



Texas Rice

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Rice Production In Texas

Economically Strong - Environmentally Sound

It was a clear, chilly morning, so early that a host of stars still glittered in the sky. The three hunters quietly began placing decoys about the spread, rising adrenaline levels providing insulation from the cold. Just as they finished and settled beneath camouflage cover, the eastern horizon changed from purple, to red, to pink. The noise started faintly, but soon became deafening with the cries of a thousand geese as they rose from their nighttime roost ponds in search of food. As the sky brightened, you could see the outline of a combine and auger cart parked next to the field where the hunters waited. Then came the geese, *snows* and *specs* and *blues* in great columns, to feed on rice the farmer had left behind.

This is a common scenario, played out hundreds of times during the winter months throughout the Texas rice belt. Located in the heart of our Central Flyway, Texas rice farmers play a vital role maintaining winter feeding grounds for migratory birds that flock to es-

cape Canada's cold, harsh winters. Yet, depending on one's perspective, providing wildlife habitats and enhancing water quality may be considered *lagniappe*, or an extra benefit, as the Texas rice industry contributes nearly \$1 billion to the state economy every year.

Where does this figure come from? Roughly half, or \$500 million is directly related to the value of the rice crop. This includes the farm gate price, processing and distribution revenues. Much of the economic infrastructure of the Upper Gulf Coast is dependant on rice production.

The other half of that figure can be attributed to the revenue from outdoor activities such as bird watching and hunting. According to the *2001 National Survey of Fishing, Hunting and Wildlife-Associated Recreation* conducted by the U.S. Fish and Wildlife Service (USFWS), revenue from wildlife watching in Texas topped \$1.2 bil-

lion annually. Considering that 47% of these enthusiasts were in pursuit of migratory birds and waterfowl, a good portion of that \$1.2 billion was spent along the Gulf Coast.

This is not surprising when you consider that Texas has nearly 650 different bird species, according to the Texas Ornithological Society, and more than half of those can be found in the rice belt. In the prestigious Christmas Bird Count (CBC), sponsored by the National Audubon Society, the Matagorda County Mad Island Marsh CBC came in first place for the sixth year in a row. In 2002, 243 species were identified, making Matagorda County home to the most diverse population of bird species in the entire nation. Not by coincidence, Matagorda County is also one of Texas' top rice producing counties, with over 18,000 acres in 2003.

According to Dr. Brent Ortego, Texas Parks and Wildlife Biologist and coordinator of the Mad Island

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From the Editor...



Privately held agricultural lands in the Texas Gulf Coast largely revolve around rice production. These lands provide several societal and ecological benefits. Rice has an annual impact of nearly \$500 million to the economy of Texas, and represents the economic, social, and environmental underpinning of major sections of the Gulf Coast State.

Rice is one of but a few agricultural commodities that are well suited to the heavy, often low-lying water logged soils, which are characteristic of the Upper Gulf Coast. Although the lighter soils to the west and south of Houston are also suited to the production of crops such as cotton and sorghum, rice is a major commodity there as well. Rice production in Texas provides several environmental benefits, including wildlife habitats, water filtration through wetlands, and flood protection.

A distinguishing feature of rice culture is that it employs shallow water ponds in nearly level fields. This practice creates a mosaic of seasonal wetlands that provide flood protection; water filtration and purification; abundant food supplies for resident waterfowl, songbirds, and small mammals; and roosting and feeding grounds for migratory waterfowl. Sportsmen, naturalists, and the general public enjoy these important, non-market benefits of rice production.

The rice industry, through the support of university researchers, has made tremendous strides in improving water use efficiency. In the mid-1980's, Texas rice growers used about 5-1/2 acre-feet of water, while many growers today use about 2-1/2 acre-feet for the main crop and 1-1/4th acre-feet for the ratoon crop. Much of the water-savings are a result of laser leveling, improved floodwater management, and the development of short season cultivars.

Research has shown that laser leveling alone reduces water use by up to 40%. Research on side-inlet systems, although less extensive, suggests a reduction in water use of up to 33%. But, greater water use efficiency is only one of the advantages of laser leveling and side-inlet systems. Growers who utilize these tech-

nologies are able to maintain a near-uniform water depth. Greater uniformity of water depth reduces weed germination. Greater uniformity also reduces stress to the young rice plants by insuring they are not growing in water that is too shallow or too deep. The result is uniformity of crop maturity, greater yields, increased grain quality, reduced water and herbicide costs, and improved profitability. Laser leveling also allows for levies to be placed further apart. A field that has not been laser-leveled uses around 6% of its land for levies, while a field that has been laser-leveled will often use less than 1% of its land for levies. This equates to a 5% increase in yield by laser-leveling fields. Reducing the land area that is dedicated to levies also reduces sources for weed, insect, and disease infestations. Side inlet systems have an added advantage of allowing rapid flooding of paddies. Preliminary data suggests this can further reduce plant stress, which increases field yields and grower profitability.

