

Asociación De los Productores Del Arroz de los E.E.U.U.

Presentacion por la
Congreso de la Industria del Arroz

- The US Rice Producers Association is a producer based organization dedicated to promoting the use and consumption of U.S. rice.
- Oversee programs in 13 foreign countries including
 - Mexico, Guatemala, Honduras, El Salvador, Uruguay
 - Paraguay, Brazil, Colombia, Iraq, Kazakhstan, and Azerbaijan
- Most of the activities conducted by USRPA are focused in Central and South America due to their critical importance to the U.S. rice industry.

- The U.S. rice industry is undergoing many changes:
 - New growing techniques and technologies
 - New makeup of the domestic and international markets
 - New Farm policy
 - New Administration
 - Negotiation of Free Trade Areas

- GPS
 - Allows real-time field surveys and yield tracking capabilities
- Hybrid Technology
 - Drought resistance
 - Herbicide resistance
 - Liberty Link?
- Ethanol
 - Biofuel initiatives
 - U.S. government initiatives on alternative fuels are helping develop biodiesel and ethanol plants

- Many different varieties of rice are planted in the United States
 - Traditional varieties
 - Cocodrie
 - Cypress
 - Francis
 - Jefferson
 - Wells
 - Herbicide resistant hybrids
 - Clearfield weed control varieties are resistant to the Newpath herbicide

- Cocodrie
 - A very early long grain variety with excellent yield potential.
 - Good potential for ratoon crop
 - Good milling yield and seedling vigor
 - Susceptible to sheath blight, straighthead, and blast
- Cypress
 - Tall long grain variety with excellent first crop potential
 - Extremely good seedling vigor
 - Very susceptible to sheath blight, blast, and panicle blight

- Francis
 - Normal height, later maturing long grain variety with exceptional yields and a good ratoon potential
 - Fair milling quality that is highly dependent on harvest moisture
 - Susceptible to lodging, sheath blight, and blast
- Jefferson
 - Early maturing long grain variety of average height
 - Fair milling yields but poor seedling vigor
 - Susceptible to sheath blight and blast
- Wells
 - Short stature long grain variety with high yield potential
 - Fair milling yields are highly sensitive to harvest moisture
 - Susceptible to blast and sheath blight

- Clearfield Technology
 - Developed to control red rice infestations in fields by using Newpath herbicide
 - Varieties
 - CL121
 - Very early maturing long grain with good milling yield and quality
 - Susceptible to blast and sheath blight
 - CL141
 - Tall and early long grain with high second crop potential
 - Also susceptible to sheath blight and blast
 - CL161
 - High yielding, high quality long grain variety with later maturity
 - Also susceptible to sheath blight and blast

- Bayer going into hybrid business
 - Bayer CropScience has announced that it intends to expand its operations into the rice hybrid market
 - Plans to begin sales into China, Bangladesh, and Pakistan by next year
 - Intends to market to the U.S. and Thailand in 3-4 years
 - Has registered its product “Arize 1003” in Brazil
 - Will begin marketing seed rice next year (2007)

