



Wheat Producers Advantage

South Dakota Wheat, Inc.

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Ruth Beck, SDSU Agronomy Field Specialist, Pierre, SD

SDSU and South Dakota Wheat Combine Talents for 2015 Wheat Walks and Crop Performance Variety Tours

SDSU Field and State Specialists combined forces with South Dakota Wheat, Inc. in May to hold a successful series of 2015 Wheat Walks across South Dakota. The wheat walks took place May 26th and 27th at four locations: Wall, Fort Pierre, Winner and Delmont. SDSU staff provided timely information to producers and industry representatives on disease, weed and insect concerns as well as some general agronomy information. South Dakota Wheat, Inc., the producer association



Wall crop plot tour

which represents wheat growers in South Dakota, promoted the events and provided meals at each of the events.

In late June and July, SDSU showcased their Crop Performance Trials of winter and spring wheat, oats, field peas and biofuels at various locations in central South Dakota. Producers in the Ideal, SD area had a chance to look at winter wheat, oats and Carinata on June 23rd. A tour of

the winter wheat variety trial at Kennebec, SD was held on June 24th. On July 1st a tour of winter and spring wheat variety trials was held near Onida and on July 9th a tour of the winter and spring wheat, oats, peas and Carinata was held near Selby, SD.

SDSU plant breeders and specialists were present at all tours. These tours give producers a chance to interact with SDSU's plant breeders and view current varieties, as well as varieties that may be released for production in the

near future. The tours provide a valuable opportunity for producers to see how different varieties respond in their local climate or area.

A special thank you is extended to the producer cooperators and local crop improvement associations who make these trials and tours possible.

RMA Agrees to SD Wheat, Inc. Request for Crop Insurance

Thanks to SD Wheat Inc., and other agricultural groups, wheat producers will have the benefit of insuring their 2016 winter and spring wheat crops in all counties of South Dakota! "The Association has worked diligently on this issue for several years," says Caren Assman, Executive Director for SDWI, "finally the goal has been achieved." Risk Management Agency (RMA) announced that an additional 24 counties will be eligible for insurance coverage with the September 30, 2015, planting date.

Last January, the Association asked RMA for a reevaluation of insurability of both winter and spring wheat in all counties. Several letters of support were sent to RMA, from Lucas Lentsch, Department of Agriculture, SDSU wheat breeders Sunish Sehgal and Carl Glover, Governor Daugaard's Pheasant Habi-

tat Work Group, Howard J. Woodard, SDSU Supervisor, Northeast Research Farm (South Shore), other agricultural groups and individual wheat producers. Secretary Lentsch noted that advances in technology and agronomy will afford wheat producers new opportunities from this action.



Caren Assman, Executive Director, SD Wheat Inc.

"Wheat breeding advances will allow growers to plant hardier and winterkill resistant winter wheat varieties. This will offer farming practices which will improve soil health and diversified crop rotation," says Assman. "The wheat industry can claim a victory for its producers!"

"It is our membership dollars at work" says Julian Roseth, President of SD Wheat Inc. "It's important for the Association to take on tasks that improve the wheat industry!"



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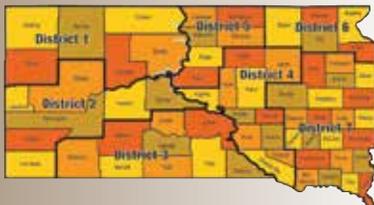
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Farm and Industry Visits Help Protect Demand for U.S. Wheat in Nigeria

Eight senior managers from Nigeria's milling and noodle/pasta manufacturing industries visited South Dakota and Kansas June 21 to 27, 2015, to examine the current hard red winter (HRW) crop as part of a U.S. Wheat Associates (USW) trade team. USW believes this annual event helps maintain a loyal customer base in a traditionally large market.