Researchers at Texas A&M University have begun to explore the feasibility of commercially producing a cultivar that would make greater use of season length than do current short-season cultivars. Although this plant type may be limited to only a main crop, its yield potential is more than the combined production of the conventional main crop + ratoon crop production system currently practiced by many Texas rice growers, and because it does not require a ratoon crop to produce high yields, the potential for water conservation is increased. This could represent a win-win scenario by promoting both grower profitability and water conservation, a particularly pressing need for the urban areas surrounding much of the Texas rice belt. Increasing the economic viability of the Texas rice industry would similarly have a tremendous positive impact on both water conservation and wildlife habitats.

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Grower Profile...

Laurance Armour III at Pierce Ranch

Laurance Armour III is general manager of Pierce Ranch, founded in the early 1800's by his great-great grandfather, A. H. "Shanghai" Pierce, one of the most colorful cattlemen in early Texas history.

Abel Head Pierce was born June 29, 1834, in Little Compton, Rhode Island. He was a direct descendant of Mayflower pilgrims John Alden and Priscilla Mullins, with nine generations in between. He was related to Henry Wadsworth Longfellow as well as a president of the United States, Franklin Pierce. Thomas Wentworth Pierce, builder of the Southern Pacific Railroad in Texas, was also a relative of Mr. Pierce.

At the age of nineteen, Shanghai stowed away on a ship in the New York harbor. He worked for his passage and arrived in Indianola, Texas, five months later without money or a job. He went to work for W. B. Grimes as a ranch hand. By shrewdness, hard work, and rugged determination he became an authority on cattle while working for Grimes.

After serving in the Confederate Army, he returned to Texas and formed a partnership with his brother, Jonathan. They established the famous Rancho Grande on the Tres Palacios near Blessing. He married Fannie Lacy, daughter of William Demetris Lacy who was a signer of the Texas Declaration of Independence and



A.H. "Shanghai" Pierce, in the last photograph ever taken of him. (Courtesy of Ed Bartholomew, Rose Collection.)

second judge of the Municipality of Colorado. They had two children; a daughter, Mary Francis, and a son who died at the age of four months. Fannie died shortly after the death of their son and Mr. Pierce sold out in 1871 and moved to Kansas City, but he only stayed there about eighteen months. He returned to Texas and started buying up land in Wharton and Matagorda counties to build the



ranch that, at one time, would consist of a half million acres. He formed the Pierce-Sullivan Pasture Company and sent thousands of cattle to the markets in the north. The name "Shanghai" Pierce became synonymous with cattle in Texas, Oklahoma, Missouri and Kansas, as he spearheaded large cattle drives through these states.

He selected a sight on the Colorado near Wharton to establish a ranch headquarters. He built a fine two-story ranch house, an office, blacksmith shop, barns, silos and several tenant houses. Later the New York, Texas and Mexican Railway established railway lines through Wharton County, providing easy transportation to market for the cattle. Pierce wanted the train to stop at his headquarters so he built the railroad station himself. It was called Pierce's Station and also served the area as post office for many years. Because Pierce's Station was located near the center of Wharton County, Shanghai had hopes of it becoming the county seat. In 1894 he had 160 acres surveyed to become the Pierce Townsite. He built and named the streets, laid out a public square, courthouse square, academy square and a cemetery ground. A church was built and a two-story grocery store. He then decided to build a grand hotel, which would accommodate cattle buyers, traveling salesmen, etc. It was a three-story, 22-room mansion built in Steamboat Gothic style. The widow's walk on top provided a panoramic view of the whole countryside. The spectacular structure, with open porches on two sides of both the first and second floors, would be a convenient stopover between Victoria and Houston.

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Pierce Ranch continued...

Shanghai Pierce tried his hand at other ventures such as banking and railroad ownership, but his real interest was always cattle. He toured Europe to find a breed of cattle resistant to the ticks so prevalent in the Gulf Coast area. He returned, convinced that Brahman cattle were the most likely to be immune. Pierce died on December 26, 1900. In 1906 Abel Pierce Borden, nephew of Shanghai and executor of the estate, was sent to India to import the Brahman cattle. A total of 51 head reached the United States and were placed under quarantine because of the disease Surra.

An appeal was made to President Theodore Roosevelt, who intervened, and the remaining 33 head were finally unloaded at Pierce Ranch in November of 1906. Several distinct breeds were brought over in the 1906 importation: Sir, Kreshnas, Hissars and Guzerats. Later more Guzerats from South America were added to the herd. Mr. Pierce's convictions about the Brahman proved to be correct, they



Historic home of Shanghai Pierce, built in the late 1800's. The family still uses it for special gatherings and to entertain guests at Pierce Ranch.

