# The US subsidies to rice

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The table 1 shows the US official subsidies going to rice, with the prevailing importance of decoupled aids from 2004 and even more from 2008 when coupled subsidies – detailed in table 2 – disappeared. The subsidies to insurance premium are about ten times lower than the fixed direct payments. Even if direct payments are not linked to the actual planted acreage but to base acres, farmers growing rice receive fixed direct payments averaging $234.7 per enrolled hectare compared to $59.30 for corn, $27.18 for soybeans, $37.06 for wheat and $84.01 for cotton[1].

Table 1 – US rice: coupled aid, insurance aid, decoupled aid and price from 2000 to 2010

| $1000 and $/tonne | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Production: 1000 t | 5941 | 6764 | 6457 | 6419 | 7463 | 7103 | 6267 | 6344 | 6514 | 7133 | 7554 |
| Coupled aid | 1401 | 1043 | 698 | 1065 | 400 | 151 | 189 | 54 | | | |
| Insurance aid | 9,1 | 13,4 | 12,5 | 11,5 | 14,2 | 13,9 | 14,7 | 17,2 | 22,8 | 41,6 | 50,1 |
| Decoupled aid | 431 | 353 | 343 | 311 | 427 | 424 | 402 | 318 | 402 | 417 | 418 |
| Total aids | 1841,1 | 1409,4 | 1053,5 | 1387,5 | 841,2 | 588,9 | 605,7 | 389,2 | 424,8 | 458,6 | 468,1 |
| Coupled aid/tonne | 235,8 | 154,2 | 108,1 | 165,9 | 53,6 | 212,6 | 30,2 | 8,5 | | | |
| Insurance aid/tonne | 1,5 | 2 | 1,9 | 1,8 | 1,9 | 2 | 2,3 | 2,7 | 3,5 | 5,8 | 6,6 |
| Decoupled aid/t | 72,5 | 52,2 | 53,1 | 48,5 | 57,2 | 59,7 | 64,1 | 50,1 | 61,7 | 58,5 | 55,3 |
| Total aids/tonne | 309,8 | 208,4 | 163,1 | 216,2 | 112,7 | 274,3 | 96,6 | 61,3 | 65,2 | 64,3 | 61,9 |
| Price | 123,7 | 93,7 | 99 | 178,1 | 161,6 | 168,7 | 219,6 | 282,2 | 370,4 | 312 | 275,6 |
| Aid per tonne/price | 250,4% | 222,4% | 164,7% | 121,4% | 69,7% | 162,6% | 44% | 21,7% | 17,6% | 20,6% | 22,5% |

Source: USDA

Table 2 shows the detailed coupled aids to rice: the market loss assistance payments (MLAP) were authorized by emergency legislations from 1998 to 2001 and replaced by the counter-cyclical payments (CCP) from 2002 on and the various types of marketing loan benefits: loan deficiency payments (LDP), marketing loan gains (MLG) and certificate exchange gains (CEG).

Table 2 –The detailed coupled aids to rice from 2000 to 2010

| $ million | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| MLAP | 927,8 | 398,2 | | | -2 | 2 | | | | | |
| CCP | | | | 318,3 | 124 | 10,6 | 85,6 | 54,1 | | | |
| LDP | 277,8 | 308,3 | 279,6 | 291,9 | 202,1 | 45,3 | 49,3 | | | | |
| MLG | | | 199,7 | 136,4 | 76,2 | 50,6 | 41 | | | | |
| CEG | 195 | 336 | 218,2 | 318,6 | 106 ,7 | 42,2 | 13,1 | | | | |
| Sub-total 1 | 1401 | 1043 | 698 | 1065 | 400 | 151 | 189 | 54 | | | |
| Insurance premium | 9,1 | 13,4 | 12,5 | 11,5 | 14,2 | 13,9 | 14,7 | 17,2 | 22,8 | 41,6 | 50,1 |
| Total | 1409,7 | 1055,9 | 710 | 1076,7 | 414,5 | 164,6 | 203,7 | 71,3 | 22,8 | 41,6 | 50,1 |

Source: USDA

However, the preceding tables do not take into account the input subsidies to rice, and particularly the hugely under-notified irrigation subsidies. The US rice needs around 3.6 acre-feet of irrigation water per acre[2]. Most sources estimate that the US subsidies to irrigation are