Nigeria was the third largest buyer of U.S. wheat for the 2014/15 marketing year that ended on May 31, 2015, importing 76.9 million bushels (2.04 million metric tons). Year-to-year, Nigeria buys more U.S. HRW than any other country. Nigerian millers imported 58.4 million bushels (1.6 million metric tons) of HRW in 2014/15. They also purchased about 12.9 million bushels of soft red winter (SRW) as well as some soft white (SW) and northern durum.

"USW and our state wheat commission member organizations built long-term demand for U.S. wheat in Nigeria by providing information and technical support," said Muyiwa Talabi, marketing consultant with USW based in Lagos, Nigeria. "This will be our fifteenth annual trade team from Nigeria since 2001 and it is still a key part of our work in an important market where we face new challenges."

"In an increasingly competitive market, those customers still benefit from, and appreciate, the support USW provides including the chance to see the new U.S. wheat crop and learn about its supply chain from the people who manage it," said Gerald Theus, assistant regional manager for Sub-Saharan Africa with USW who is based in Cape Town, South Africa. Theus and Talabi will lead this trade team visit.

USW collaborated with the South Dakota Wheat Commission, the Kansas Wheat Commission and USDA's Foreign Agricultural Service to organize this trade team. In South Dakota, the team met with grain merchandisers and visited several farms. The team's Kansas visit included stops at the Kansas Wheat Innovation Center, USDA's Center for Grain and Animal Health Research and IGP Institute as well as time with grain merchandisers.

USW is the industry's market development organization working in more than 100 countries. Its mission is to "develop, maintain, and expand international markets to enhance the profitability of U.S. wheat producers and their customers." USW activities are made possible through producer checkoff dollars managed by 19 state wheat commissions and cost-share funding provided by FAS.



Trade Promotion Authority Crosses Finish Line Background

After a long and protracted process, legislation to reauthorize Trade Promotion Authority finally crossed the finish line after President Obama signed the bill into law on June 29, 2015. This followed a number of votes in the House of Representatives and Senate, which were ultimately successful after the process hit several speedbumps along the way. The successful vote in the House occurred on June 18 on a 218-208 vote. The Senate followed by approving the measure on a 60-38 vote on June 24.

Now that TPA has been reauthorized, negotiations surrounding the Trans-Pacific Partnership are expected to gain steam once again and potentially conclude in the coming months. The next round of TPP talks will occur at the end of July in Hawaii. NAWG has continued to urge the President to work towards lowering trade barriers for wheat in TPP countries, especially in Japan, which is already a major market but which continues to impose significant barriers to imports. The substance of the negotiations is not made publicly available. However, Congress will be given a statutory review period before any final vote occurs (under TPA, all trade agreements must be approved by Congress before enactment).

Important Points

- TPA is an essential tool for negotiating market-opening free trade agreements,
- Other TPP countries were unwilling to continue negotiations on some of the most divisive issues until Trade Promotion Authority had been reauthorized,
- The TPA legislation institutionalizes consultation requirements to ensure Congress still plays a role in advancing trade policy goals, while also ensuring expedited Congressional consideration once a trade agreement is finalized,
- NAWG applauds Congress for finally concluding the TPA reauthorization process – this was a bipartisan effort and it showed a true willingness to compromise by both political parties,
- NAWG continues to urge the President to work towards lowering trade barriers for wheat in TPP countries,
- Around half of America's wheat crop is exported – access to international markets is absolutely critical for the agricultural economy.

NAWG Policy

NAWG supports fair and open trade of wheat throughout the world,

NAWG supports the advancement of comprehensive, multilateral negotiations to expand trade in goods and services,

We support a comprehensive Trans-Pacific Partnership (TPP) agreement that provides improved market access and includes ambitious language on 21st Century trade issues.

Grain Standards Act Passes House

The Grain Standards Act, which governs inspections for export and authorizes the Federal Grain Inspection Service (FGIS), is up for reauthorization this year and is under consideration by both chambers of Congress. It has been 10 years since the last time Congress considered the GSA. There has been particular interest in the issue this year as a result of the labor dispute at the Port of

Vancouver last summer. Most recently, the House of Representatives approved its reauthorization bill (H.R. 2088) by voice vote on June 9. The full Senate has not yet acted.