Shanghai Days Cowboy Gathering

In 1999 professional humorist and fiddler Doc Blakely, a 30 year veteran of the professional speaking circuit, who lives in Wharton, Texas expressed the idea and received support from the Downtown Merchants Association to create a world class Cowboy Gathering on the historic Wharton downtown square. The festival was named for Abel "Shanghai" Pierce, a legendary cattle Baron, trail driver, "character," and teller of tall tales. Shanghai was a resident of Wharton County and his descendants still own and operate the huge Shanghai Pierce Ranch. Thus, the last Friday and Saturday of March each year the "Shanghai Days Cowboy Gathering" is held in Wharton.

The 4th Annual Shanghai Days Cowboy Gathering festival consists of a Friday night Cowboy concert at the historic Plaza Theatre, and on Saturday, March 27 there will be four indoor stages of continuous entertainment, rain or shine. Featured are an Old Time Fiddlers Contest, cowboy poets, cowboy music, a Liar's Contest, gun fight reenactments in the streets, cowboy trick ropers, clowns, chuck wagons, over 100 vendor booths, and unique restaurants, antique stores and a variety of shops right on the square. See www.shanghaicowboys.com for more information and directions to Wharton. Or call the Chamber of Commerce and Agriculture at 979-532-1862. *

flourished in the Gulf Coast climate and have remained a vital part of the Pierce Ranch herd ever since. Although Pierce's first love was cattle, his nephew, A.P. Borden convinced him to consider the potential of rice production, and that legacy continues to this day.

Pierce Ranch is still in operation under the management and ownership of the descendants of A. H. Pierce. The original ranch house is still maintained and is marked by a state medallion. In the front yard is a monument erected by the state of Texas in 1932 to honor Shanghai Pierce for his contribution to early Texas history.

Laurance Armour III, great-great grandson to Shanghai, has been general manager of the ranch since 1980. Laurance grew up in Lake Forest, Illinois, as his family was part of Armour meat-packing company. He acquired his bachelors degree in Business Administration from Georgetown University in Washington. Laurance and his wife Suzanne have 5 children, Chris, Russ, Lisalex, Andrew and Emily. The oldest three are attending college and plan to work in the family business, Russ is studying wildlife management, Chris is taking basic studies and Lisalex is pursuing a degree in international affairs.

Laurance has two younger siblings, who also work in the family business. His brother Steven handles the oil and gas concerns, and his sister Brooks has recently

Pierce Ranch continued...

taken over the cattle portion of the operation. Brooks' husband, Hank Disel, is also involved in the family business. They are expecting their third child in February, to join older brother Elliot and sister Johannah.

Pierce Ranch consists of approximately 32,000 acres of wildlife habitats, native pastureland, rice and row crops. Laurance estimates approximately 5000 acres a year are dedicated to rice production. This fits in nicely with wetland habitats they maintain for winter-feeding grounds. One of Laurance's farmers produce organic Texmati on contract with RiceTec, Inc. All together, there are 10 producers that tenet farm on Pierce Ranch. Benny Garcia is the 'water boss' on the farm, and keeps a tight reign on water use for the rice, wetland areas and irrigated row crops. Much of the rice floodwater is recovered and reused for other purposes. One of most invasive plant species they have to deal with is the McCartney Rose, which was actually brought in by Shanghai to provide hedges that would keep the cows in and the rustlers out. Laurance has found that the best control is burning the field, then disking the plants to ground level and establishing a shallow flood which prevents re-growth. On pasture and wetland areas with woody shrubs, they use a roller-chopper to knock back un-



Gabriel Jasso is in charge of the 'picking shed' where the birds are processed and cleaned. He is pictured here next to the machines that make short work of de-feathering the birds. This is a small part of the full-service treatment offered by Karankawa Outfitters!

A flock of snow geese coming off of a roosting pond at Pierce Ranch.



wanted species, which allows native grasses to better compete. Laurance said this device is better than disking, because they can use it in fields with some standing water.

Besides the farming operations, Pierce Ranch is also home to the Karankawa Plains Outfitting Company, a full-service hunting and nature tourism resort. Birdwatching, wildlife viewing, canoeing, and horseback riding are spring and summer activities. And in the fall and winter, guests enjoy hunting migratory waterfowl, such as ducks, geese and cranes. Wild game hunts are also very popular for sportsmen seeking feral hogs, deer, quail and dove.

The ranch is also headquarters for Texas Rice Industry Coalition for the Environment, a non-profit organization co-founded by Laurance Armour in 1994. The organization partners with private landowners to establish wetland habitats and native grass prairies using federal grant money as well as industry support. Over 2000 acres on Pierce Ranch is dedicated to wildlife habitats.

In addition to the enterprises at Pierce Ranch, the family is also involved in agribusinesses that serve the rice industry. Laurance is a partner in BU Growers, a rice drying and seed retailer in Bay City. His family also owns controlling interest in Rice Belt Warehouse, headquartered in El Campo.