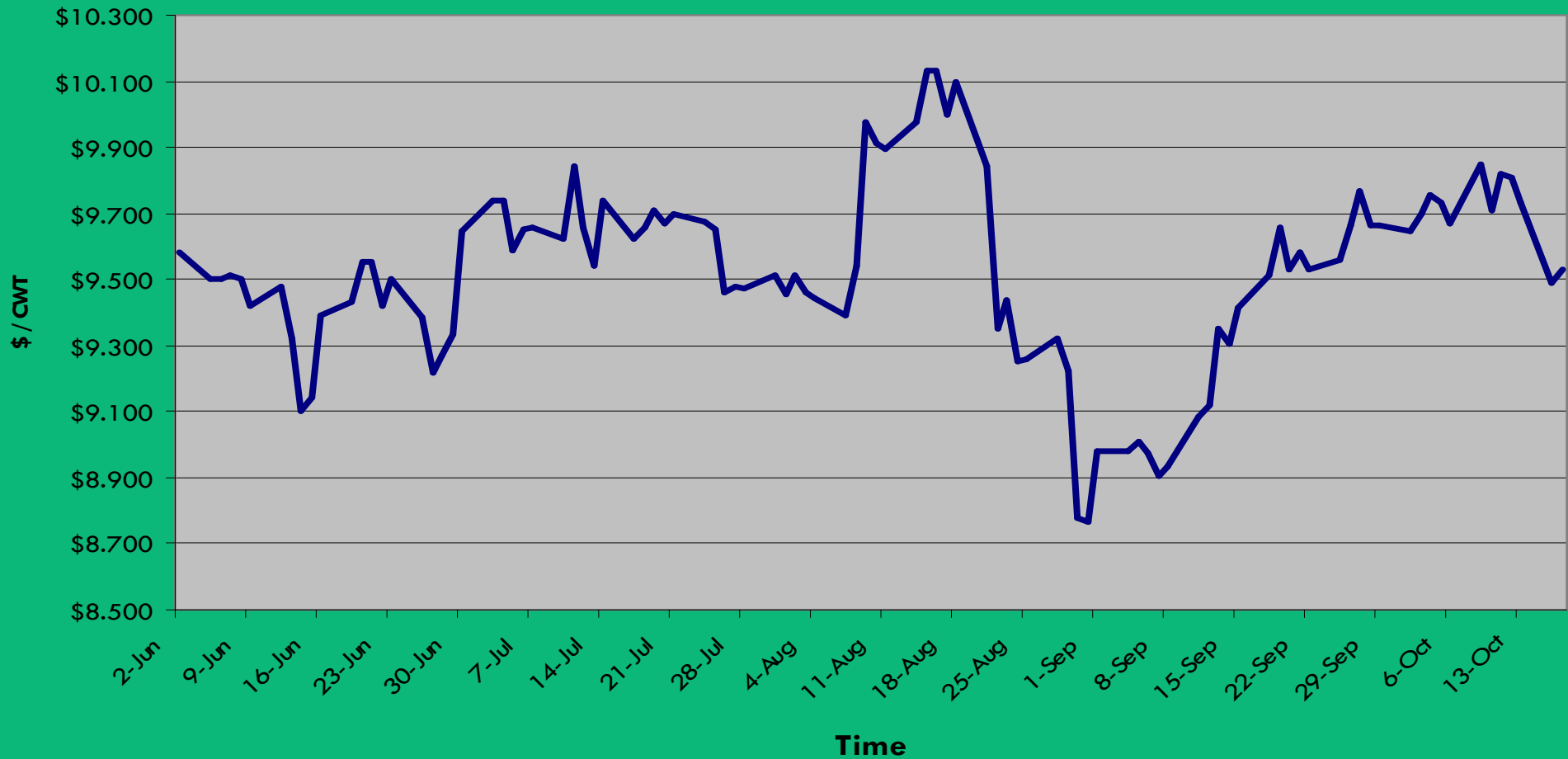
- US rice producers have experienced many growing problems this year
 - Rising Fuel and Input Costs
 - Diesel prices over \$2.00 per gallon (\$0.661 per liter)
 - Variation in Market Prices
 - \$10.135 per hundredweight (\$0.223 per kilo) on 16 Aug
 - \$8.765 per hundredweight (\$0.193 per kilo) on 31 Aug
 - Glyphosate Drift
 - Variation in Weather
 - Extremely dry growing season
 - Extremely wet harvest season

- 2006 Planted acreage
 - 1.177 million hectares total
 - Down 2% from March intended planting
 - Long Grain
 - 920.67 thousand hectares
 - Down 17% from 2004/2005 plantings
 - Lowest point since 2001
 - Medium / Short Grain
 - 258.19 thousand Hectares
 - Up 1% from 2004 / 2005 plantings

- 2005 / 2006 Harvest
 - 1.1 Million Hectares Total Harvested Area
 - Down 98% from 2004 / 2005
- 2005 / 2006 Yields
 - Average 7,650 kilo / hectare
 - Up 4% from 2004/2005 yield
- 2005 / 2006 Production
 - 8741 million kilos of total production
 - 6,495.5 million kilos of Long Grain
 - 2,245.5 million kilos of Medium / Short Grain

- U.S. Prices Continue to Increase
 - Responding to rising input costs
- Current Rice Prices (Chicago Board of Trade)
 - November 2006 Futures Price (17 October)
 - \$9.92'5 per hundredweight
 - \$2.183 per kilo