The House version of the reauthorization would require that in instances where state-delegated agencies intend to disrupt services, that agency must provide notice to the U.S. Department of Agriculture (USDA) 72 hours in advance of the disruption. If that advance notice is given, USDA would be required to resume services within 6 hours; if no advance notice is given, USDA would then have 12 hours to resume inspections. If USDA is unable to do so, the export elevator would be able to request inspection services from any other delegated or designated state agency. Additionally, the bill would require USDA to review the delegation of that state agency's authority and make a determination as to whether or not the agency should retain that authority moving forward.

The Senate Agriculture Committee has also marked up its own reauthorization bill. The Senate version of the bill would also require 72 hours notice by a state delegated agency that intends to temporarily stop providing inspection services, but it would require USDA to immediately take actions that are necessary to address the disruption, rather than allowing for another delegated or designated state agency step in. The bill would also require USDA to establish a transparent certification process for state-delegated agencies within a year of enactment, as well as require certification every five years.

Time for floor consideration in the Senate has not yet been scheduled. Following House action on its bill, NAWG sent a letter with other ag groups to the leadership of the Senate Agriculture Committee urging the Senate to act. The letter also discussed the importance of timely Federal Grain Inspection Service (FGIS) intervention when a state-delegated agency is unable to inspect, the importance of maintaining state-delegated authority and establishing a certification process, and the need for a mechanism for USDA to provide security services for FGIS personnel during situations like what occurred at the Port of Vancouver last summer. The legislation approved by the Senate Agriculture Committee addresses the concerns of the signing organizations.

Important Points

- Our current inspection system is key to maintaining confidence among our export customers,
- As such, Congress shouldn't hand over inspection responsibilities to third party private inspectors,
- Additionally, Congress should maintain the ability to delegate inspections to State agencies,
- We also need to ensure that, should there be another labor dispute at one of our export ports in the future, the sort of disruption that occurred at the Port of Vancouver can't occur again,
- If a State-delegated agency can't perform its duties, FGIS must step in to perform services.

NAWG Policy

NAWG generally supports maintaining the current system of government inspections, including the maintenance of State-delegated authority. Additionally, NAWG urges specific requirements for FGIS to step in to perform inspections when a State-delegated authority is unable to do so.

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What's at Stake for South Dakota Agriculture?

South Dakota is a leading producer and exporter of agricultural products, ranking 14th among the 50 U.S. states in the value of its agricultural exports in USDA's most recent calculations. The state's exports reached an estimated \$3.6 billion in 2012, up from \$ 3.4 billion in 2008. South Dakota's exports help boost farm prices and income, while supporting about 23,800 jobs both on the farm and in related industries such as food processing, transportation, and manufacturing. Export sales accounted for approximately 36 percent of total South Dakota farm receipts in 2012.

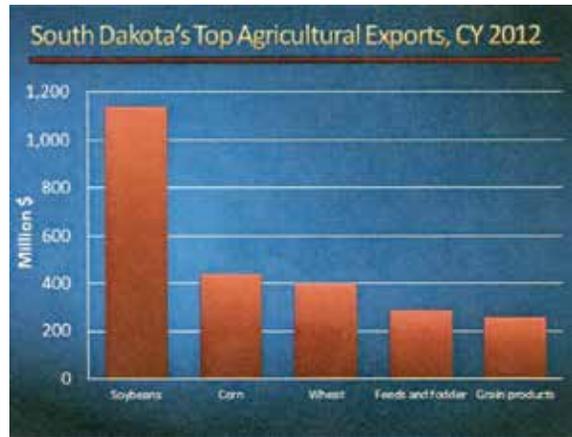
South Dakota's top five agricultural exports in 2012 were:

1. Soybeans — \$1.1 billion
2. Corn — \$440 million
3. Wheat — \$400 million

Overall, U.S. food and agricultural exports reached a record \$140.9 billion in fiscal 2013, supporting nearly one million American jobs. Global demand for these products is growing but so is competition among suppliers.

