



# Wheat Producers Advantage

**South Dakota Wheat, Inc.**

January 2019

## Ag Horizons Recap

***Thank you to the exhibitors and sponsors who support Ag Horizons and the producers who attend each year!***

### **Exhibitors**

Ag Performance  
Arysta Life Science  
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FMC Corporation  
Galena Genetics  
Grain Millers  
Great Northern Ag  
Grossenburg Implement  
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SD Oilseeds Council  
SD Soil Health Coalition  
SD Wheat Commission  
SDSU Extension  
SDSU Plant Diagnostic Clinic  
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### **Sponsors**

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SD Wheat Commission

Our Ag Horizons Conference held in November of 2018 was a grand success! Six keynote speakers, 25 breakout sessions, and increased list of exhibitors all in two days! Keynote speakers included Febina Mathew, discussing diseases in sunflowers and her advancement in research; Peter Meyer, S&P Global reviewing the marketing of the past year and anticipated direction of future markets. Brian Jenks contemplated whether we were winning the weed war as we encounter palmer amaranth and other weeds. And Dwayne Beck reminded producers of soil health and how to meet future crop needs.

Each hour long breakout session ran three at a time and offered CEU credits for agronomists. The conference allowed participants to log six soil and water credits, eight pest management, eight professional development and one nutrient management. Management, research data, and new technology were provided for several crops such as pulse crops, oilseeds, wheat and soybeans. Additional farm operation information such as marketing, estate planning, farm bill programs, trucking requirements and chemical improvements were also on the agenda.

Motivational speakers, exhibitor insight and camaraderie all added to the



fun and excitement of this growing and educational conference. Thanks to the seven hosting organizations that make this conference an ongoing success! SD Crop Improvement Assn., SD No-Till Assn., SD Oilseeds Council, SD Pulse Growers, SD Seed Trade Assn., and SD Wheat Incorporated.

The 2019 Ag Horizons Conference will be held on December 10 & 11 in Pierre at the Ramkota RiverCentre.



*Rick Vallery  
receiving  
retirement picture  
from  
Charles Todd,  
Chairman of  
Oilseeds  
Council*



### **Directors**

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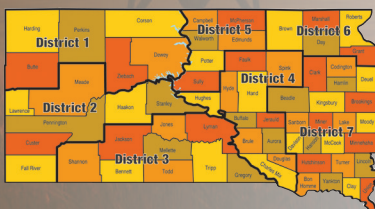
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**Reid A. Christopherson,  
Executive Director**

## **Global Market Development**

Market development is a cornerstone purpose for the South Dakota Wheat Commission. The commission's efforts are completed in collaboration with other states having wheat checkoff programs. Collectively the states leverage their resources, to influence global market development, through membership in the U.S. Wheat Associates. The wheat industry uses checkoff dollars to complement USDA funding, demonstrating the industry's commitment to export promotion. Multiple studies – both USDA and industry-funded – have shown a positive return on investment from export promotion programs. A USDA study showed in 2016 showed an increase in agricultural exports of \$28 for every market development dollar spent.

Wheat is the most trade-dependent of the major food and feed crops grown in the United States. Without exports, the price of wheat would collapse and many wheat farmers would have to exit farming altogether. But individual farming operations cannot effectively market wheat overseas. Their wheat will likely travel thousands of miles and change hands several times before reaching customers. USDA market development programs are used to encourage those customers to consider the various classes and qualities of wheat grown across the United States for the benefit of thousands of Americans working throughout the supply chain from farm to port.

The two largest export promotion programs fund public-private partnerships between the USDA and associations representing different aspects of U.S. agriculture known as cooperators. U.S. Wheat Associates is the cooperator for the wheat industry and is led by wheat farmers. Every year, cooperators submit a strategy document to USDA when requesting funds that describes market dynamics and proposed tactics for expanding exports. USDA considers these strategy documents, industry size, export potential and other relevant factors in allocating funding.

**Market Assess Program:** The largest export promotion program, MAP assists cooperators in identifying market opportunities. Because of the wide range of agricultural commodities supported by MAP, there are a variety of market access approaches that can help U.S. producers get a foothold in foreign markets, thus MAP is versatile in allowed approaches, though funding is always under USDA oversight and only used to promote overseas consumption of American-grown commodities.