Trend Analysis of Nov 06 CBOT Futures Prices Before and After August 18

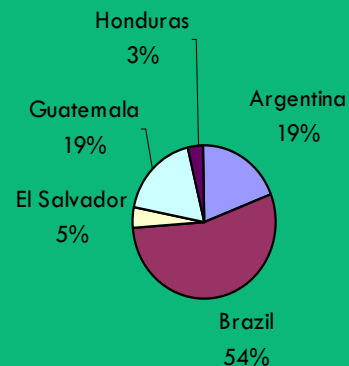


— November '06 Rice Futures

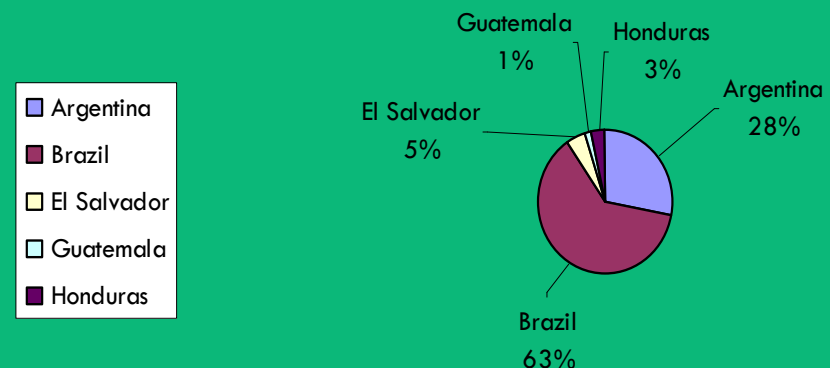
- Overall U.S. consumption is increasing
 - Total consumption is up 14% over the past 5 years
 - Mainly due to lifestyle changes
 - Encourage the development of consumer friendly and time saving products
 - Heavily influenced by imports
 - Imports represent about 15% of total domestic consumption
 - 440.5 thousand Kilos from Central and South America
 - » Brazil, Argentina, Ecuador, and Colombia were the 4 largest Central and South American Importers of Rice to the United States

- U.S. Imports from South and Central America have increased over 2000% from 2004 – 2005
 - 96.8 thousand Kilo in 2004
 - 2,209.1 thousand Kilos in 2005

2004 Central & South American Rice Imports



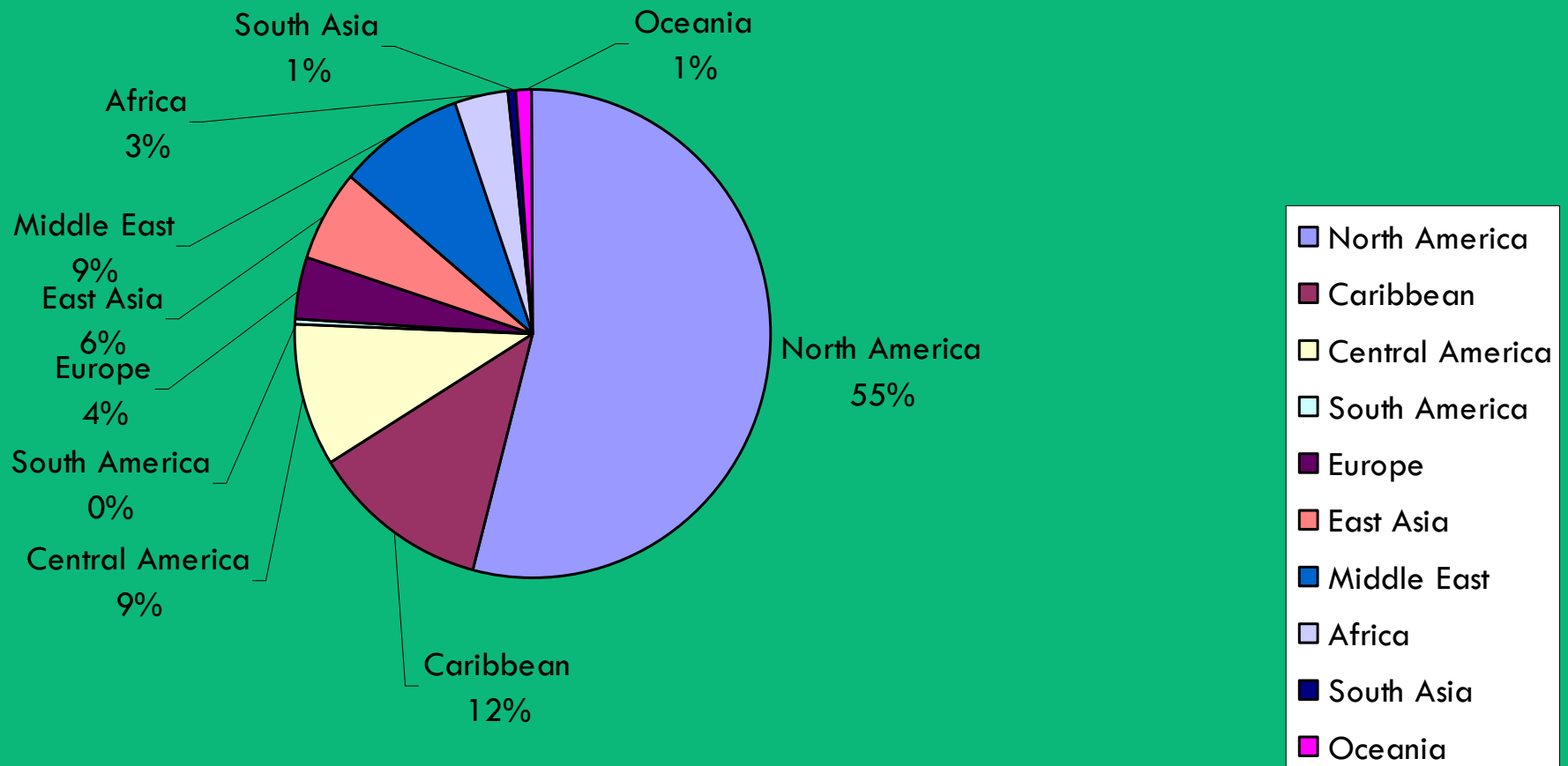
2005 Central & South American Rice Imports