Trade Promotion Authority

Trade Promotion Authority is a critical tool in our efforts to seek approval of trade agreements that support and create U.S. jobs while helping American agriculture to compete



more successfully in an ever-expanding global marketplace. Right now, the United States is negotiating two critical trade agreements—the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (T-TIP). Trade Promotion Authority will help ensure that America's farmers, ranchers, and food processors receive the greatest benefit from these negotiations.

Agriculture Benefits from Free Trade Agreements

In countries where the United States has free trade agreements, exports of U.S. food and agricultural products have grown significantly. Examples include our pacts with Colombia, Panama, and South Korea that took effect in 2012; CAFTA-DR, under which our free trade relationships with five Central American countries and the Dominican Republic began between 2006 and 2009; and the U.S.-Chile free trade agreement, which entered into force in 2004.

- Soybeans, soymeal, and soy oil exports to Korea, Colombia, and Panama increased from \$593 million in 2011 to nearly \$770 million in 2013.
- Wheat exports to Central America and the Dominican Republic grew from \$257 million in 2005 to almost \$530 million in 2013. Wheat exports to Chile increased from \$36 million in 2003 to almost \$185 million in 2013.

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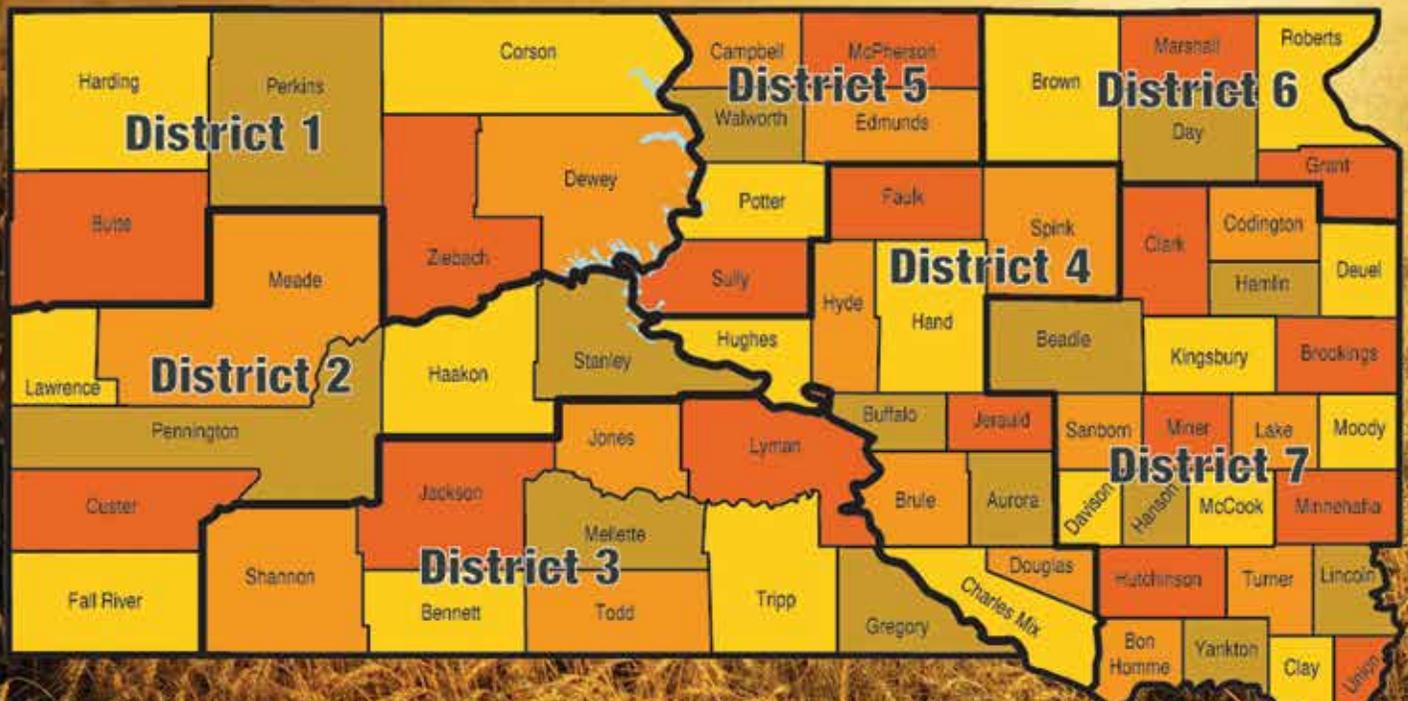
2016 Wheat Yield Contest