According to Shanghai, the Pierce family motto was 'To Think is To Do', which he obviously took to heart and practiced in building the family empire. There is no question that his descendants have also lived by that motto, and honored the legacy of Shanghai Pierce by keeping the family business strong for many generations to come. *

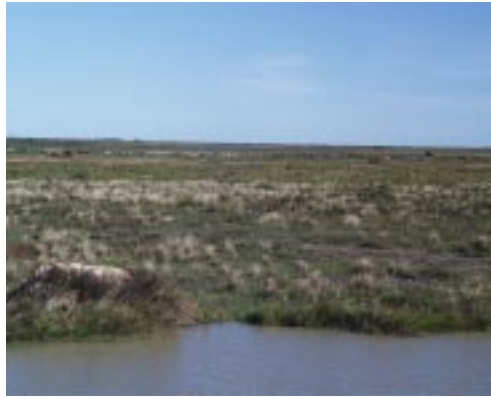
For more information about Pierce Ranch contact Laurance Armour at 979-532-2822 or visit <http://www.karankawa.com/>

Rice Industry continued...

Marsh CBC, over 100 volunteers participate in the annual event held in mid-December. The area surveyed each year forms a 15-mile diameter circle that includes refuge land managed by Texas Parks and Wildlife and the Nature Conservancy. During the 24-hour period, volunteers document the number of different species identified, as well as estimate the total number of individuals within each species. In 2003, Ortego said his group documented the highest counts for 31 species of birds, including migratory waterfowl, shore birds, predator species and song birds.

Derril Franzen, a 3rd generation Texas farmer, grows rice on a 100-acre tract of land that is part of the Nature Conservancy refuge, and included in the 15-mile diameter circle surveyed during the Mad Island Marsh CBC. Franzen, along with his mother and two brothers, farms 1200 – 1600 acres of rice each year in Matagorda County. According to Franzen, they have an excellent working relationship with the Nature Conservancy, and he works closely with refuge manager Jared Laing to see that the Conservancy goals are achieved, while at the same time, assuring profitability on the family farm. Much of the acreage Franzen farms on the refuge is re-flooded after the last harvest, and supplies wetland habitat for the migratory fowl that visit each winter.

Seasonal waterfowl hunting contributes a significant amount of revenue to the Texas economy, approximately \$2.2 million annually according to the USFWS. And since 95% of this activity takes place on private land, our rice farming industry can claim a substantial amount of credit for this increased economic activity. Many of our farmers earn additional income in the



Side by side pasture land in Calhoun County. On the left is a project managed by Bill Stransky. On the right is land that was equally grazed, yet under a conventional system.

winter months by re-flooding their current years rice acreage, and leasing the land to duck and goose hunters. But this type of wetland management can still be cost prohibitive without the proper guidance and know-how.

One source of help is the Texas Rice Industry Coalition for the Environment (Texas R.I.C.E.), a non-profit organization created by a group of producers and industry representatives, including Laurance Armour of Pierce Ranch. With the aid of Jim Blackurn, an environmental attorney in Houston, Armour established the non-profit in the mid '90s as a means to increase public awareness of the value of conservation efforts, and to aid farmers who wished to establish wetland sanctuaries on their farms. With a volunteer Board of Directors that included rice farmers L.G. Raun, Haskell Simon, Audubon Representative James Stewart and Sierra Club representative Page Williams, the group used limited funding to establish public access waterfowl and wildlife viewing areas on private and public lands.



A bird's eye view of rice fields flooded up and ready for winter visitors from Canada.

It wasn't until 2000, though, when Bill Stransky was hired as Executive Director, that the organization really began to make an impact. Bill had a successful career in the securities industry, and had been a volunteer for the Sierra Club for 12 years, when he met

Rice Industry continued...

Armour at a wetland conservation meeting in Houston. As the two had much in common, they continued to correspond, and in October of that year, Bill decided he had had enough of his fast paced career, and wanted to dedicate his work to promoting wetland conservation in Texas. With very little budget for Texas R.I.C.E., all Armour could offer him was the title of Executive Director, office space and a phone. Stransky would be responsible for securing grants that would fund his salary, and all the projects carried out by the fledgling organization. Within two years, Stransky had raised \$750,000 for wetland and native grass prairie projects, and will cross the \$1 million mark in 2003. Remarkably, all the granting organizations came from outside the rice industry, including the US Fish and Wildlife Service, the National Fish and Wildlife Foundation, FMC Corporation, and the Texas General Land Office (through the North American Wetlands Conservation Act.) Individual rice farmers who participate in Texas R.I.C.E. projects do supply matching funds by way of in-kind donations, such as equipment and land use, time on the tractor, and water supplies.

