



Crop Protection Materials update

This year has been another very active time for crop protection materials – both maintaining the use of current pesticides as well as continuing the search for new materials with different modes of action. Here are some highlights from this very busy year.

Thiobencarb – the CRC manages the Rice Pesticides Program, which allows for the continual use of Bolero/Abolish (thiobencarb). We monitor thiobencarb levels in the drains and the Sacramento River during the use season, and manage all aspects of the program. Our program oversight ensures industry compliance with the management practices approved by the Regional Water Board. These management practices include mandatory stewardship meetings and funding to the county agricultural commissioners for off duty inspections. Coordination with the Department of

Pesticide Regulation (DPR) involves management practices in the form of permit conditions for water holds and buffer zones.

Propanil – we have been extremely involved with this herbicide for the past decade. Our involvement with the U.S. Environmental Protection Agency (U.S. EPA) reevaluation kept rice growers from experiencing rate reductions, acreage caps and closed cabs. The CRC was a viable resource in convincing the U.S. EPA that California needs to maintain a dry formulation. Unfortunately the CRC has no control over the data review resulting with the closed mix/load requirements. We worked closely with the U.S. EPA, Department of Pesticide Regulation and the registrants to maintain the dry formulations this past use season. The CRC continues to express the need for a workable closed delivery system in 2014.

Belay – is the neonicotinoid insecticide clothianidin – a pyrethroid alternative for Rice Water Weevil and seed midge. The CRC actively supported the registration for California rice. We helped navigate through difficult public perception, and addressed the regulatory concerns for this class of chemistry. The CRC will work with the registrant and the DPR to address any additional stewardship for bee protection as this product enters the market in 2014.

Butte – the herbicide benzobicyclon is seen as the most promising new tool in weed control for California rice production. We are working closely with the registrant to streamline the registration process in bringing this new chemistry into the California market. The CRC is an integral part of the registrant's team by contributing expertise in pesticide registration. We are working to make the case for the use of this rice herbicide as soon as possible.



Irrigated Lands Regulatory Program update

As we transition to new regulation mandated by the Regional Water Board, the CRC continues to lead the way with one goal in mind – rational regulation and reasonable costs. The CRC has been working the past six years to ensure the most reliable cost effective water quality regulations specific to rice. The Waste Discharge Requirement (WDR) will cover surface and groundwater requirements for rice irrigation discharge. We anticipate implementation of the WDR in 2015.

The CRC will maintain our status as a commodity specific coalition for rice grown in the Sacramento River Basin. Rice growers will be automatically enrolled with all fees covered by the CRC along with management of the monitoring and reporting requirements for the industry. The WDR will require additional reporting at the grower level, so we are working to develop tools that will help rice growers fill out the mandatory reports.

Our approach is to make the WDR as specific to rice as possible. We have evaluated existing groundwater data in order to present a program very representative of rice farming practices



– similar to the justification for the five monitoring sites we use for the Rice Pesticide Program. Our program proposes less than ten monitoring wells. The regulators have proposed over 30.

We will coordinate with the Sacramento Valley Water Quality Coalition (SVWQC) in outreach to the cities taking drinking water from the Sacramento River. Our particular focus will be on their proposal to add more requirements to the WDRs for the CRC and the SVWQC. The Regional Water Board staff and their Board members view the CRC as a reliable resource for information on

rice farming practices. We continue to provide science-based arguments that support our targeted and highly effective approach to water quality monitoring.

We have assembled the best team in water quality to assist on your behalf. Our team includes CH2M Hill, a rice agronomist and Tess Denham, a water quality attorney from Somach, Simmons & Dunn. No other water quality coalition has a team with the knowledge, expertise and commitment to its members. We provide this level of expertise at the lowest cost of any coalition regulated under the current Irrigated Lands Regulatory Program and the pending WDR.



With the CRC in a position of strength, the Farm Bill inches close to completion

By The Russell Group, a Washington, D.C. government affairs firm specializing in food, agriculture and trade issues.

A new Farm Bill, which at moments over the last three years has appeared eternally elusive, appears now to be poised for its final act meaning completion of a new set of farm program policies before the new year. The California Rice Commission heads into these final negotiations from a position of strength. By working constructively with members of the House of Representatives and Senate, the CRC is striving to ensure newly crafted farm and risk management programs reflect the attributes of rice production and marketing that are distinctly Californian.

As part of that ongoing effort the Federal Agriculture Reform and Risk Management Act, known more simply as the House-passed version of the Farm Bill, includes regional pricing provisions for California that will offer stronger risk management opportunities in the new commodity title as well as in the development of crop insurance coverage above catastrophic protection levels that have long been sought out by the U.S. rice industry. Our aim now is to make certain these provisions endure through a series of negotiations between select members of the House and Senate appointed to reconcile differences between the House and Senate versions of the Farm Bill.