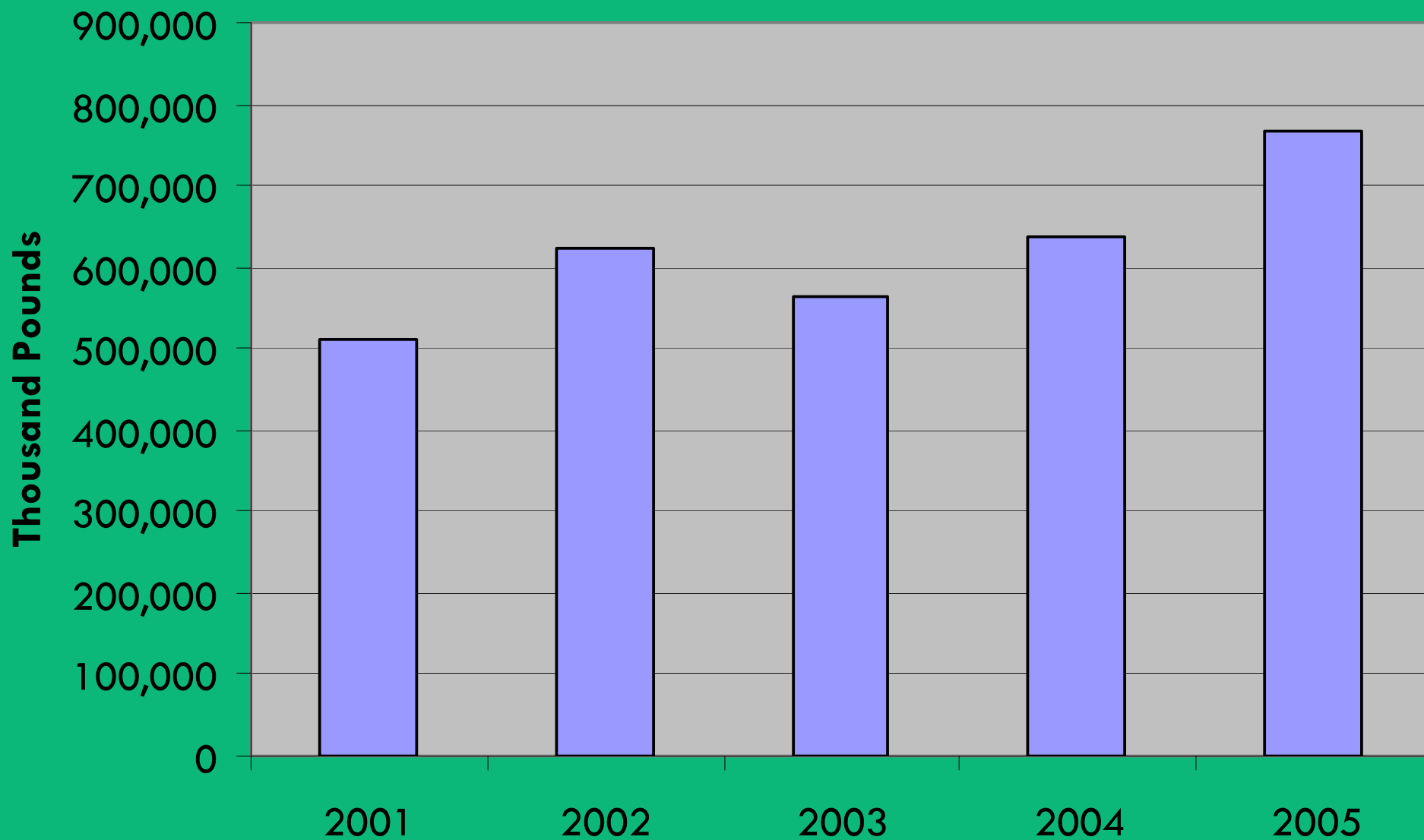
- Total U.S. Exports 2005 / 2006
 - Total exports to date are down by -2.8% from 2005
 - 2004 total exports were 1,679.4 million kilos
 - 2005 total exports ended at 2,205.5 million kilos
 - Current exports to date total 1,468.16 million kilos

