MORRISON

IN THIS ISSUE:

## TAKIN' CARE OF BUSINESS: NEW MARKETS ARE NOT JUST AN OPTION

Founder and Principal Brent Morrison defines what it means to launch into new markets and argues the value and necessity of being adaptable in the ever-changing marketplace.

## THREE MORRISON CLIENTS AWARDED ORGANIC MARKET DEVELOPMENT GRANTS

Three Morrison clients have received funding for projects that address critical needs in the nation's growing organic industry.

## MORRISON SNAPSHOTS

The Morrison Team has been on the go. Catch up on our latest adventures!

## CLIENT CORNER

There is always something new happening, so check out the latest news from our clients.

# FARMERS' RICE COOPERATIVE:
## MARKETING CALIFORNIA-GROWN RICE FOR 80 YEARS

Established in 1944, Farmers' Rice Cooperative (Farmers' Rice) is a rice marketing co-op that supplies domestic and international food distributors, retailers, exporters, and manufacturers with premium quality California rice grown on its grower-owners' farms. With a vertically-integrated approach, Farmers' Rice's services encompass the entire farm to market process, including transporting, drying, storing, milling, packaging, and selling California-grown rice to buyers with all proceeds flowing to its grower-owners. To accomplish this, Farmers' Rice owns and operates three rice mills and four drying and storage facilities throughout the Sacramento Valley, where most of its rice is grown.

Today, Farmers' Rice is California's largest rice marketing entity, representing nearly 25 percent of all rice marketed from California. More than half of this rice processed at Farmers' Rice is marketed domestically and the remaining is supplied throughout the world, reaching up to 65 countries with California-grown rice products.

Still, of Farmers' Rice's 80 years in business, industry-wide challenges of recent years have been some of the most trying and taxing in its history. California's relentless three-year drought from 2019-2022, which caused an estimated $2 billion of losses to the California agricultural industry as a whole (UC Merced), was particularly devastating to California rice farms. According to the National Drought Mitigation Center, 100 percent of California rice farms experienced D3 Extreme Drought to D4 Exceptional Drought (the most intense possible) during this time. Given the water-intensive nature of rice production, severely limited water access translated to greatly reduced rice plantings, fallowed acres, and substantial financial losses to farmers.

Drought impacts directly and severely affected Farmers' Rice's growers resulting in two consecutive years of acute crop reductions. In 2021, California rice plantings decreased to 400,000 acres, a significant 20 percent below an average crop of 500,000 acres; and the following year, rice plantings were down by a staggering 50 percent with only 250,000 acres planted. Compounding this, drastic loss in rice supply across the state drove California rice prices up, making it some of the most expensive rice in the world. This created a timely opportunity for cheaper foreign imports to infiltrate the global rice market resulting in decreased demand and sales for California rice.

In response, Farmers' Rice's savvy team swiftly moved to secure the rice supply needed to meet the demands of its domestic markets and key export markets, strategically supplementing with rice purchased from outside of its membership as necessary. Together with these efforts and more favorable, precipitous weather conditions that came later in 2022, Farmers' Rice was able to overcome seemingly insurmountable challenges, reporting the tremendous achievement of securing its highest final return to its grower-members in its history in its 2023 annual report.

Furthermore, Farmers' Rice prudently focused investments in value-added processing infrastructure to drive greater

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# FARMERS' RICE COOPERATIVE

value for its California-grown rice. Farmers' Rice particularly focused its efforts on developing higher-value uses for "brokens" (rice broken in the milling process) through repurposing brokens into rice flour and extruded rice products (such as puffs for cereals, snacks and other uses, primarily made from brokens) – products highly popular in the rapidly growing gluten-free and health-conscious baking sector.

These efforts were accelerated by Farmers' Rice's acquisition of Pacific International Rice Mills (PIRMI) and its facilities in 2020, which allowed them to establish an extrusion division. As a result, thus far, Farmers' Rice released its first rice flour products in 2022; extruded rice sales have increased 98 percent since the acquisition of PIRMI; and Farmers' Rice launched its own "Exceedient Foods" brand to further expand its value-added product offerings as it continues to work on innovating new, value-added rice products.

It has been a great honor for Morrison to partner with Farmers' Rice through our grant writing services, specifically through supporting a successful 2022 Value-Added Producer Grant application, which helped launch its California-grown rice flour products. We are tremendously proud to work with farmer cooperatives like Farmers' Rice whose tireless efforts contribute to the flourishing of hundreds of growers across the state and the California rice industry as a whole.