

# California Rice Research Board

**Issue #33, Fall 2015**

form the research needed by the industry. Instead of having to scale back research, the RRB is advancing the research requested by the industry.

## Continuation Ballot

Early in the year rice growers were asked to vote on continuing the Rice Research Board. This review occurs every five years to give the industry an opportunity to consider if the Board is doing the task assigned to it. Ballots were sent out and counted by CDFA. The results were that of the 613 ballots cast, 97.55% of them were in favor of continuing the program of research for the industry. Because of this, CDFA has authorized the Program to operate for another five years. Thus, your research will continue, guided by members of the rice industry.

## Assessment Increase

At their August meeting, the RRB Board of Directors elected to increase the assessment rate to eight cents per hundredweight. The reasons are clear to all of you in the industry: drastically reduced acreage, and thus, a considerably smaller crop.

If we look at the budget overview, you can see that the Board has estimated a 2015 crop size of 340,000 acres with an average yield of 8200 lbs per acre. Even with the increased assessment rate, that provides only \$2.23 million of research income. Our current research expenditures total \$3.26 million.

**Bruce Linquist**

## 2015-16 RRB Budget Summary

	<i>General Fund</i>	<i>Reserve Fund</i>	<i>Totals</i>
<b>Carryover</b>	<b>-799,000</b>	<b>7,840,000</b>	<b>7,041,000</b>
<b>Income</b>	<b>2,255,400</b>	<b>1,820,000</b>	<b>4,075,400</b>
<b>Total Income</b>	<b>1,456,400</b>	<b>9,660,000</b>	<b>11,116,400</b>
<b>Operating Exp.</b>	<b>238,650</b>		<b>238,650</b>
<b>Research Exp.</b>	<b>1,511,197</b>	<b>2,500,000</b>	<b>4,011,197</b>
<b>CDFA/Audits</b>	<b>60,000</b>		<b>60,000</b>
<b>Total Expense</b>	<b>1,809,847</b>	<b>2,500,000</b>	<b>4,309,847</b>
<b>Unallocated</b>	<b>-353,447</b>	<b>7,160,000</b>	<b>6,806,553</b>

The great news is that the funds from the Colombia TRQ are helping to make up the difference. The timing of these funds is truly fantastic. During the acreage pullback due to limited water availability, these funds are bridging the gap so that the RRB can continue to per-

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## Colombia Funds

In 2012 the US rice industry became a participant in a trade relationship with Colombia. As with other trade relationships, the objective is to reduce tariffs so that free trade might occur. A tariff-rate quota (TRQ) is a trade policy tool used to protect a domestically produced commodity product from competitive imports.

A TRQ combines two policy instruments that nations historically have used to restrict such imports: quotas (a limit on the quantity of a good that can be produced abroad and sold domestically) and tariffs (a tax imposed on imports).

Importers can bid for certificates that allow them to import rice to Colombia duty free. Therefore, the total cost is the cost of the rice plus the cost of the certificate. In 2012 this started with 79,000 MT up for auction. This duty-free amount will increase to nearly 167,000 MT by 2029; thereafter, there will be no limit and no tariff. Any imports over this quota will pay a tariff of 80% to the government of Colombia. That tariff rate will begin to steadily decrease in 2018 and cease in 2030. Money generated by this process is divided between the US and Colombia rice industries.

In the US, the funds go to the six rice producing state's research programs. Money is divided by a moving, three-year average of production. California has been receiving around 20% plus/minus a few points.

Over the last three years these funds have been a great benefit. Shown below is an accounting of the monies received. These funds have been used in the following ways:

1) A fund has been established with the Rice Research Trust. This fund will be invested with other funds of the RRT and traditionally returns about 6-7%. The returns will be used to lower the amount requested from the RRB to fund research at the Rice Experiment Station. To date, \$2,000,000 has been committed to this purpose.

2) Because of the drought, \$2,000,000 will be used to support the research efforts of the RRB for the 2015-16 year.

3) Funded a UCCE matching grant for creating an endowment supporting the rice Cooperative Extension advisors.

## UCCE Matching Funds

An opportunity has been presented by University of California President Janet Napolitano, provides matching funds for endowments. Your Board of Directors determined that getting two dollars of endowment for one dollar of investment was a good deal, so they voted to participate. They budgeted \$500,000 for an endowment supporting the UCCE advisors and specialists. UC President Napolitano will contribute a matching \$500,000 to the endowment for a total

of \$1 million dollars.

The Board is working on language to establish a "chair" for the endowment. The endowed chair will be a position that lasts for five years at a time and focuses on rice research. Language is still being refined, but the intent is to limit those who would hold the chair to UCCE advisors and specialists working in rice. The chair holder can allocate applicable research funds to support the collaborative research efforts in which they are engaged.

The endowment would accomplish several things. First it would provide funds to the chair holder annually from interest produced by the investment. These funds are typically used to support the research and service responsibilities of a UCCE specialist or advisor. This might mean hiring graduate students, purchasing materials/equipment for research or publishing farmer guides. Secondly, the endowment would make the rice advisor and specialist positions more attractive when a position is being filled, since this evidences clear industry support.

## Yuba/Sutter Rice Advisor

During October interviews for a replacement for Chris Greer were conducted. There were six candidates, and in my opinion, several of them could be good replacements for the position. The interviews were conducted by UC personnel and industry representatives.

The process of making the final selection is proceeding. Once the committee has decided on a candidate, an offer will be extended. If they come to an agreement on the offer, the position could be filled next year.

Thank you to all the industry members who have voiced their support of the Rice Advisor position and supported getting the position filled quickly. Hopefully we will have a new face talking with growers during 2016.



Colombia TRQ Funds					
<i>Year</i>	<i>Auction 1</i>	<i>Auction 2</i>	<i>Auction 3</i>	<i>Totals</i>	<i>Exp.</i>
<b>2013</b>	<b>691,226</b>		<b>1,104,296</b>	<b>1,795,523</b>	<b>0</b>
<b>2014</b>	<b>316,406</b>	<b>1,247,171</b>	<b>298,021</b>	<b>1,861,597</b>	<b>0</b>
<b>2015</b>	<b>503,090</b>	<b>2,860,297</b>	<b>474,840</b>	<b>3,838,227</b>	<b>2,000,000</b>
<b>2016</b>					<b>2,500,000</b>
<b>Grand Totals</b>				<b>7495347</b>	<b>4500000</b>