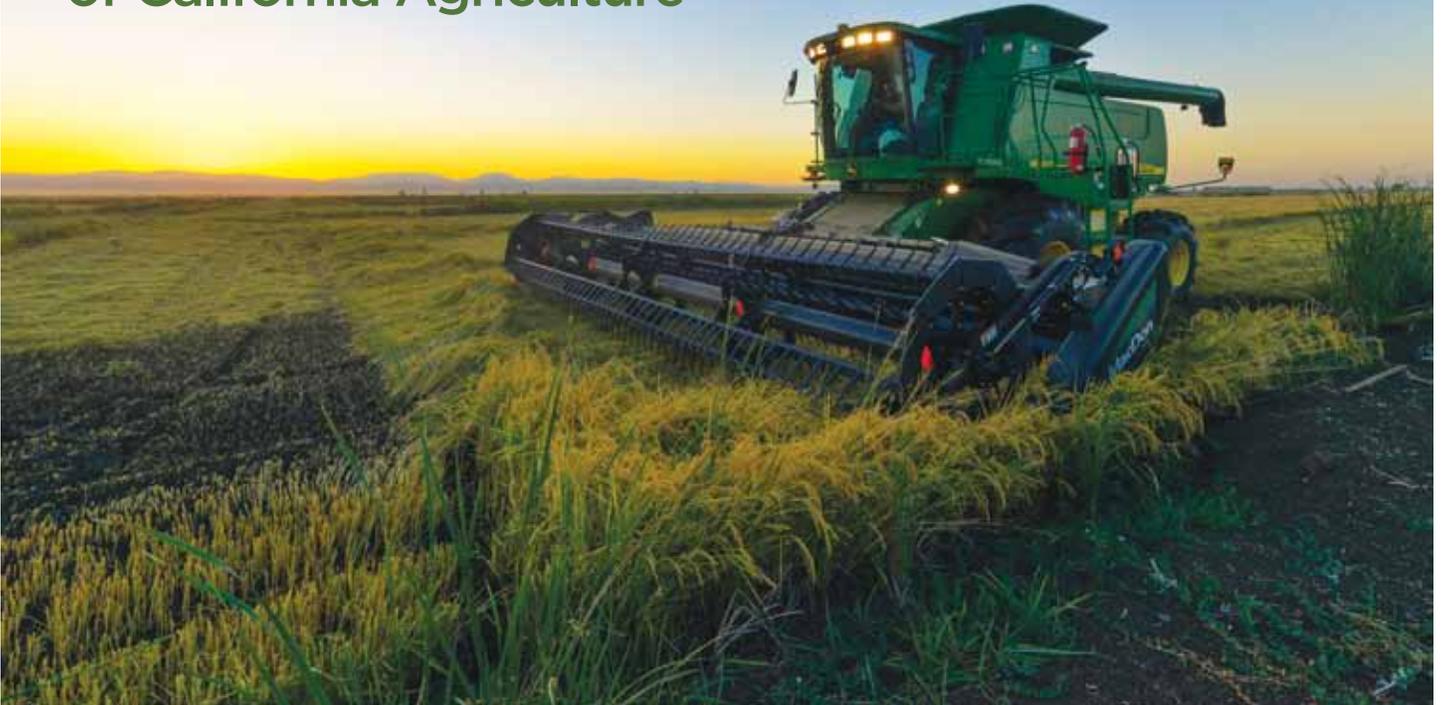
These critical negotiations will soon be underway following the selection of House members by Speaker John Boehner to negotiate a Farm Bill conference report that must pass both legislative bodies before the signature of President Obama puts the new law into motion. Finding common ground between the two legislative bodies is

always a struggle and against a backdrop of a government shutdown and continuous fights over funding levels and mounting debt this farm bill, more than any other, faces the stiffest political headwinds. But with the commitment of Senate Majority Leader Harry Reid and Speaker Boehner to complete a Farm Bill this year, the chance to finalize a new farm law has never been greater.

The structure of crop insurance, the ability of farmers to choose either price loss coverage or revenue coverage, and the size of food stamp (SNAP) reforms stand out as the highest hurdles yet to clear. In the case of crop insurance and whether farmers have the option to choose between two types of loss coverage, agreement will be hard fought but achievable. The hardest barrier will be SNAP cuts.

Here in Washington, the prevailing issues of the day always come down to disagreements over money and, in the case of SNAP, the gulf between the Senate Farm Bill and the House version is nearly \$35 billion over the next decade. If the two sides find common ground, the 2013 Farm Bill will finally reach the finish line.