U.S. Total Exports by Region

Total U.S. Exports by Region (2005)

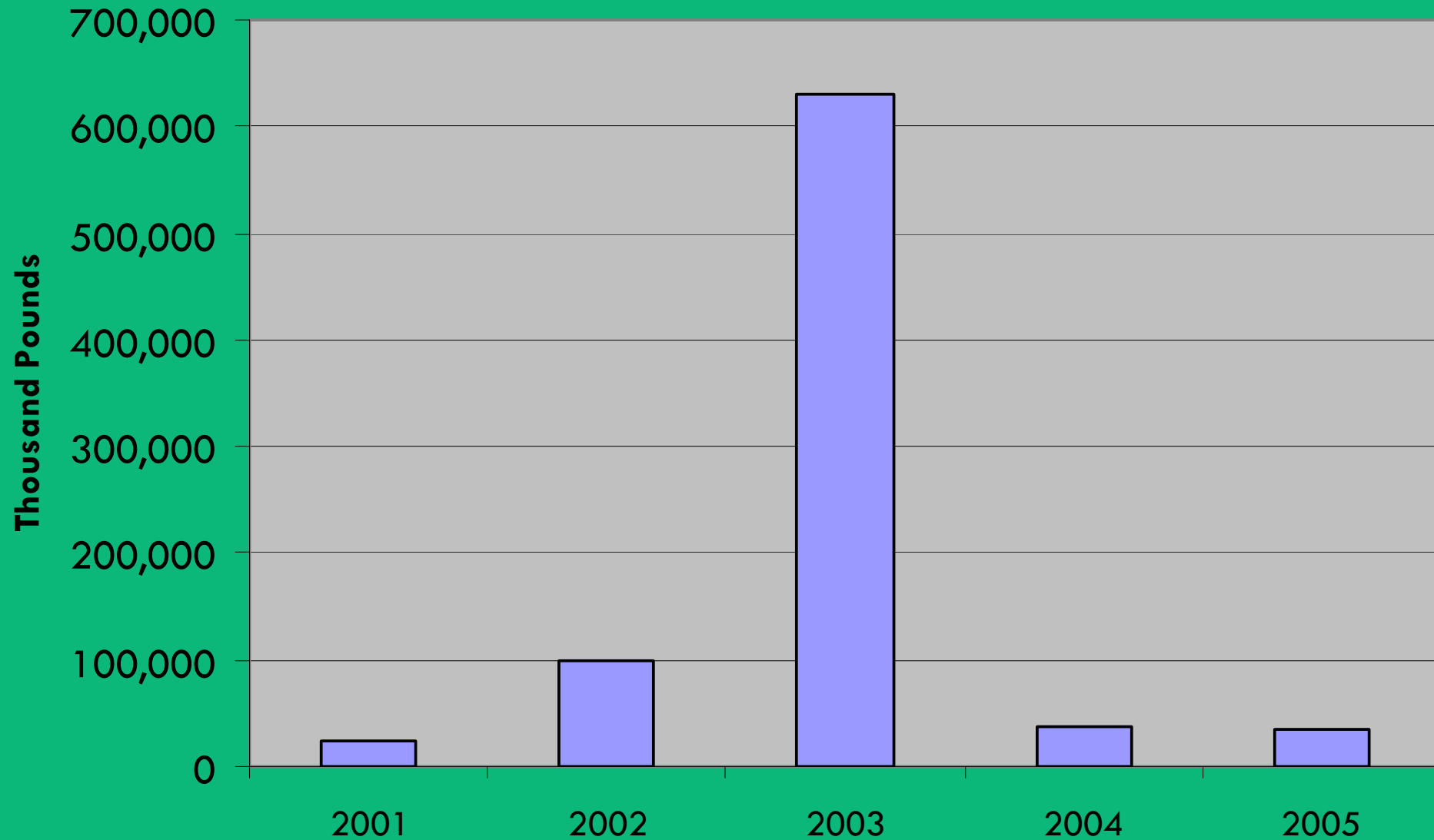


- Third largest export market for U.S. rice in 2005
 - North America – 1,994.5 million kilos
 - Caribbean – 447.9 million kilos
 - Central America – 347.8 million kilos
 - This region represents 9.4% of total U.S. Exports
 - 2005 Total Exports up by 20% from 2004
 - 2004 289.3 million kilos
 - 2005 347.8 million kilos



- This region was the smallest importer of U.S. rice in 2005
 - Total volume exported – 16.06 million kilos
- This Region represents .43% of total U.S. Exports
- 2005 Total Exports down by 5.4% from 2004
 - 2004 16.97 million kilos
 - 2005 16.06 million kilos

U.S. Exports to South America



- Cuba
 - U.S. increased total rice exports to Cuba in 2003 by 101%
 - Decreased in 2004 by 13%
 - Due to the redefinition of “Cash Payments” by U.S. Government
 - Recovering in 2005 / 2006
 - Export volume up by 19%
 - 60.1 million kilos to 71.7 million kilos
 - Cuba represented about 3.2% of total U.S. exports in 2005

- Iraq
 - Recovering from political instability and beginning to import rice again
 - No U.S. rice imports in 2004
 - 141.1 million kilos of U.S. rice imports in 2005
 - 2006 imports of U.S. increase from 2005
 - Up 49% from 72.4 million kilos to 107.9 million kilos to date
 - Primarily milled rice imports

- On August 18, USDA announced the adventitious presence of the LL601 protein in the U.S. long grain rice supply
 - Have since narrowed it down to 1 variety (Cheniere) in 1 crop year (2003 foundation seed)