Over 100 projects have been initiated, from 10 to 300 acre tracts, mostly on private land in cooperation with producers. Seasonal wetlands and year-round native grass prairies increase the property value of the

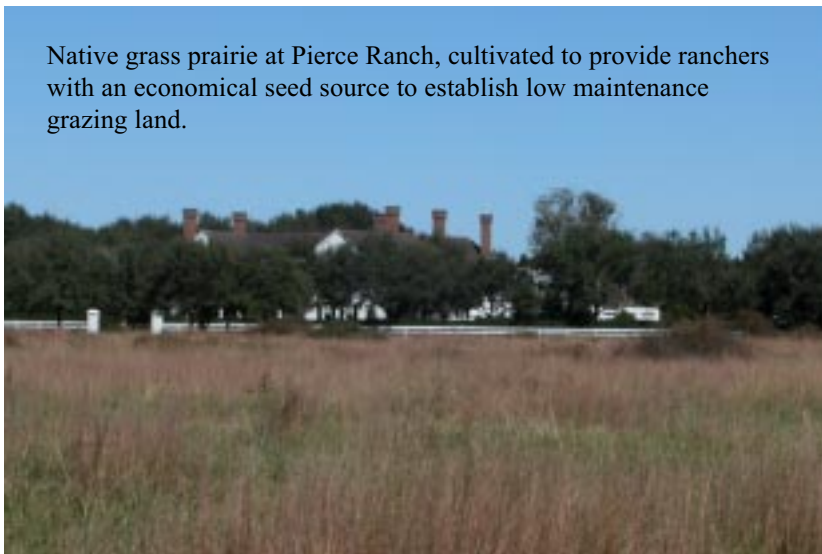
Bill Stransky, Executive Director of Texas R.I.C.E., enjoying his favorite pastime. Notice the rice combine in the background.



land and help make farmers and ranchers more productive, thereby increasing profitability on their farms. An early project on Pierce Ranch provided the infrastructure to create wetlands as well as recover tailwater from rice and other drainage runoff. Another project done in cooperation with the Guadeloupe-Blanco River Authority, refurbished 70,000 feet of the canal system and laterals, increasing their efficiency in delivering water to rice farmers in Calhoun County.

Ranchers cooperating with Texas R.I.C.E. benefit greatly by the establishment of native grass prairies, which include adapted species such as little bluestem, Indian grass and paspalums. These forages are well adapted and require very little upkeep in the way of insect and disease control chemicals, fertilizer applications and additional water. Yet they have equal or greater protein content than many introduced species. The trick is getting the natives established, and then managing them correctly to insure years of maintenance free production. This is where partnership with Texas R.I.C.E. comes in, and the expertise of Bill Stransky is put to work. First, the organization has dedicated sites on Pierce Ranch where they cultivate native pastures, and harvest seed annually to provide their ranching partners with a low-cost source of seed. Next, the selected tracts are disked or burned to prepare for the establishment of native prairies. Once the grasses are established, management decisions really become criti-

Native grass prairie at Pierce Ranch, cultivated to provide ranchers with an economical seed source to establish low maintenance grazing land.



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Rice Industry continued...

cal. According to Stransky, the real trick is knowing when to put cattle on, and when to rotate them to the next pasture. In the early stages of development, the grasses must be allowed to establish strong root systems to gain a foothold. Afterwards they can be grazed for several months, providing high-protein forage, but then must be allowed to establish seed before the winter. And after several years of production, fields may need to be burned to prevent the natives from choking themselves out. This is a natural process that led to the establishment of the tall grass prairies, long before white settlers began fencing the great plains. Stransky continues to work closely with his cooperators after the projects are established to insure that proper management decisions are made that will lead to long-term success for the producers.

Financial success for the farmer is the goal no matter what crop is produced, because without a strong farming economy, nations can find themselves in the uncomfortable position of depending on foreign imports to feed their people. In the rice industry, though, we have an added incentive to keep our farmers in business, because of the valuable role rice production plays in water management and purification.

Along the Texas Gulf Coast, freshwater inflow is one of the most important factors affecting the health and productivity of the bay system. Here, fresh water from the land combines with salty water from the Gulf of Mexico, producing brackish water that is the key to estuarine productivity. But as greater demand from industry and residential areas decrease fresh water reaching the bays, high saline conditions threaten habitats that support a multitude of species, including the prized redfish, speckled trout and flounder that fuel our recreational fishing industry.

How do rice farmers help alleviate this problem? In mid-August, when residential and commercial demand for water peaks, rice farmers release thousands of acre-feet of flood water in preparation for harvesting their first crop. This inflow of fresh water comes at a critical time for the bays and estuaries, making up for the water tied up in municipal use.

In addition, the water that leaves a rice field is often cleaner than the water that came in, according to a study conducted by Texas A&M Experiment Station

This picture was taken at the Beaumont Center in December, 2003. The geese arrive like clockwork, every year just before the Christmas break.



scientist Garry McCauley. Dr. McCauley looked at 50 rice fields over a two year period and measured the major nutrients (N-P-K) in water coming into the field and water leaving the field just prior to harvest. McCauley found that in all cases where the water was ‘held’ for the proper time, nutrient content was less coming out than going in. This is true even though rice farmers make several fertilizer applications throughout the growing season, because the last application comes well ahead of harvest when it’s time to drain the fields. “There is no economic incentive for farmers to apply fertilizer, then let it escape the field,” said McCauley, “it just doesn’t make sense. They want to get the most for every dollar they invest in the crop.” McCauley also looked at sediment levels, and found that water released from the first crop had lower amounts than the water that entered the field. And because of the natural biological activity that occurs in rice fields, oxygen levels were higher in water leaving the fields, which is also very important for the continued health of our bay and estuary systems.

