Statement Before
Panel on 21st Century Freight Transportation
Committee on Transportation and Infrastructure
U.S. House of Representatives
By
Bill J. Reed
Vice President, Public Affairs
Riceland Foods, Inc.
October 1, 2013

Thank you, Mr. Chairman. I am Bill Reed, vice president for public affairs of Riceland Foods, a cooperative of family farmers, headquartered in Stuttgart, Arkansas.

I appreciate this opportunity to appear before this Panel on 21st Century Freight Transportation to offer some of our perspectives related to our nation's freight transportation system.

To put my remarks into context, U.S. rice is produced in three primary areas—California, the Texas-Louisiana Gulf Coast and the Mid-South which includes Eastern Arkansas, the Missouri Boot Heel, Northeast Louisiana and Northwest Mississippi.

About half of the nation's rice crop is produced in the Mid-South. On average, Mid-South farmers plant about 1.5 million acres to rice each year and produce around 240 million bushels, or 10.8 billion pounds, of rough rice with the hull intact.

Rice farming came to the region in the early 1900s. After struggling to find a viable market for their crop, a group of farmers met in Stuttgart, Arkansas, in 1921. They decided to form a cooperative to market the rice they produced. Today, Riceland farmer-members number about 6,000 and account for about half of the rice produced in the Mid-South.

Each fall, Riceland members harvest their crops and deliver them to local grain elevators. There the crops are dried and stored until transported to processing facilities.

Riceland is the largest miller and marketer of rice. Our farmers also produce soybeans, and many grow corn and winter wheat which are marketed by the cooperative. In total, we market annually 100 to 125 million bushels of grain.

Our rice products are sold across the country in retail, foodservice, and club stores. Rice ingredient products are marketed to many of the nation's blue-chip food companies.

Exports are an important part of the total business. We normally export a quarter to a third of our total rice marketings to some 50 foreign destinations.

As a direct exporter of rice, we sell to buyers in importing countries. Our staff is well schooled in the details of everyday management of logistics. They have to be to move our products from the Mid-South to customers in the Caribbean, Central America, Europe, the Middle East and Africa.

Besides our rice business, we crush soybeans grown by our farmer-members to produce high protein soybean meal for the region's poultry and aquaculture industries. We refine crude vegetable oils to produce a line of frying and cooking oils for foodservice and ingredient customers.

Soybeans in excess of our crush capacity generally are sold down the Mississippi River and into export markets. We do not process wheat or corn, but sell them to feed mills or to the export market.

Transportation is a key part of what we do every day as we move to market the products and grains our farmers produce. In our most recent fiscal year, completed July 31, our transportation team accounted for moving more than nine billion pounds of products, supplies and commodities. That does not include transportation of the seed, fertilizer, equipment and other inputs required for our farmers to grow their crops.

The largest share of our freight is transported on highways. Last year we accounted for nearly 140,000 truck and intermodal shipments in the domestic market for which we pay the freight or handle the logistics.

We counted 6,300 rail shipments; well over a thousand export containers and break bulk loads; and more than 200 river barge loads of products.

With the nation's focus on a fresh, safe food supply and just-in-time manufacturing and shipping, it is imperative that products move within a narrow time frame. To accomplish this economically requires a reliable and efficient transportation system.

I know members of the Committee and this panel are aware of the challenge of maintaining our highway system. When the Interstate system was planned and constructed, no one imagined it would carry the volume of traffic handled today. Maintaining our highways is a never-ending job.

A couple of weeks ago, Arkansas Highway Director Scott Bennett met with members of the Highways and Transit Subcommittee to discuss the state's initiatives to improve our Interstates and state highways.

In 2011, Arkansas voters renewed a $575 million bond program for Interstate improvements. Then in 2012, voters approved a temporary half-cent sales tax to fund a $1.8 billion bond issue to improve state highways over 10 years. Our citizens supported these initiatives because we know we must have highways to keep our economy going.

Of course, these programs are not enough. The day before Director Bennett met with Subcommittee members, it was reported that 156 bridges in Arkansas were found structurally deficient and in need of rehabilitation or replacement. Many of those bridges are in rural areas of East Arkansas where Riceland farmers grow food. As a state and nation, we must find a way to maintain and expand our highway system.

