

**Testimony of  
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1997 Mississippi Rice Farmer of the Year  
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**Before the  
Senate Agriculture Committee  
Subcommittee on Production and Price Competitiveness  
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**Introduction**

Chairman Roberts, members of the Committee, good afternoon. My name is Bill Griffith, and I am a third generation rice, soybean and wheat farmer from Boliver County, Mississippi. I also currently serve as Chairman of the Rice Committee for the Mississippi Farm Bureau and am on the National Rice Committee for the American Farm Bureau. I am acutely aware of the local issues that currently are affecting farmers in my region, and I hope to relate to you these concerns as well as the concerns of my fellow rice producers from a national and international perspective.

I would like to thank all subcommittee members for their time and concern for agriculture. As each of you know, agriculture is in a very precarious situation. Low commodity prices brought about by declining world markets combined with a huge stockpile of stocks both in the U.S. and worldwide are the chief causes for our present predicament. This plus poor climatic conditions have recently necessitated large outlays of Federal funds and insurance claims. At a time when the rest of the economy is performing at historically high levels, agriculture, at all levels, is left searching for ways to simply survive. Even though agriculture is the backbone of our nation, both domestically and internationally, we as a nation are left struggling with how to correct the current situation. As our leaders, we appreciate that you will listen to many ideas from across the nation; and we put our faith in you to identify the best of these and other strategies, and to implement these strategies to the benefit of agriculture.

Agriculture is a multi-faceted enterprise, which encompasses many layers of American society. More than anything, the people of agriculture are hardworking, cost conscious, enterprising individuals. We are not looking for a hand out. We would like a hand up.

Low prices that have plagued the rice industry for the past few years have become a world-wide phenomenon. I have always heard that when the going gets tough, the tough get going. In spite of growing resistance from non-farm interests, we truly appreciate that Congress has acted to support farm income, and we hope that you will continue to do so. We in the rice industry,

however, feel that there are other tools already at our disposal that are not fully being deployed. We want to be proactive in suggesting that all stops be pulled in making more of our product available and more attractive to overseas buyers. An in-depth review of all sales, credit and food aid programs is needed to determine what more can be done, or what mechanisms can be revived, to boost agriculture exports.

### **Federal Export Programs Must Assist All Forms of Commodities**

We need to continue to open export markets if U.S. rice producers are to survive. Almost half of the U.S. rice crop must be exported each year if the industry is to remain profitable. Our share of world trade must be increased to previous levels. Excess rice stocks are increasing, further driving down domestic prices. Rather than control output to control these stocks with the faint hopes of reviving prices, let's look today at other more proactive means to remedy our tough situation.

The future of our industry over the short and the long term will be determined in large part by our government's export policies and programs. I would like to share with you good and bad examples of the type of export program design your committee should encourage or avoid as you consider agriculture legislation or budget appropriations in the months ahead.

### **Export Credit Guarantees Are an Effective, "Form-Blind" Export Success**

One important USDA program that we need not tamper with is the GSM Export Credit Guarantee Program. In recent years this program to finance commercial commodity exports has been very successful in opening and maintaining export markets. This type program continues to provide overseas buyers, especially those that face exorbitant interest rates at home, greatly encourage them to buy U.S. products on commercial terms. The U.S. rice industry in particular has greatly benefited from this program.

I would also commend to your committee the commodity "form-blind" design of the GSM programs. Unlike a number of export programs I will address later in my testimony, the GSM program provides credit guarantees to exporters of agricultural commodities regardless of the form which these commodities take. In the case of rice, for example, shipments of rough (unmilled), brown (partially milled), and white (milled) rice are all equally eligible for GSM credit guarantees without question. This assures that the buyers of U.S. rice – our customers – receive the commodity in the form that they desire. As I will detail below, this "form-blind" policy is one that is prevalent for **every major commodity *except rice*** in a number of other Department of Agriculture food aid and export programs. This nondiscriminatory treatment should also be applied to rice exports on the same basis as it is with other commodities.

In addition to supporting the continued aggressive use of the basic GSM export credit guarantee programs, we also support the creative use of the Supplier Credit and Facilities Credit Programs.

### **Quality Samples Program – An Innovative Success Story**

In looking for solutions for our current dilemma my business philosophy is look at those who are doing it successfully and try to follow their good example. My fellow producers in Missouri have a promising new export project at the producer level that is nearing completion. Last year they raised a sizeable crop of “baldo” rice, a variety of rice new to the U.S. These farmers have marketed this crop directly to a foreign importer with assistance from an innovative new Federal program: the Quality Samples Program.

These farmers decided to develop, grow, and market this rice understanding that if the venture failed they would be responsible for their own losses. They also realized that there would be a sizable learning curve to marketing their own crop internationally. I understand that they are nearing completion of this project, and hope to have it shipped out in the next three weeks.

To encourage overseas buyers to try this new variety, USDA provided the Missouri producers with funding under the Quality Samples Program. This innovative program allowed them to ship a sample of this new rice to a foreign buyer for testing it in the market. As a result, the overseas firm that will receive this sample product has already agreed to buy more rice in the coming year and will use another USDA-sponsored program to promote it. This program also encouraged the importer to spend a sizable of its own money to advertise its own brand of this product with a product label that will clearly identify it as a "Product of Missouri".

The Quality Samples Program is a good example of an ingenious new program that helps farmers market their crop directly to foreign buyers. It is the type of successful program that the Congress and the USDA should continue to support.

