Deadline Looms in $750 Million Rice Settlement

CHUCK BARTELS, AP Business Writer

LITTLE ROCK, Arkansas (AP) — Rice growers who lost sales after genetically modified rice seed mistakenly entered the U.S. market five years ago have until Monday to sign on to a $750 million settlement proposed by the German company blamed for the problem.

More than 10,000 farmers in Arkansas, Louisiana, Mississippi, Missouri and Texas sued the German conglomerate Bayer CropScience after the modified strain of long-grain rice got loose in 2006. The mistake led to lost sales in major markets, such as the European Union, and left many growers with huge losses.

Matthew Davis, a rice grower from Arkansas, is among farmers hoping to settle. He recalled hearing the news that the crop was contaminated and then watching prices plunge.

"Everybody was in shock ... but you get used to bad news when you farm," Davis said. "It sure messed us up in 2006."

Bayer proposed the settlement but set a threshold of 85 percent of rice acreage involved. Bayer can opt out of the deal if not enough farmers sign up for the settlement, but the company doesn't have to.

"Bayer CropScience is hopeful that the 85 percent of acreage threshold of grower participation will be met," Bayer spokesman Greg Coffey said in a written statement.

Farmers filed the lawsuits after a strain of genetically modified rice was mistakenly released from a Louisiana test plot and made its way into the stream of commercially marketed rice.

After the mistaken release, the U.S. Food and Drug Administration ruled that the genetically modified rice is safe to eat, but that didn't bring back the European market.

Bayer was accused of knowing there was contamination, but the company has not admitted fault and stated when announcing the settlement that "Bayer CropScience believes it acted responsibly in the handling of its biotech rice."

The proposed settlement applies to long-grain rice, often used in pilaf or mixed with beans. Farmers who grow medium-grain rice, often used in sushi, or short-grain rice, found in cereal, weren't affected.

The long-grain rice variety wasn't approved for human consumption at the time, but no health problems became associated with the rice and the trait has remained in

the food supply.

It will take about a month for claims adjustors to review filings by farmers to ensure they are valid. Once that process is complete, farmers will start receiving checks, assuming enough chose to participate.

The settlement would pay $155,000 to a farmer who planted 500 acres of rice annually from 2006 to 2010, a rate of $310 per acre. Farmers can collect more if they switched to crops that typically offer lower profits, such as wheat or soybeans.

Arkansas is first in rice production, followed by California and then Louisiana.

Separately, Bayer and a group of farmers from Lonoke, Arkansas, are awaiting a ruling by the Arkansas Supreme Court on whether a $50 million verdict against Bayer will stand.

A jury awarded the farmers $5.9 million in actual damages and $42 million in punitive damages, an award Bayer argues is excessive.

Bayer's proposal is based on jury awards already made in lawsuits that weren't part of the settlement.

Source URL (retrieved on *03/15/2014 - 10:03pm*):
http://www.chem.info/news/2011/11/deadline-looms-750-million-rice-settlement