At one time, much of the grain from our country elevators was transported by rail car to processing facilities. In fact, the grain elevators were built in the 1940s and 1950s along rail lines for that purpose.

Today, the railroads focus on long hauls. They do a good job for us as we ship railcar loads of rice products to markets all across the country. We also use unit trains to efficiently ship grain to Mexico.

River transportation is critical to our export business. Our New Madrid, Missouri, rice mill is a shipper's dream. It is located on a rail line, it is one mile from Interstate 55 between Memphis and St. Louis, and it is in the New Madrid Port on the Mississippi River. We can mill rice and convey it directly to a barge to move down the River.

In 2011, however, floodwaters on the Mississippi made it impossible to load barges. In fact, water was within a foot of the entire facility.

In 2012 and again this year, it's a different story. Silt naturally flows into the harbor and displaces water. As the water level falls, we can load less rice in a barge. The port looks more like a mud puddle now. Due to a shortage of funds, the New Madrid harbor is not scheduled to be dredged this year.

Instead of having to deal with the problem for a couple of months during this current low water period, our manager expects to struggle with it all next summer with potentially four to six more feet of silt in the harbor. Given this scenario, there would be only five feet of water in the harbor at current river levels which will remove practically all of the economic benefits of using the facility for bulk barge shipments.

I have one more example of the importance of the river transportation system.

As corn harvest began in early August last year, we had planned to truck corn produced in the Southeast corner of Arkansas to the Port of Yellow Bend on the Mississippi River.

Thirty, 18-wheelers carrying the corn were scheduled to unload at the Port with the grain going directly into barges. Then we learned that silt had filled the harbor and the dredge was heading from up river at Rosedale, Mississippi, to Lake Providence, Louisiana, without stopping at Yellow Bend, Arkansas.

We calculated that the expense of building temporary storage for the corn and forfeiting sales contracts would cost Riceland farmers at least $1 million. As many as 200 farm families would be negatively impacted and the public port of Yellow Bend would lose the jobs of 15 employees and approximately $500,000 in revenue.

Thanks to the good work of Congressman Rick Crawford and Senators John Boozman and David Pryor, the Army Corps of Engineers redirected the dredge to Yellow Bend. In just a few days, the harbor was opened, and corn barges were being filled.

I present these examples, Mr. Chairman, to illustrate the importance of keeping all segments of our transportation system—highways, railroads and rivers—operating in an efficient and effective manner. The U.S. transportation system is critical to the competitive advantage we have in moving agricultural and food products across the country and around the world.