 - Protein has been determined safe for human consumption by the U.S. Government
 - U.S. Government has begun the process of deregulation

- The Current U.S. farm policy is based on the 2002 legislation
 - Counter-Cyclical payments
 - Price-dependent payments are made to producers based on the difference between the market price and a set target price
 - Marketing Loan Program
 - Producers are able to receive government loans by using projected production as collateral
 - Direct Payment Program
 - Producers receive payments at a “fixed” rate by the acre
 - Not dependent on production

- Future Farm Policy based on many concerns
 - Outcome bilateral trade agreements
 - Ex
 - Negotiation of Free Trade Areas
 - CAFTA
 - Outcome of WTO negotiations
- Focus on reducing domestic support programs
 - Will become more WTO compliant
 - Probably adopt a more “Global” friendly attitude toward farm policy

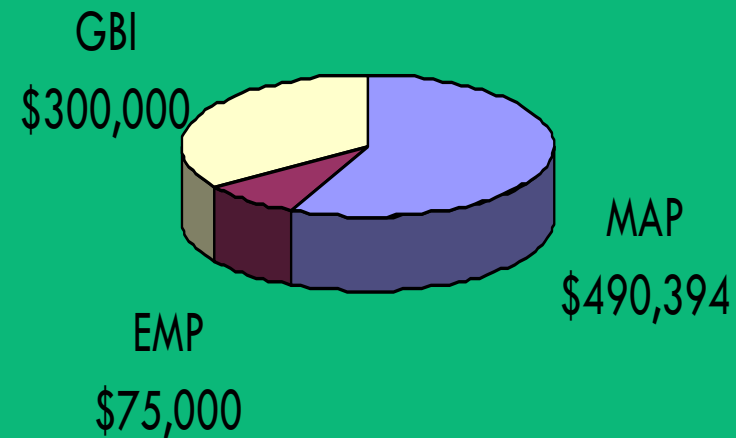
- Political Shifts
 - Upcoming elections will have a direct affect on the future of farm policy
 - Democrats may take control of the House of Representatives causing a change of focus
 - New Congress may not renew Pres. Bush's negotiating power

- TRQ will be established on a milled basis
 - Will equal 79,000 metric tons in one year and increase 4.5% annually for 18 years
 - Over-Quota duty = 80%
- Safeguard Protection
 - Colombia can invoke a safeguard if imports exceed 120% of the TRQ
 - No safeguard protection after year 19