### **More Brand-Advertising Programs Are Needed**

A few years back most commodity groups were forced to drop most of the brand-advertising programs that the previously mentioned foreign importer of Missouri rice is willing to use. Critics claimed that too many corporate giants were unjustifiably using branded promotions at the expense of smaller firms. Most cooperators, like those that support the U.S. rice producer, were advised to drop this program rather than face charges of supporting "corporate welfare". There were many good smaller firms that were also using brand advertising whose programs also got cancelled. Now that's a prime example of throwing the baby out with the bath water. USDA should not be fearful of making this program available to all commodity groups just because a few were perceived of misusing it or because someone objected to the way it was previously administered. Nor should we stop using a marketing program that has historically opened markets for U.S. rice producers in Europe, Mexico and Turkey, to name a few.

### **Traditional USDA Food Aid and Export Programs Need Producer-Friendly Improvement**

There are many other USDA programs designed to increase exports of US farm commodities that we should not overlook in our quest to improve the health of our farmers. Unfortunately, many

of these programs are older, hidebound programs that put the interests of exporters before the interests of actual farmers.

The Rice Producers Association continues to work with USDA to encourage it to provide our export buyers with the form of rice that best suits their needs. Despite these efforts, rice is the only remaining major farm commodity that our government routinely fails to offer or make available to potential customers in its unprocessed form. As a result, USDA's management of P.L. 480 and other food aid programs continue to discriminate unfairly against rice producers.

Mr. Chairman, as an operator of a diversified farming operation, I am pleased that buyers under the P.L. 480 program can buy the soybeans grown on my farm in a variety of forms of their choosing. They may purchase soybeans, soybean meal, or soybean oil, based on their needs. The same philosophy of "the customer is right" also applies to wheat, corn, and other commodities under the program. Only rice is singled out administratively as a commodity for which purchases of the raw commodity are officially discouraged, if not prohibited altogether.

Approximately 30 percent of our recent rice exports have been in the form of rough rice. The administrative policy excluding rough rice from our food aid programs effectively shuts the U.S. rice farmer alone off from the use of these important programs for developing this large portion of the world market. This policy unfairly discriminates against rice producers. We ask that this committee clarify this policy at the earliest opportunity.

Rice producers believe that there are export markets and customers willing to pay for U.S. rough rice as a substitute for foreign brown and milled rice. If other such opportunities are found for rough rice, are we to assume that there will be restrictions on programming rough rice for these? We understand U.S. milling interests being opposed to shipping non-milled rice abroad. We faced the same opposition when we first started selling rough rice into Mexico almost a decade ago. Today Mexico is our largest long grain market and rough rice now accounts for 30 percent of our sales. Where would our farmers be today had we not been successful in opening commercial markets for rough rice? What's wrong with using P.L.-480 to find others for rough rice to help farmers help themselves?

### **All Forms of Rice Should be Considered in International Trade Negotiations**

We are hopeful that U.S negotiators will consider rough rice when discussing policy issues with the European Union and others at the upcoming WTO meetings. Rough rice was basically left off the agenda at the Uruguay Round negotiations. As a result, many of our European customers complained that they could not import this form of rice due to proportionally higher tariff rates charged for rough rice versus other forms. Rice producers now have a group that will give us a voice in such policy matters, the U S Rice Producers Association. We are pleased to hear that USDA has been active in consulting with our producer trade association, and we look forward to a more equitable policy being created in the future for all in our industry. As in the case of P.L.-480, we just want our customers to have the opportunity to buy whatever form of rice that they desire.

## Unilateral Sanctions Hurt U.S. Farmers

More than anything, we would like to see our farm and export programs work to raise farm income. Other countries subsidize *their* farmers tremendously, while our own government imposes a number of real or de facto sanctions against some of our potentially best export customers. How can we have free trade when we maintain such restrictions against these countries?

Cuba is a prime example. There have been sanctions against Cuba for almost 40 years, with little apparent effect. Prior to the imposition of the embargo, Cuba accounted for more than 50 percent of U.S. rice exports. Today, Castro is still in power, Cuba is still communist, and the Cuban citizenry consumes 400,000 tons of imported rice, all of which is produced by our competitors.

We applaud the many Members of the Senate and the House who have shown the courage to support the reform of our unilateral sanctions policy, especially the lifting of the Cuban embargo. This legislation needs to be enacted as soon as possible, and it needs to be enacted in a form that offers significant export opportunities for U.S. rice farmers to sell rice to Cuba and other sanctioned countries. This would be the greatest single action that Congress can take this year to raise prices and export opportunities for U.S. rice farmers.

### Conclusion

In summary, I wish to state that we already have the tools for expanding overseas sales and giving farmers a hand up in remedying their current plight. These include the aggressive use of "form-blind" export programs such as the GSM export credit guarantee programs, as well as the expanded use of sales programs that encourage overseas buyers to buy from the U.S., like the Quality Samples Program or any brand-advertising activities.

When considering food aid programs, we urge this committee to allow the U.S. rice industry to break with 45 years of tradition and allow all forms of rice to be programmed. Just treat us like other commodities. As seen already with commercial sales, this may be the best or only means to re-capture markets or discover new customers abroad.

We thank you for seeing the need to help us with these issues, and we are grateful for your time and concern.

I would be pleased to answer any questions that you may have.