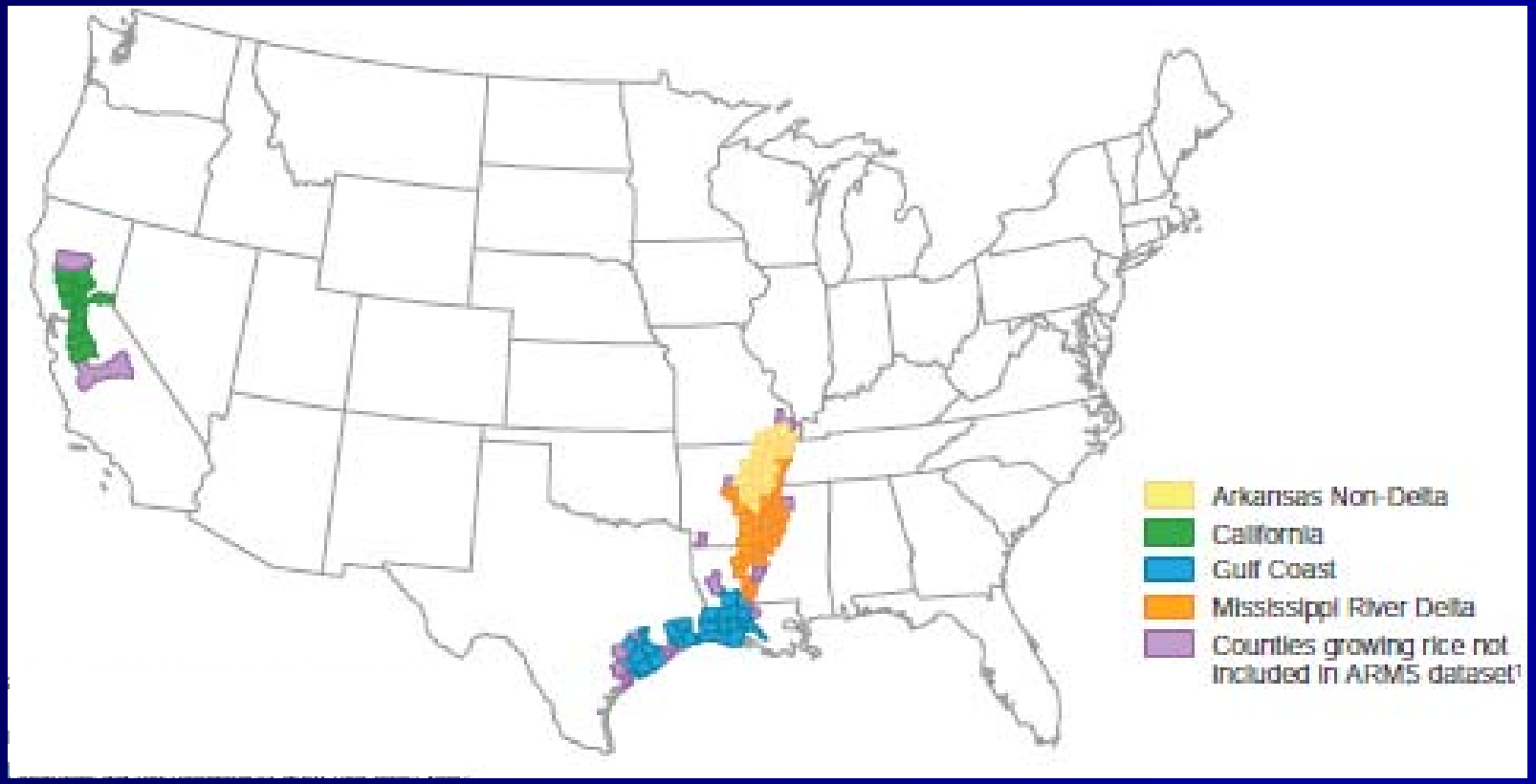
We must continue to invest in the transportation infrastructure, not just because of the impact it has on rice farmers in the Mid-South, but for the economic impact it makes on the entire country.

I thank the panel for your work on this important issue.