- USRPA administers programs in many regions of the world
 - Mexico and Central America
 - West Asia and China
 - Middle East
- Three types of government funds utilized
 - MAP – Market Access Program
 - GBI – Globally Based Initiatives
 - EMP – Emerging Markets Program

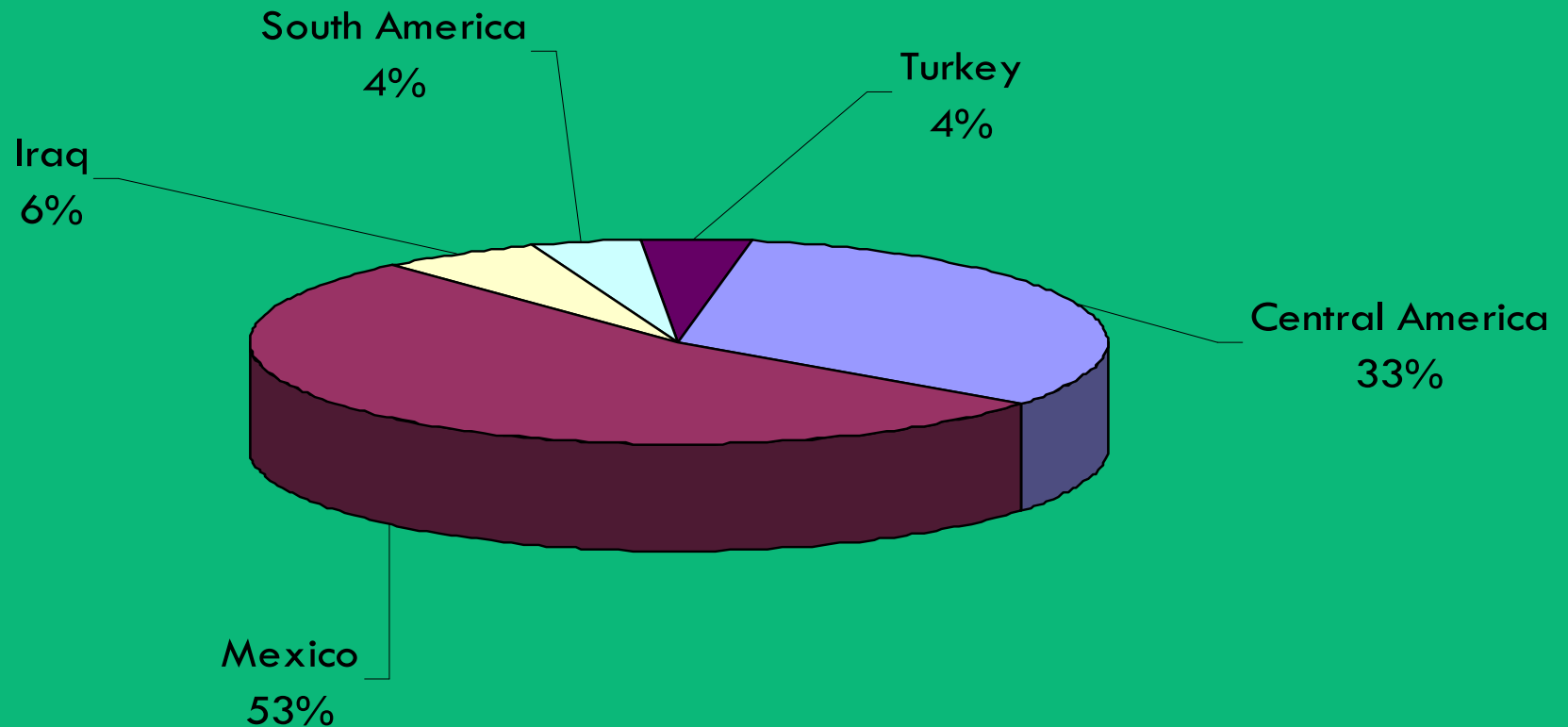
- MAP - \$490,394
 - Central America, South America, Mexico and Turkey
- EMP - \$75,000
 - Iraq and Emerging Markets Programs
- GBI - \$300,000
- Total - \$852,394

2006 Program Awards



2006 MAP Awards by Region

Total \$490,394



- MAP Funds : \$260,000
- Primary Programs
 - Mas Por Menos
 - School Lunch Program
 - Un Kilo de Ayuda



