach activity as marketers and millers position themselves.

The 06-marketing season started slowly. The usual busy fall with robust export business didn't occur. Export tenders were pushed back. Activity has significantly picked up this winter, but California mill volume is 30% behind last year.

Global rice supplies of medium grain rice are relatively tight. Australian rice production for 2006-07 has sharply declined from previous year levels. California produced a

below average crop in 2006. All indications are that there is not enough rice available to meet the demands of the market.

Currently Calrose cash prices are stalled at the \$6 over loan range. RPC does not believe that \$6 is enough of an incentive for there to be any substantial increase in 07 planted acres. Production costs continue to increase. Additionally, there are other issues that could affect planting decisions (land development, financial pressures, etc.).

Recently Taiwan entertained a re-tender for an earlier bid. The ceiling price for this tender was lowered without notice. This was intriguing because the previous tender had partially failed because prices exceeded

the price ceiling.

Additionally, there was a \$50 per metric ton difference between the high and low bids. This situation is confusing because global rice prices have been strengthening. The bidding process continues to be perplexing for RPC.

Current cash prices do not provide real financial security for producers. RPC will continue to advocate for cash prices that provide producers a fair return for viability and sustainability.

RPC offers this caution. Based on history and the recent volatility in the marketing sector, a producer needs to think carefully about holding cash rice inventory late into this marketing year. Producers should consider marketing strategies to mitigate risk.

Farm Bill 2007

The current farm bill expires in 2007. Serious work will soon begin on a new multi-year farm bill. The process could be vastly different than previous legislation.

Some of the factors that could affect a new farm bill include: a leadership change in Congress; the Bush Administration proposal for sweeping changes in federal farm policy; the interest in bio-fuels and

energy; specialty crop and other groups lobbying to have their interests represented; global trade policy events; and massive federal budget deficits. The cast of participants and issues is expansive. Therefore the crafting of the new farm bill may not be confined only to the agriculture committees.

RPC has been active in preparation for the farm bill debate. Our membership serves

in different capacities on both the California Rice Commission and U S Rice Producers Association.

Additionally, RPC participated this summer in the California Farmers Union and National Farmers Union farm bill listening session at CSU Fresno. RPC was a participant in a panel discussion discussing a new farm bill. Congressman Jim Costa addressed the event.

Calendar of Upcoming Events

March

Annual Meeting (March 5 @ 10:30 AM in Yuba City)

RPC Board Meeting

CRC Board Meeting

April

RPC Board Meeting

May

RPC Board Meeting

June

RPC Board Meeting

USDA Announces 2007 Loan Rates –

Rice Experiences Changes

The whole kernel (head) milled rice loan rates for medium/short grain for the 2007 crop are \$9.40 per hundredweight, the USDA's Farm Service Agency reported on January 31. The broken kernel (total) loan rate for all classes is \$6.81 per hundredweight.

Following the enactment of the 2002 Farm Bill, USDA announced that there would be comprehensive adjustments to the loan rate structure. The transition to restructured rates is intended to more clearly reflect market factors. The restructured rates also reduce potential distortions that disadvantage producers and industry.

RPC has done some quick analysis to assess the impact changes will have this year for medium grain. The loan rate change is small when the head and total are close together and in some instances may actually decrease. For example, a 66-72 grade increased one cent to \$6.61, but a 66-71 decreased by one cent to \$6.54. However, when there is a wider difference between the head and total, the loan rate may increase more significantly. A 60-70 grade increases by 8 cents to \$6.21 under the new rates.

Enclosed is an article from the February 5 Special Edition of the U S Rice Producers Association (USRPA), The Rice Advocate Electronic Newsletter. It provides comprehensive history, explanation and charts about the 2007 rice loan rate changes.

Board Member Profile:

Chris Capaul – Meridian Rice and Bean Farmer ... Classic Car Restorer

Chris Capaul is wrapping up his first year as an RPC board member representing Sutter County. His rice and bean farm is North and South of the Tisdale Weir and borders the Sacramento River. He and his brother farm land that has been in his family for generations.

Chris restores classic cars. His collection is quite extensive. The cars date back to the early 1900s. Many of the cars in his collection come with a colorful history. He also has a collection of most of the equipment used on the farm from its beginning in 1915. Farming is becoming so demanding that he's increasingly finding spare time for his hobby elusive. If Chris had a choice he'd like to spend more money on restoring his classic cars, trucks, tractors and farm equipment.

He got involved with RPC because he recognized the value of the work. "The RPC mission statement is focused on the economic viability of farming rice. Rice farmers need to be efficient, adaptable and diversified to survive. It's a tough profession."

Chris used to love to farm. Now he's worried about being able to maintain his open space rural lifestyle that has connected his family to the land for generations. "The country is a great place to raise a family with old fashioned values and to instill a work ethic. This is something that fewer children experience or even understand today. I wish the economics of farming would catch up with the rest of society, and then I could hire more people to help with the work. That would give me more time to spend with the family."



Front row: Chris, Wife Rosemarie; Back row (L to R): Daughters --Emily (10), Juliana (6) and Jessica (11)
Note: Foreground is a 1952 Case Tractor which Chris used to rake beans this year. A reminder of simpler days from his youth.
Note: Background is a 1926 Model T Truck



Remember that
yesterday's
answer may
have nothing to
do with today's
problem.

--Don Ward

2006 Year in Review

RPC is a grassroots organization. Our outreach work emphasizes on messaging the common rice producer's concerns on issues of economic importance.

RPC completed the following activities in 2006.

1. Sponsored an annual meeting.
2. Elected a new board of directors and slate of officers.
3. Adopted and publicly released a biotechnology policy.
4. Proactively engaged the GMO issue bringing awareness and response by rice industry stakeholders.
5. Continued work on rice economic and marketing issues.
6. Media work on rice economics and GMO issue.
7. News articles appeared in Ag Alert, Sac Bee, AP, Capital Press, and Chico Enterprise.
8. Participated in California Farmers Union/National Farmers Union Farm Bill listening session.
9. Put out four newsletters and several e-mail alerts.
10. Developed a new RPC web site.
11. Participated in USRPA activities.



2006 Associate Member Recognition

Many of these businesses have maintained memberships in RPC for our entire ten-year history. Please consider supporting them in your business activities. We are in the process of renewing associate memberships and seeking annual meeting sponsors. A list of our 2007 Associate Members/Sponsors will be in the Spring (March) Newsletter.

Farm and Trade	Corning Ford	Sankey Auto	Matsom & Isom
Valley Truck and Tractor	Alderson Ranch Supply	Valley Farm Transport	Northgate Petroleum
Big Valley Divers	Briggs Mfg	Laser Man	Hoblit Motors
California Rice Exchange	Sutter Butte Dusters	Kenneth I Schwartz	SST Oil, Inc.
Colusa Tractor Company	Carpers Hay Service	R H Dyck, Inc.	Holt of California
Jones Flying Service	Coe Orchard Equipment	ITF	Growers Ag Service
Depue Warehouse	Butte Auto Parts	Umpqua Bank	Sutter Rice Company
Ambac Equipment	Colusa-Glenn Farm Credit	Poly Riser & Pipe	Pacific Valley Aviation
Richter Aviation, Inc.	Martins Dusters	Putman Auctioneers	Barceloux Brothers
Williams Ag Service, Inc.	AM/PM Dusters	Pacific Laser	Beyer Well Service, Inc.
Fletchers Insurance	Ridgetop Warehouse	Reading Oil, Inc.	Helena Chemical Co.
Colusa Motor Sales	Selovers Auto Body Repair	Sundet's Big Bale	Davies Oil Company

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