Panel on 21st Century Freight Transportation

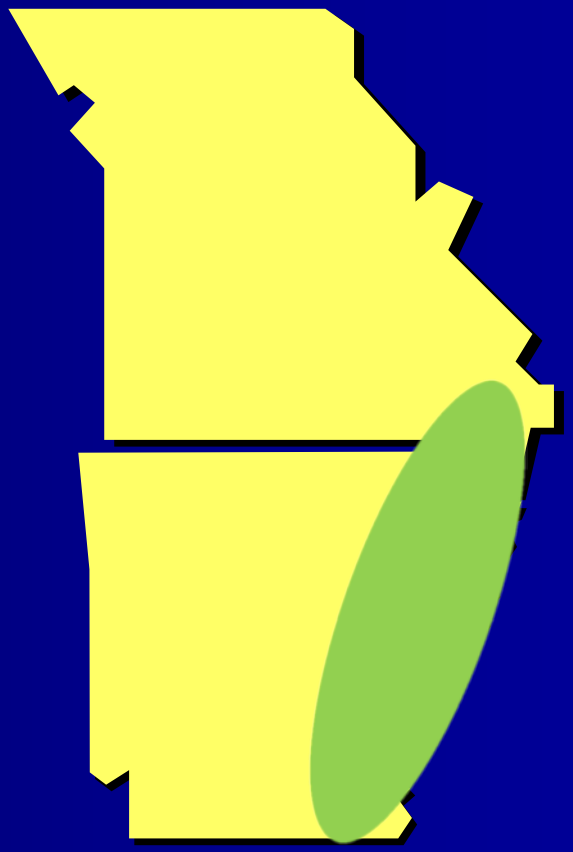
October 1, 2013

U.S. Rice Producing Areas



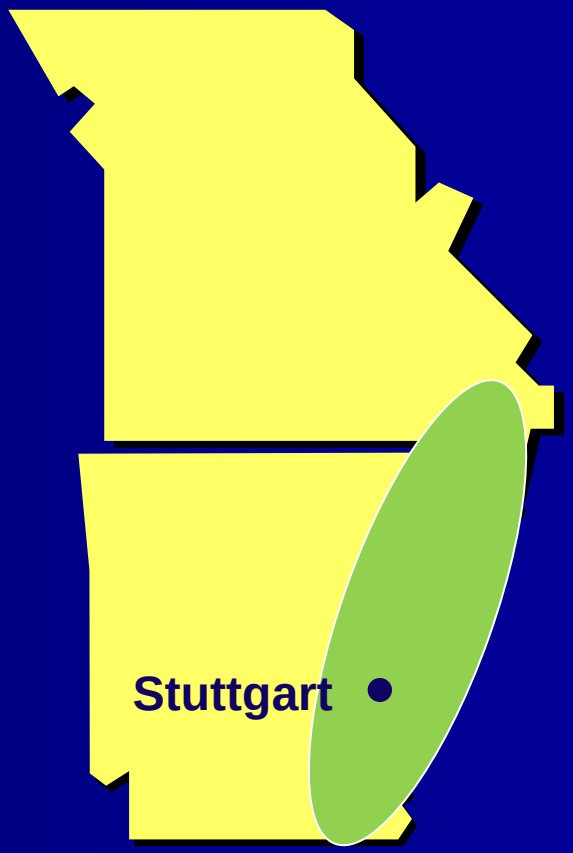
Mid-South Rice Production

- **Half of U.S. rice**
- **1.5 million acres**
- **240 million bushels**
- **10.8 billion pounds**
- **Half domestic**
- **Half exported to 75 foreign destinations**



Riceland Foods

- Formed in 1921
- Farmer-owned co-op
- 6,000 farmer-members
- Half of Mid-South rice



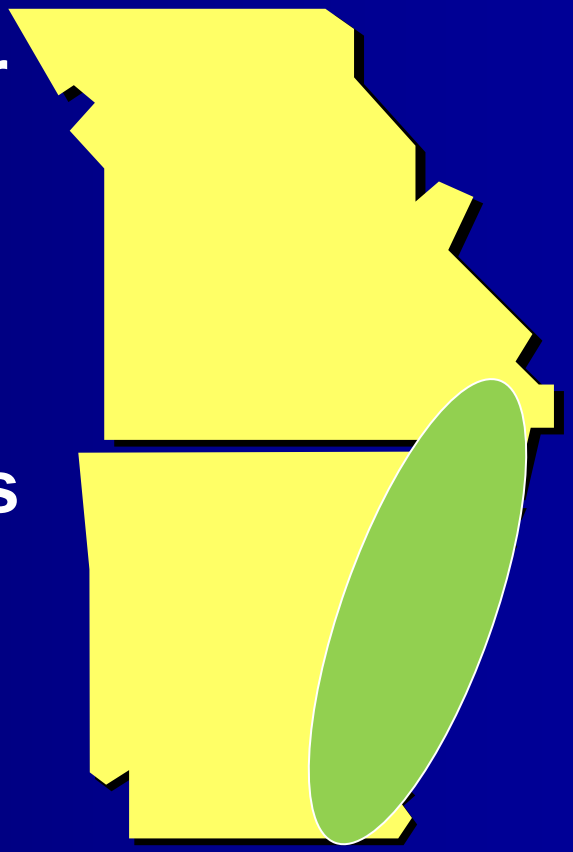
Rice from field to table

Riceland Foods – Grain Storage Facilities

Riceland Foods – Rice Milling Facilities

Riceland Foods

- **Largest miller/marketer of rice**
- **Also market soybeans, wheat and corn**
- **100-125 million bushels**
- **Direct exporter**



Riceland Foods New Madrid, MO, rice mill

New Madrid, MO, 2011 floodwaters

New Madrid, MO, September, 2013

New Madrid, MO, September 2013

Port of Yellow Bend, Ark., August 2012