Seven Districts will award three prizes each
1st – \$500 2nd – \$300 3rd – \$200

April 15, 2016, is the
application deadline for spring
and winter wheat.

Contact the SD Wheat Inc.
office for an application, rules page and/or a
Director in your area

1-605-224-4418 or www.sdwheat.org



States file lawsuit against EPA's 'Waters of the U.S.' rule

Attorneys general from thirteen states filed a lawsuit June 29th challenging EPA's new rule defining the waters of the U.S. (WOTUS), asserting that the rule expands the scope of clean water regulations to lands that are dry much of the year and increases the federal government's authority over land use.

The case was filed in the U.S. District Court for the District of North Dakota. South Dakota Attorney General Marty Jackley, who joined in the lawsuit, noted that 35 states have filed comments in opposition to the rule and several other attorneys general are considering filing challenges.

"The EPA is overstepping its congressional authority and seizing rights specifically reserved to the states," Jackley said in a news release. "The EPA is creating uncertainty for our agriculture and business community that needs to have fairness and a degree of common sense in federal regulation."

In their complaint, the states contend the new definition of WOTUS violates provisions of the Clean Water Act (CWA), the National Environmental Policy Act (NEPA), and the United States Constitution.

The states assert that the EPA's rule inappropriately broadens federal authority by placing a majority of water and land resources management in the hands of the federal government. Congress and the courts have repeatedly affirmed the states have primary responsibility for the protection of intrastate waters and land management, Jackley said in his release. The states argue that the burdens created by the new EPA requirements on waters and lands are harmful to the states and will negatively affect agriculture economic development.

Missouri Attorney General Chris Koster also joined in the lawsuit.

"If this change becomes law, thousands of acres of privately owned land in Missouri will suddenly be subject to federal water regulation," he said in a statement. "Missouri farmers will be particularly harmed by the federal government's restrictions on how their land can be used."

As an example, Koster said the rule defines tributaries to include ponds, streams that flow only briefly during or after rainstorms, and channels that are usually dry. The definition extends to lands within a 100-year floodplain -- even if they are dry 99 out of 100 years, he said.

The lawsuit seeks an order declaring the rule is unlawful and prohibiting the agencies from implementing it. Without such an order, the rule takes effect within 60 days.

Blake Hurst, president of the Missouri Farm Bureau, praised Koster for challenging the rule.

"If this rule stands, landowners will be subject to onerous permitting requirements and land use restrictions," Hurst said in a release.

Steve Taylor, president of the Missouri Agribusiness Association, said the group strongly supports the lawsuit. "The EPA's rule ignores the critical concerns of Missouri agribusiness," he said.

Participating in the filing are the attorneys general from

the states of Alaska, Arkansas, Arizona, Colorado, Idaho, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota and Wyoming.

In response, EPA issued the following statement:

"While we can't comment on the lawsuit, it's important to remember that EPA and the U.S. Army Corps of Engineers finalized the Clean Water Rule because protection for many of the nation's streams and wetlands had been confusing, complex, and time-consuming as the result of Supreme Court decisions in 2001 and 2006. In order to clearly protect the streams and wetlands that form the foundation of the nation's water resources, the agencies developed a rule that ensures that waters protected under the Clean Water Act are more precisely defined, more predictably determined, and easier for businesses and industry to understand.