[1] http://extension.missouri.edu/news/DisplayStory.aspx?N=1154

[2] http://www.calrice.org/Environment/Balance+Sheet/Chapter+2+-+Water+Supply.htm;
http://www.sacbee.com/2012/05/20/v-print/4500777/stuart-leavenworth-rice-country.html;
http://www.wrri.msstate.edu/pdf/powers07.pdf

of at least $2 billion[3]. Given the 91,956,721 total acre-feet of applied irrigation water in 2008, this implies an average subsidy of $21.7 per acre-foot. As the irrigated rice accounted for 2,683,363 acres in the irrigation census of 2008 (against 2,994,757 in the 2003 census), this implies 9,660,106 acre-feet of water and total irrigation subsidies to rice of $210 million. It is an estimate all the more conservative that we do not include the energy subsidies required to transfer or pump water: "*Users of federally supplied irrigation water with access to this cheap power are getting a double subsidy and are receiving a distorted price signal about the value of that energy. For the Central Valley Project, energy charges vary widely from contractor to contractor. A charge of 1 cent per kWh—which a Central Valley Project representative estimated was the average for the project—is equivalent to $10 per MWh. In comparison to market rate, California has long-term energy contracts for $86 per MWh. It is difficult to calculate the full value of the subsidies given to users of federally supplied irrigation water. This difficulty helps keep the energy costs of water systems buried. Many California farmers still pay the government $2 to $20 per acre-foot for water, which represents as little as 10 percent of the "full cost" of the water, although some farmers are paying more as contracts are revised (e.g., $35 per acre-foot)*"[4].

Besides, we do not take into account the other input subsidies: to agricultural fuel, agricultural loans and the components of crop insurance subsidies other than to premium (payments to private insurance companies –reimbursements to deliver the policies and payments of underwriting gains – and administrative expenses of the Risk Management Agency).

Taking into account the irrigation subsidies table 3 shows that the dumping rate – measured as the ratio of subsidies to the exported rice to its export value – reached an average of 44.5% from 2000 to 2010 but within a fast decreasing trend.

Table 3 – Total subsidies to US rice and dumping rate from 2000 to 2010

| $million and $/t | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Production: 1000 t | 5941 | 6764 | 6457 | 6419 | 7463 | 7103 | 6267 | 6344 | 6514 | 7133 | 7554 | 6724 |
| Total official aids | 1841,1 | 1409,4 | 1053,5 | 1387,5 | 841,2 | 588,9 | 605,7 | 389,2 | 424,8 | 458,6 | 468,1 | 861 |
| Irrigation subsidies | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 | 210 |
| Total rice subsidies | 2051,1 | 1619,4 | 1263,5 | 1597,5 | 1051,2 | 798,9 | 815,7 | 599,2 | 634,8 | 668,6 | 678,1 | 1071 |
| Total aids/tonne | 345 | 239,4 | 195,7 | 248,9 | 140,9 | 139,2 | 130,2 | 94,5 | 97,5 | 93,7 | 89,8 | 165 |
| Price | 123,7 | 93,7 | 99 | 178,1 | 161,6 | 168,7 | 219,6 | 282,2 | 370,4 | 312 | 275,6 | 207,7 |
| Aid per tonne/price | 278,9% | 255,5% | 197,7% | 139,8% | 87,2% | 82,5% | 59,3% | 33,5% | 26,3% | 30,0% | 32,6% | 79.4% |
| Exports: 1000 tons | 3150 | 2951 | 3822 | 4488 | 3531 | 4433 | 3849 | 3495 | 4655 | 3460 | 4501 | 3849 |
| % of rice exports | 53.0% | 43.6% | 59.2% | 69.9% | 47.3% | 62.4% | 61.4% | 55.1% | 71.5% | 48.5% | 59.6% | 57.2% |
| Export subsidies | 1087 | 706 | 748 | 1117 | 498 | 617 | 501 | 330 | 454 | 324 | 404 | 617 |
| Exports value | 836 | 717 | 775 | 1031 | 1169 | 1291 | 1285 | 1396 | 2214 | 2186 | 2354 | 1387 |
| Dumping rate | 130% | 98.5% | 96.5% | 108.3% | 42.6% | 47.8% | 39.0% | 23.6% | 20.5% | 14.8% | 17.2% | 44.5% |

Source: USDA

Table 4 shows the dumping rate of US rice exports to the Philippines as an example, given the present US pressures on the Philippines' government to get rid of its quota on rice imports.

Table 4 – US rice exports to the Philippines and dumping rate from 2000 to 2010

| $1,000 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1000 tons | 94,9 | 100,9 | 43,2 | 117,4 | 21,4 | 52,6 | 67,3 | 33,5 | 118,8 | 4,9 | 15,4 | 60,9 |
| Export subsidies | 32741 | 24155 | 8454 | 29221 | 3015 | 7322 | 8762 | 3166 | 11583 | 459 | 1383 | 11842 |
| Export value | 25350 | 28241 | 9215 | 36732 | 7504 | 17885 | 19961 | 15135 | 64696 | 2795 | 8761 | 21480 |
| Dumping rate | 129.2% | 85.5% | 91.7% | 79.6% | 40.2% | 40.9% | 43.9% | 20.9% | 17.9% | 16.4% | 15.8% | 55.1% |

Source: Comtrade

[3] http://wingolog.org/writings/water/html/node89.html; http://www.perc.org/articles/article756.php; http://archive.ewg.org/reports/Watersubsidies/execsumm.php; http://www.newamerica.net/publications/articles/2003/the_new_continental_divide;

[4] http://www.nrdc.org/water/conservation/edrain/edrain.pdf