Farm Equipment Regulation: positive outcome for much of California Agriculture



Earlier this year, we reported that the Air Resources Board (ARB) was considering an approach that would have the upcoming Farm Equipment Rule apply only in the San Joaquin Valley (SJV) air basin. This approach was based upon initial air quality assessments indicating that the SJV air basin was the only one where reductions from this type of rule were actually needed in order to attain regional clean air objectives.

While we recognized the benefits of this “regionalized” approach to this rule for the vast majority of rice growers who are located in the Sacramento Valley, we were also cognizant of the fact that some of our fellow rice growers and countless other SJV farmers would feel full impact of this regulatory action. Therefore, we chose a two-pronged strategy. First, we strongly promoted this regionalized proposal based upon the significant

regulatory relief it offered to statewide agriculture outside of the SJV. We also vigorously supported Legislative efforts to direct significant levels of incentive funding to our fellow SJV farmers to help ease the blow. This also has the effect of concentrating these limited state funds into the very SJV counties where significant reductions are required to meet clean air standards. These resources can also help make an incentives-based program in the SJV a viable regulatory option.

Consistent with our strategy, the CRC solidly backed Legislative efforts to reauthorize the Carl Moyer Program and extend critical funding for cleaner engines in the SJV and other areas. This included being one of only two agricultural organizations to fund a special public outreach campaign designed to shore up much needed support for the Legislation. Ultimately, the key authorizing legislation (AB 8

by Perea, D-Fresno) passed by a razor-thin margin with the last deciding Republican vote coming in largely as a result of strong arguments provided by the CRC. The Governor signed AB 8 on September 8, 2013.

We will continue looking for ways to support statewide agriculture as we manage this ongoing pressure to address emissions from farm equipment. However, the threat of direct regulation of this equipment in the Sacramento Valley appears to be deferred for at least ten years. In addition, we expect a significant amount of attrition of older equipment during this period as new cleaner-burning equipment is introduced into the fleet. This will be helpful for the next round of dialogue regarding rice farming equipment regulations.

CRC continues GM Testing to support the market

While six years have passed since Liberty Link traits were found in long grain rice, such testing continues to be important to export and domestic markets alike. In support of our markets, the CRC annually tests both seed and the crop produced from that seed.

Each winter letters are sent to every seed dealer in the state and samples of each seed lot sent to the California Crop Improvement Association. These samples are then catalogued and a portion of each sent to OMIC for testing. Seed dealers then receive the

test results, which they make available to their growers. The testing results are also posted online.

As the crop is harvested and graded, samples are drawn by CalAgri, which grades the entirety of California's rice crop. Each week for eight weeks samples from all rice graded are sent to OMIC for testing for Liberty Link traits. Results from these tests are made available to handlers, growers and our customers.

"It's important to our customers that we continue testing," commented CRC

President and CEO Tim Johnson. "We are glad to provide this service to marketers and growers alike."

The CRC has been providing testing of seed and the crop produced from that seed since the issue arose in 2007. Combined with the industry-led oversight from the California Rice Certification Committee, the industry has a comprehensive story to tell regarding the research and production of GM and other rice of commercial impact.

Workshops will outline Health Care Reform

In an effort to keep our industry up to speed on Health Care Reform, the CRC has arranged to work with Western Growers to participate in upcoming workshops. Led by Attorney Jonathan Alexander, an expert on PPACA – particularly as it pertains to agriculture – this workshop will be highly informative and interactive.

Please join us for a workshop in your area.

Questions that will be addressed include:

- How much is it going to cost?
- How do I calculate FTEs?
- Am I a small or large group?
- What if my employees don't want coverage?
- What are the penalties?
- What do I have to do and when do I have to do it?

Also in attendance will be Western Growers specialists in Crop and Property and Casualty Insurance.

Please attend one of the following workshops:

Wednesday, November 6, 2013

9:00 a.m. – 10:30 a.m.

UC Agricultural Extension Service
(Norton Hall)
70 Cottonwood Street
Woodland, CA 95695

Wednesday, November 6, 2013

3:30 p.m. – 5:00 p.m.

Colusa Indian Community Council
Community Building
3730 Highway 45
Colusa, CA 95932

Thursday, November 7, 2013

9:00 a.m. – 10:30 a.m.

Manzanita Place/Elks Lodge 1705
Manzanita Avenue
Chico, CA 95926

Thursday, November 7, 2013

3:30 p.m. – 5:00 p.m.

Rolling Hills Casino
2655 Everett Freeman Way
Corning, CA 96021

To register: <http://www.wginsuranceservices.com/HCRNorCal>.

California Rice shines at Farm to Fork Festival

A major goal of our Public Education efforts involves informing those in the Capitol region about the valuable contributions made by California Rice. A great opportunity arose following Sacramento Mayor Kevin Johnson's declaration of Sacramento as America's Farm to Fork Capital, providing the impetus for a weeklong series of events celebrating our local farms and ranches.

