Rice growers seek markets to sub for Iraq

By DICK WRIGHT
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Louisiana rice farmer Leonard Hensgens went to see Secretary of Agriculture Clayton Yeutter in Washington this past week and came back one suitcase lighter.

Hensgens and other rice industry officials went to see Yeutter about the sudden loss of Iraq as a major buyer of southern U.S. rice, and how to take up the slack. One solution is to look for other markets, he said.

“I gave Secretary Yeutter a suitcase of rice Tuesday morning for his trip over to Japan to negotiate,” Hensgens said.

The suitcase contained rice samples. Japan will be the target of a new sales push for purchases of American rice.

At the same time, the American industry is pursuing European markets, such as Hungary, as well as potential markets in West Africa, he said. The United States also is trying to sell rice to Russia and Brazil, he said.
Hensgens is a member of the board of the Rice Council, an organization that promotes the interests of American rice growers. He himself manages about 1,000 acres of Louisiana rice.

By coincidence, the Rice Council's "World Market Review" newsletter came out this past week with a picture of Hensgens and an Arkansas rice farmer talking with Iraq's ambassador to the United States. The headline on the article said, "Council continues promotional work in Iraq."

Printing occurred before Iraq overran neighboring oil country Kuwait and President Bush imposed a trade embargo on Iraq and called for other nations to follow suit.

Though commodity trading with Iraq had been suspended for some time already due to an investigation of the Atlanta branch of the Italian bank, Banca Nazionale del Lavoro, which handles some of the commodity financing, Iraq is considered a prime customer for U.S. rice.

Furthermore, of special interest to Hensgens and his fellow Louisiana rice farmers, Iraq preferred high quality long grain rice, much of which is grown in Louisiana, Arkansas, Texas and Mississippi. Various reports say Iraq bought 20 to 25 percent of the rice exported from the United States. The Rice Council newsletter reported Iraq was a market for about 500,000 metric tons of U.S. rice, valued at $200 million.

The trade embargo also knocked $1 off the price a farmer receives for 100 pounds of rice, Hensgens said. The price for rough rice — before it is milled — dropped from $8 a hundredweight to about $7 after the embargo, he said. Last year, the price was about $9 a hundredweight, Hensgens said.

Neither Hensgens nor Rice Council executive vice president Bill Goldsmith could say at this time what the future holds for trade with Iraq.

Hensgens thinks the trade relationship can be re-established after the present crisis is over. He said that while he didn't care for Iraqi leader Saddam Hussein, he has great respect for Iraq's business people.

Goldsmith said the banking investigation had already brought agricultural trade with Iraq to a halt. "Now, with the present developments and the president's actions, that just basically assures there won't be any sales till a lot of things change in the world," said Goldsmith.

Iraq was the largest single overseas customer of American rice, he said.

The country can't depend on other sources of food, such as rice, because of the trade boycott imposed by the United Nations earlier this week.

Goldsmith said there are potential markets the American rice industry can work on and develop. "It's a matter of how quickly we can do it and with what degree of success we can do it," he said.

Hensgens said he expected the secretary of agriculture to put pressure on Japan to buy more American rice, perhaps making the issue part of international trade talks.

Louisiana farmers were expected to grow about 500,000 acres of rice this year, slightly more than in 1989. Hensgens said Louisiana farmers raise long-grain and medium-grain rice.