"One in three people get drinking water from streams that lacked clear protection before the Clean Water Rule. America's cherished way of life depends on clean water, as healthy ecosystems provide wildlife habitat and places to fish, paddle, surf, and swim. Clean and reliable water is an economic driver, including for manufacturing, farming, tourism, recreation, and energy production. The health of our rivers, lakes, bays, and coastal waters are impacted by the streams and wetlands where they begin.

"In developing the rule, the agencies held more than 400 meetings with stakeholders across the country, reviewed over 1 million public comments, and listened carefully to perspectives from all sides. EPA and the Army also utilized the latest science, including a report summarizing more than 1,200 peer-reviewed, published scientific studies which showed that small streams and wetlands play an integral role in the health of larger downstream water bodies."



Grain Protein Content: An Important Component of Wheat Profitability

South Dakota has experienced a variety of weather extremes during this growing season including severe early season drought, late snowfall and freezes, and finally excessive rainfall and storm damage. As the 2015 wheat harvest gets underway, it will be interesting to observe the effects of this weather on the yield and quality of the crop.

Following closely on the heels of this year's harvest will be another planting season for winter wheat. Prior to planting, a producer needs to make the one decision that has the most potential to affect their bottom line... variety selection. Spring and Winter wheat are somewhat unique as both grain yield and grain protein content are important components to the overall value of the crop.

Yield and protein content are often negatively correlated. The wheat plant prefers to use available nutrient resources, especially nitrogen, to produce vegetation and yield. Yield will continue to increase to genetic potential as long as weather and nutrient conditions are favorable. Once these requirements are met, any additional nutrients are used to add to the grain protein content. In 2014, there was an extended period of favorable weather during grain fill, allowing wheat yields to build up to record levels while protein content suffered. Alternatively, in years where yields are limited by drought or heat, protein content tends to be higher.

Wheat requires nitrogen to produce amino acids, and thus, protein. Management practices to increase the amount of nitrogen availability late in the season can result in small increases in grain protein content but the process of producing adequate grain protein should begin with the selection of an appropriate variety. The best nitrogen management programs cannot make up for poor variety selection.

Wheat varieties have inherent genetic differences in regards to the balancing act between yield and protein production. Wheat breeders focus a lot of attention on these genetic traits and are constantly trying to increase the productivity of wheat without sacrificing protein content. Some breeding programs emphasize yield over protein while others value protein over yield. It is important for a grower recognize the characteristics of several varieties in

order to make proper selections for their operations.

The South Dakota State University Crop Performance Testing Program performs yearly variety testing at various locations throughout the state and provides that information to producers free of charge. Yield reports can be viewed online at <http://igrow.org/agronomy/profit-tips/variety-trial-results/>.

The average yield and protein content for 38 hard red



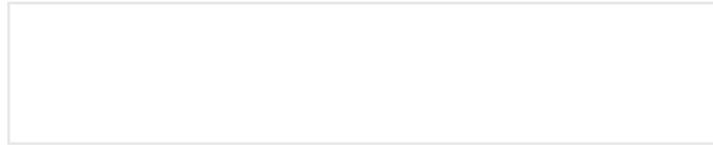
spring wheat varieties at all six CPT east river SD testing locations in 2014 along with a protein discount/premium schedule obtained from a major grain elevator in SD were used to examine whether or not gross revenue was more highly correlated to yield or protein content. The results can be seen graphically in Figure 1. Note that in 2014, the wheat varieties with higher protein tended to produce more revenue per acre than those with higher yields. Producers can compare the revenue characteristics for other varieties using their own yield and protein data using an online selection tool available at <http://www.sdwheat.net>.

As we all know, every growing season in SD has a different set of challenges. While yield and protein content, along with discounts and premiums, can vary from year-to-year; it is important for producers to consider protein content, and not simply grain yield when choosing a variety. Don't leave a lot of money on the table by chasing only bushels of grain...producers who strive to produce high-quality wheat will often be rewarded by the market.

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