- MAP Funds : \$1 60,000
- Programs
 - Cooking Training Courses
 - Sample Tasting
 - Other Promotional Activities
 - Giant Pan of Rice
 - Rice Day Celebration
 - Radio Promotions



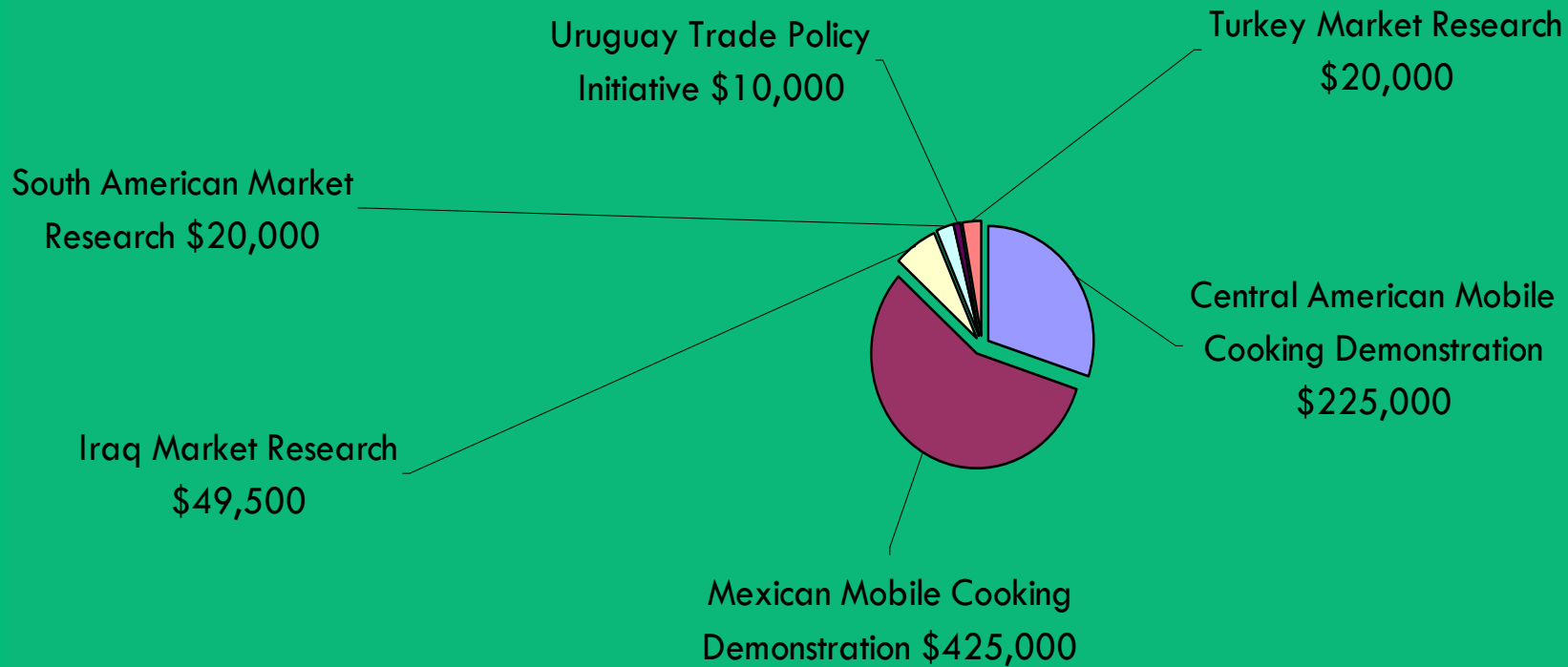
- MAP Funds :
 - Turkey - \$21,000
 - Iraq - \$29,394
 - South America - \$20,000
- Turkey
 - Trade Servicing
 - Met with principal importers and traders of U.S. rice to determine the rice market situation and discuss the WTO case threatened by the U.S.
- Iraq
 - Hosted Seminar in Amman, Jordan
 - Hosted technical seminar to discuss and explore opportunities to service Jordan and Iraq with U.S. rice.
- South America
 - Met with Uruguay representatives to discuss the WTO Case against the U.S. and explore trade opportunities.



GBI - Central American School Nutrition Program

- Programs : USA Arroz, Frijoles Y Soya
- Countries
 - Guatemala
 - El Salvador
 - Honduras
 - Nicaragua
 - Costa Rica

2007 MAP Requests By Region



2007 GBI Requests