It’s clear that a \$1 billion economic impact is only a fraction of the overall benefit we receive from the rice industry in Texas. This may be a critical factor in our long-term success, because as Texas R.I.C.E. co-founder Laurance Armour put it, “The Texas rice industry must *earn* its place in the world. The pressure of urban development and the resulting demand for water along the Gulf Coast requires that we offer a substantial value beyond the economic revenue from our crop. Wildlife conservation and environmental enhancement attributable to our industry is the key.” *

For more information about Texas R.I.C.E. contact Bill Stransky at 979-532-1894 or email stransky@sbglobal.net

Report from the 2003 Rice Outlook Conference

Domestic rice prices will likely remain strong for 12 to 18 months. That projection came this week from Nathan Childs, senior rice market analyst with USDA's Economic Research Service. After that, he won't be surprised to see a downward trend. "Typically, high prices for U.S. rice last for a year to 18 months," observed Childs, whose annual presentation has become one of the conference's highlights. "I think the prices right now would lead to higher acreage in some states. More than likely, that will push prices down again."

That was the case in the last strong market, when an El Nino pattern in the late 1990's triggered major crop losses in the southern hemisphere and forced Brazil and other South American countries to buy more U.S. rice. Encouraged by higher prices, U.S. growers planted 3.5 million acres in 1999, the second largest crop on record. "After that, prices plummeted," Childs said. "There were other influences, including exchange rate shifts, Brazil's economic restructuring and Russia's defaulting (on foreign loans). But the increase in acreage still was the big factor in pushing down prices."

A TIGHT SUPPLY — FOR THE TIME BEING

Strong domestic prices right now are the result of increasing U.S. consumption and strong export demand over the last few years. Even though the U.S. continues to import more rice, the ending stocks and stocks-to-use figures are strikingly low. Stocks, in fact, are the lowest since 1980-81. The stocks-to-use ratio is at about 10%. "That's very tight — virtually the lowest ratio in a quarter of a century," Childs said. "We once thought rice wouldn't get below 11-12%." The stocks-to-use ratio is even more dramatic when long grain and medium grain are separated. With southern long grain, the ratio drops to 6.5%. That's the lowest ratio in over 3 decades, Childs said.

Again, though, aggressive planting this spring will probably put downward pressure on prices, given normal yields, Childs said. Newer, higher yielding varieties also are allowing U.S. growers to keep up the size of the harvest while reducing acreage. Every state this year had less harvested acreage.

GLOBALLY: NO BIG WEATHER PROBLEMS

Looking into the new crop year, Childs said there doesn't appear to be any strong factor that would buoy

prices farther out. None of the major importing countries have had adverse weather with the latest crop, so they won't be increasing their purchases. Several have harvested bumper crops. Childs expects no big import activity from Japan, Taiwan or South Korea, despite weather-related losses.

Major exporting countries, likewise, are in relatively good shape. India will have a "normal" harvest for 2002-03 after a devastating drought the year before. Thailand and Vietnam will come close to record harvests. China and the U.S. had less acreage this year, but that will be offset by strong showings elsewhere. Plus, average U.S. rice yields are up again for the fourth consecutive year, and that helped make up for fields here that went unplanted.

Latin America still accounts for the bulk of the U.S. export market, and Childs doesn't see that changing soon. One slide in his presentation showed a \$140 per ton pricing disadvantage that the U.S. has against Thailand. While the dollar is weak against both the Yen and the Euro, the gap between U.S. and Thai prices remains a huge hurdle, Childs emphasized. "That's a wide gap (between U.S. and Thai prices), and it's hard to say what kind of currency difference it would take to really have an effect on our export sales," he said. "At some point, that much difference in pricing could even be a factor in the western hemisphere." In other words, solid U.S. customers in Latin America might start buying cheaper Thai rice. Overall, global rice prices have remained relatively flat for two years, the longest period of price stability Childs could recall.

YIELD AND LAND QUESTIONS

World production will probably rise about 3% over last year, and the rebound in India's crop will account for much of that. This is the third year in a row with declining world stocks, and China accounts for most of that drop. But China still appears to have enough inventory to maintain regular exports. Global ending stocks will settle out at about 83 million tons, which is the lowest level in 20 years. "The stocks-to-use ratio will fall to about 20%, yet there's no real impact projected on global trading prices," Childs said. One thing Childs does see is a lack of available land, worldwide, for significantly expanding rice plantings. "Global rice yields have been flat for 4 to 5 years, and the planted acreage can't go up much more. Over the long term, where will the rice come from? There seems to be an

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Rice Outlook Conference continued...

inability to increase global production, but prices don't reflect this at this time."