The CRC participated in a series of planning sessions to ensure a strong presence during the September 28 festival downtown. Thousands of attendees visited the California Rice Booth, which we shared with the Sacramento Area Council of Governments. Our entire staff took turns staffing the booth, answering a host of questions of how rice is grown and milled, why the

Sacramento Valley is an ideal location for rice and the value of our industry to the region. The booth included brown, white and rough rice, a 'bouquet' of mature Calrose on the panicles, a host of literature with emphasis on wildlife benefits and cuisine and a 40-inch monitor providing newly-shot high-definition video of this season's rice harvest from Yuba County.

With expertise from chefs Billy Ngo and Josh Todd from Kru Restaurant, we provided a sushi demonstration on Capitol Mall. CRC President & CEO Tim Johnson emceed along with Fox 40 News Anchor Bethany Crouch, providing insight into the California rice connection with sushi.

We received excellent media coverage from the event, including eight clips on Fox 40, News 10 and Channel 13, reaching more than 285,000 viewers with an estimated publicity value of more than \$41,000. Additionally, Tim Johnson's guest editorial in the Sacramento Bee on the longstanding importance of agriculture to our regional economy reached more than 200,000 readers. The article can be viewed online at the following link: <http://www.sacbee.com/2013/09/26/5768733/viewpoints-agriculture-is-not.html>.

We are continuing to work on several fronts to ensure that the value of California rice is well understood by regional leaders.



Keeping up the pressure on trade

As the WTO trade agreement approaches its 20-year anniversary, much effort to maintain that trade continues. In addition, our industry is focused on the Trans Pacific Partnership and its expanded trade opportunities.

Current non-tariff barriers we are addressing include implementation of grading standards in South Korea that make shipping rice into that market risky. In Taiwan, we continue to struggle with price ceilings, which delay tender awards and disrupt the market. To address these challenges, we worked with the USA Rice Federation to send USDA inspectors to South Korea to provide the opportunity for peer-to-peer discussions on differences in grading methodology. In Taiwan, we maintain regular dialogue with our elected representatives in Washington, D.C. who have been extremely helpful on numerous occasions to remind Taiwan of its trade commitments.

After the exclusion of rice in the Korea US Free Trade Agreement, the Trans Pacific Partnership (TPP) offers the most significant opportunity at expanded markets for California rice since the mid-1990s. Our focus has been to ensure that rice is not left out of the negotiations, as occurred in the Korean agreement. To that end, we have been working closely with USA Rice as the US Trade Representative participates in the negotiations. In addition, we continue to field media requests from dozens of television and newspapers that want to know what the California rice industry seeks out of TPP.

In China, we are working with USA Rice on the latest version of their phytosanitary protocol for rice, seeking to dial back their unnecessary inspections and pest control programs.



California Rice is the largest export out of the Port of West Sacramento.

Trade is one of areas the CRC always ranks as high value in our relationship with USA Rice. Presenting a unified voice on trade policy, swift response to non-tariff trade barriers and clear goals on new trade agreements, increase

our opportunity for success greatly. By providing industry input, coordinating our Congressional delegation and responding with one voice to media inquiries, the CRC is able to help ensure we are well positioned on trade.

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Arsenic update

In early September, the CRC hosted FDA Commissioner Hamburg, numerous FDA staff including Deputy Commissioner Taylor and USDA rice scientists on a tour of the California rice industry. In addition, USA Rice Federation President Betsy Ward was able to join.

Having toured southern rice production twice, FDA officials were familiar with production systems in the mid-south. They were far less acquainted with japonica production in a Mediterranean climate.

The tour began at the Rice Experiment Station with a presentation on California rice production. The group then toured the targeted arsenic research plots variety yield trials.

Discussions then shifted to sources of arsenic in California rice fields and potential ways they might be mitigated. Experts addressing FDA and USDA's questions included Kent McKenzie, Bruce Lindquist and Chris Greer. Also joining the discussion were Luis Espino and Cass Mutters. They provided outstanding science-based responses to the many questions raised.

During the discussion that extended into lunch, we made it clear that yield impacts and weed pressure were primary concerns when water was drawn down for extended periods of time. We were also able to provide information on the unique soils where rice is produced and the inability to move production to other regions in the Sacramento Valley or the state.

The CRC portion of the tour concluded at Lyle Job's farm where the Administrator got first hand information on the cost of production and a primer on harvest from the inside of a combine.

The message from the FDA was clear – the science on arsenic in the diet is unclear and FDA will continue to work to understand its long-term affect, if any. Equally, it was very apparent that ongoing, well-coordinated industry sponsored research on which practices work and also which do not would be critical as the FDA continues its regulatory process.