



February 25, 2022

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

Dear Secretary Vilsack:

Thank you for your work on behalf of America's farmers and ranchers. As you continue to develop and implement programs to provide assistance to the agriculture community, USA Rice can be counted on for open and direct dialogue with you and your staff about the needs of the rice farmers we represent.

As the Chairman of USA Rice Farmers, representing rice farmers in all major rice producing states, I am writing to respectfully request that you use the available authorities of the U.S. Department of Agriculture (USDA) to provide assistance to the nation's rice farmers who are facing both low commodity prices and disproportionately higher input costs, creating a severe financial squeeze that threatens the continued viability of U.S. rice farms and the rural communities they support.

Unlike other major crops, rice has not seen a recovery in prices and while all in agriculture are experiencing volatile input costs, the increase of input costs for rice vastly exceeds that of other crops. These twin conditions are threatening U.S. rice farmers' potential for profitability and puts rice at a significant competitive disadvantage when farmers are faced with financial decisions. This poses a very real danger to rice's unique infrastructure that is needed to maintain the domestic industry. Once this infrastructure is lost, it would be extremely difficult to re-establish. Producers of all crops are feeling the pressure of escalating input costs, but I believe it is important that I highlight the unique impacts on rice.

Commodity prices for rice have simply not kept pace with other major crops whose prices are much higher than they were in 2020. Compared to 2020 prices recorded by the Economic Research Service (ERS), the current market price for corn is 53 percent higher, the price of cotton is 86 percent higher, the price of soybeans is 54 percent higher, and the price of wheat is 83 percent higher, but current rice prices are relatively static since 2020, up just 8 percent.

Similarly, the rise in input costs have hit rice farmers disproportionately hard. The Agricultural and Food Policy Center (AFPC) at Texas A&M University recently conducted a broad study to analyze the impact the increase in input costs is having on its representative farms. AFPC's study looked specifically at the increase in fertilizer prices and found rice farms would suffer most – a \$62.04 average per acre increase compared to \$39.55 for feedgrain, \$29.72 for cotton, and \$19.64 for wheat farms. More recently, AFPC conducted a more specific rice study looking at all variable input costs and found a weighted average per acre increase of \$174.20 for the 2022 crop year when compared to 2021. If rice planted acres in 2022 are on average with the past five years, these increases for inputs coupled with flat prices would result in a \$504.9 million loss to rice farmers.

The slight increase in rice prices that have been seen will be more than offset by lower Agricultural Risk Coverage (ARC) or Price Loss Coverage (PLC) program assistance. The PLC payment rate for long grain rice was

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\$0.014/lb. in 2020. In 2021, the PLC payment rate for long grain rice is expected to be \$0.005, roughly a third of the previous year's payment rate. The Congressional Budget Office (CBO) estimates that total rice PLC payments declined from \$604 million in FY 2020 to \$382 million in FY 2021. This downward trend is expected to continue with current projections for FY 2022 at \$272 million and expected support for the 2022 crop year falling to \$93 million. PLC has provided some assistance to our producers competing with heavily subsidized and protected foreign producers of rice but, unfortunately the support has not kept pace with the level of support that foreign rice producers enjoy, and it isn't equipped to respond to a rapid increase in input costs. In the recent past, rice producers have also received less support under the Market Facilitation Program (MFP), the Coronavirus Food Assistance Program (CFAP), and the Pandemic Assistance for Producers (PAP) initiative. Rice producers received less than 0.5 percent of the total payments made by MFP, CFAP, and PAP.

Given the current economic condition of U.S. rice farms, it is easy to see why the value of rice production fell from \$3.2 billion in 2020 to \$2.9 billion in 2021, according to the July 2021 CBO report. Even if rice acres hold in 2022, the small increase in value of the crop will not come close to making up the losses felt by farm families from increased input costs and the erosion of PLC assistance.

As a whole, the U.S. rice sector contributes \$34 billion annually to the U.S. economy, stretching far beyond the farm gate and creating jobs and economic activity on Main Street. Rice-dependent rural communities throughout the country are being adversely impacted by the ongoing recession within the industry. This could ultimately have a devastating impact on elevators, mills, trucking companies, and other businesses dependent on rice production, which once lost, will not return, further exacerbating economic consequences on these communities and their citizens.

Last September, you announced that USDA was preparing to invest \$3 billion to address urgent challenges such as market disruptions that are impacting America's agricultural producers – rice farmers are facing these challenges. Whether through the funding for market disruptions or by utilizing residual funds available under ad hoc programs, relief is necessary to ensure rice farmers survive the combination of stagnant prices and high input costs.

In the past, you have taken bold steps to address particular, unique hardships faced by commodity and specialty crop producers, as well as many others. We very respectfully urge you to consider similar relief in the current case of rice.

Thank you for your consideration of this important request, as well as your commitment to U.S. agriculture and support for the health of rural America. We hope to have further discussions with you and your staff at your convenience. In the meantime, please direct any follow up to our request to Ben Mosely at bmosely@usarice.com or 571-217-2848.

Sincerely,



Kirk Satterfield
Chairman
USA Rice Farmers