STATE OUTLOOKS

ARKANSAS - Rice growers have the potential to plant their largest crop on record in 2004. That was one scenario put forward at this week's conference by Bobby Coats, Arkansas Extension Ag Policy Analyst. That would happen, Coats said, if rice prices remain firm or increase as we move toward planting and if the USDA's "balance sheet" on ending stocks shows a lower level than currently estimated.

"It would not be unrealistic with those circumstances to see a record crop," said Coats, whose state accounts for 48% of the nation's total rice acreage. "In 1999, our harvested crop hit 1.625 million acres, and in 2001 it reached 1.621 million. If long grain prices don't soften before planting and there are future pricing opportunities, we could very well see 1.632 million acres for 2004."

There was some "excitement" at the conference, he noted, about the possibility that the USDA's ending stocks figure may be lowered. Coats said he "feels comfortable" with USDA's current estimates. He cautioned, though, that this is a "dynamic market." For the 2003 marketing year, which ends on July 31, 2004, Coats projected a cash price for Arkansas long grain, per hundred-weight, at \$6.55, plus an LDP of \$2.67, for a \$9.22 total. For medium grain, he projects a cash price of \$9.11 and an LDP of \$2.33, with a total of \$11.44. "A year ago, the monthly price was \$3.70, and the 2002 marketing year for all rice received was \$4.22 cwt," he specified. "We're at \$6.50 this November, a 76% increase in a year."

But if prices do soften and/or USDA's ending estimate holds, the projection is more like 1.522 million harvested acres for Arkansas, up from 1.454 million in 2003. That includes an estimated 200,000-acre medium grain crop, up 37,000 acres from 2003. The state has a residual demand for 200,000 acres of medium grain, and the market will pay a premium to move a little more acreage from high-yielding long grains. For the 2004 marketing year, he said cash prices for long grain and medium grain could run \$5.75 and \$6.75 cwt, respectively, plus LDPs.

"In this scenario, we're only projecting a 68,000-acre increase, or about 4.7% more," Coats said. "Given

the relative strength in soybean and cotton prices, growers might be less inclined to make a big increase in rice acreage if we see any softening in rice prices going into the spring."

CALIFORNIA: Acreage was down, partly due to wet, cold spring conditions. Also, some growers sold 2003 water allotments to major cities. Hot weather in July hurt yields. The conditions, which included 16 days of 100-degree weather, accelerated heading by 7-10 days, according to Christopher Geere with the University of California. There was more lodging than usual, probably due to elongated growth and weakened straw. "Yields were a little lower than average, but considering everything, growers were happy with what they did harvest." For 2004, he expects a 550,000-acre crop.

LOUISIANA: Louisiana's crop was down by 88,000 acres in 2003. The state's average yield was 6,100 lbs/acre, which was helped along by strong ratoon yields on about 99,000 acres. "I still think some growers are getting out," said Johnny Saichuk, Extension rice specialist. "But I'm also hearing about others taking on more land. People are somewhat optimistic, but there's a wait-and-see attitude working out there, too." For 2004, he expects about a 5% increase in plantings.

MISSISSIPPI: The state's acreage probably will hang steady around 245,000 acres, said Steve Martin with Mississippi State. But "what happens with prices between now and planting could have an influence." Strong soybean yields this year and the chance to lock in good prices on that crop could dampen some interest in planting more rice, he added.

MISSOURI: Acreage was down about 9% from 2002's 200,000-acre crop. But yields were decidedly up, said Don Beighly with Southeast Missouri State University. "We had fewer rice producers this year, but the producers we have are getting bigger," he said. "And more land is being taken to grade every year." Blast and sheath blight were bigger problems than usual. There were declines in milling quality in some varieties, as well. Command remained the primary early-season herbicide. Clincher and Regiment were the primary cleanup herbicides in 2003, with Calisto and Valor making a fit for hemp sesbania, he said.

TEXAS: Acreage in 2003 was off about 10% from 2002, continuing a trend toward smaller crops. For a

Rice Outlook Conference continued...

number of years, stronger yields have helped offset the acreage decline. But yields also were off in 2003, said David Anderson, Texas A&M economist. Hurricane Claudette mainly caused localized yield losses, but it happened to strike an area with some of the state's highest yielding farms. Early pests were a surprising problem. Anderson said he's getting mixed messages from growers and industry workers about planting intentions for 2004.

RESEARCH BRIEFS

WATER WEEVIL TRAP: Arkansas has developed a rice water weevil trap but has yet to find a partner to commercialize it. County agents have been evaluating the trap in growers' fields.

STRAW FOR FORAGE: In their effort to find alternatives to burning harvest residue, California researchers are turning to the dairy industry. They've shown that rice straw plus feed supplements can replace alfalfa in rations for non-lactating dairy cows. The straw has to be baled soon after harvest to maintain quality. Unfortunately, the results come at a time when the state has a surplus of alfalfa bales.

EARLY SEASON VARIETY: Louisiana breeders have developed a variety, not yet released, with the early-season maturity traits of Maybelle but yields comparable to Cocodrie. It should be in seed multiplication at Crowley in 2004. A Jasmine-type variety also is in the wings, and a number of Clearfield-type varieties are showing promise.

Bt RICE: Both Louisiana and Texas made presentations about Bt rice and its potential to control Mexican rice borers. In one Texas evaluation, Bt rice under heavy borer pressure cut 5,000 lbs/acre while a non-resistant variety in adjoining plots only yielded 300 lbs/acre, a 4,700 lb/acre difference.

PGRs IN RICE: Louisiana is evaluating plant growth regulators (PGRs) on two fronts: to reduce lodging and to suppress head formation in red rice.

NEW HYBRIDS: RiceTec will have two new hybrids, XP710 and XP712, in limited quantities in 2004. XP710 is an early maturing hybrid. Based on grower and University evaluations, RiceTec said that it will be the highest yielding hybrid on the market. XP712 is the first medium grain hybrid in the U.S. market. Compared to Bengal, it has produced higher yields, with slightly lower milling quality. An ad-

vanced experimental hybrid, XP716, has milling qualities similar to Bengal but with higher yield potential.

WIESENMEYER'S WASHINGTON

Jim Wiesenmeyer's political/policy/trade presentations have become one of the highlights of the conference. Wiesenmeyer, VP for policy and trade issues for Sparks Companies, touched on a wide range of topics this year and made a number of pointed observations. Among them:

1. Having two groups representing the rice industry in Washington could, in the long run, be a liability. "There may be reasons for it, but it does not give the right signal in Washington," said Wiesenmeyer, who's also Washington consultant for Pro Farmer. "There's a perception sometimes that groups need issues (to justify themselves). I'm not saying that's going on, but it could arise as a question." Essentially, policy makers are being forced to hear two different stories from rice groups rather than one clear message from a unified front.

When pushed to a vote, he added, Congress tends to side with processing and value-added approaches because these create jobs. "You can look at the reasons why a raw commodity or a finished commodity is not being bought, but you don't fight among yourselves." The main emphasis, he said, should be on rectifying policies that distort free trade.

2. Payment limitations are safe for the moment but with budget deficits, it's going to be a continual topic.

3. Food processing capacity is moving offshore as manufacturers and retailers look for lower-cost options. This has been prompted by competition from Wal-Mart, he said. Based on one projection, Wal-Mart could control 35% of U.S. food store sales by 2007, Wiesenmeyer reported.

That migration already has dealt a major blow to the U.S. textile industry, he said. "Wal-Mart's competitors are adopting a similar supply chain strategy and will take processing offshore, if necessary," Wiesenmeyer explained. "You need to be aware of this. There's still time to act and try to maintain as much processing capacity here as possible." *

Report compiled by Owen Taylor, Editor, Looking South Communications. For more information email agfax@bellsouth.net or subscribe to their publication at <http://agfax.com/subs>

From the Editor continued...

The economic stability and availability of water for Texas Gulf Coast rice agriculture is a complex issue that is being addressed by rice producers who are increasingly making greater use of water conserving measures. Some of these measures, such as laser leveling, have been available for some time and continue to be adopted. Other water conserving agricultural activities, such as the use of side-inlet systems and upstream river brush control, require additional research and educational efforts. Some technologies, such as the high-yielding water efficient rice plant type, would provide tremendous water savings advantages.

Texas rice production brings long-term economic and environmental stability to the Texas Gulf Coast. Industries and government agencies are increasingly looking at rice in a “new” light, one that includes a recognized environmental benefit. From economic infrastructure, to carbon emission credits, to water quality and wildlife conservation, Texas rice benefits the U.S. and the world in many ways.

In closing, I would like to extend my thanks to the Texas Rice Research Foundation for their continued support of *Texas Rice* newsletter, and to all the farmers who have provided feedback and suggestions to ensure our continued success.

Sincerely,



L.T. Wilson

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2003 Employee of the Year

Each year the Texas A&M Beaumont/Eagle Lake Center accepts nominations for an Employee of the Year. We are proud to announce this years recipient is Wendy Carrell.

Wendy has worked in the accounting and personnel office at the Beaumont Center since 1999. She is very conscientious about her job. All purchases have been timely and paper trails or follow-ups have been minimized. Best of all, Wendy accomplishes these tasks in an efficient and friendly manner, always ready with a smile. One of the nominations submitted included this comment, “Without someone like Wendy, everyone’s work would be less productive. By keeping things simple and taking the initiative to solve problems on her own, she reduces the time we spend on paperwork and allows us to focus on research.”

Wendy is the epitome of public service, both at the center and in the community. She is an active volunteer at her church and for the Hardin-Jefferson school district. She acquired her BBA in marketing at Lamar University in 1979. Wendy and her husband, Randy, have two children, Wes (20) and Tyler (17).

We are all very pleased to honor Wendy for her tremendous accomplishments and valuable contributions to the Beaumont Center. *



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