**Foreign Market Development:** While similar to MAP in many respects, the primary purpose of the FMD program is long-term market development. As with any business, maintaining premium customers requires regular attention to continuously demonstrate value. U.S. Wheat Associates uses FMD primarily to fund its overseas staff and offices, which are central to the wheat industry's market development mission. Without being able to provide technical assistance, facilitate dispute resolution, and simply maintain strong business relationships, U.S. wheat farmers would likely lose many customers and sales.



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**Terry Hand, Midland**

**Clinton Vanneman, Ideal**

**Leon Koeppel, Claire City**



## **NAWG Applauds President Trump — Signs the 2018 Farm Bill into Law**

In December, Congress took final action on the Farm Bill, albeit a few months after the 2014 Farm Bill expired. Even so, by taking action, this marked the first time since 1990 that final action on the Farm Bill took place in the year in which the bill was introduced in Congress. If you'll recall, the 2014 Farm Bill was supposed to be completed in 2012, and the 2008 Farm Bill was supposed to be wrapped up in 2007. Unfortunately, farm support programs often get wrapped up into other unrelated political battles. Fortunately, the chairs and ranking members of the House and Senate Agriculture Committees, along with our great representatives from South Dakota – Sens. John Thune and Mike Rounds, and then-Representative Kristi Noem – were able to put together a good final compromise product that achieved some of the biggest votes in both chambers in Farm Bill history. Additionally, the National Association of Wheat Growers (NAWG) was at the forefront of advocacy work and was successful in several areas to make programs work better for wheat farmers.

Of particular importance for wheat, there were many good provisions included in the final conference report. Specifically, the bill improves ARC in several ways, including requiring the use of RMA data as the first data source and it increases the plug yield from 70 percent to 80 percent; this is particularly important for wheat since it tends to be more susceptible to significant yield variations from year to year. For PLC, the bill enables producers nationwide to update their yields under certain conditions that will also be advantageous for wheat farmers. The bill continues ARC-Individual and it enables very large counties the opportunity to split into smaller geographic units, and it also requires that payment rate information be published within 30 days of the end of the marketing year – this provision will give winter wheat farmers more certainty since the marketing year ends in the early summer, several months before ARC and PLC payments are issued

in October. Additionally, farmers will have an opportunity to re-elect programs in 2019, as well as in 2021 and every year thereafter. This new opportunity to re-elect programs part way through the life of the Farm Bill is similar to an amendment Senator Thune successfully included in the Senate bill.

There are several other areas of the Farm Bill that will be good for wheat farmers, including continuation of the Market Access Program (MAP) and Foreign Market Development (FMD) program, both of which are key programs for selling wheat to new international markets. The bill also increases the authorization of funding for the Wheat and Barley Scab Initiative, which will benefit wheat farmers through important work happening at South Dakota State University and other land grants across the country. The conservation title increases the CRP acreage cap to 27 million acres, and it includes several changes to EQIP and CSP. Within CSP, the bill creates a new Grassland Conservation Initiative to enable farmers that have farms with base acres that were planted to only grass between 2009 to 2017 a new option for conservation activities on those farms. Additionally, the credit title includes increases to the direct and guaranteed loan levels, both individual loan levels as well as the overall authorization levels – this is a key provision now as net cash farm income is expected to decline yet again this coming year.

Early on, NAWG identified the crop insurance program as the organization's top priority. After several battles throughout the reauthorization process, the final conference report maintains a strong program and keeps intact the current federal premium cost-share levels. Additionally, several positive steps were taken for wheat farmers, including a provision requiring RMA to conduct research and development into new methods to adjust for quality loss in farmers' crop insurance policies.



*Senator Mike Rounds, Ag Secretary Sonny Perdue, Congresswoman Kristi Noem and Senator John Thune.*

# Ag Land Task Force Receives Study Outcome From Legislative Request

## SDSU Ag Land “Highest and Best Use” Study Released

Current Highest & Best Use	Most Probable Use	Actual Use
NRCS Land Capability Classes rated 1-3 are considered cropland. Soils rated 5-8 are considered noncropland. Soils rated 4 could be used for either cropland or non-cropland.	Recognizes additional factors, beyond the NRCS Land Capability Class ratings, that determine whether land is suitable for crop production. Other factors include USDA-NASS Cropscape Use Patterns, topography, precipitation and temperatures, NRCS crop productivity index, representative yields, etc.	Looks at current land usage, based on the USDA-NASS cropland data layer.

### General research conclusions:

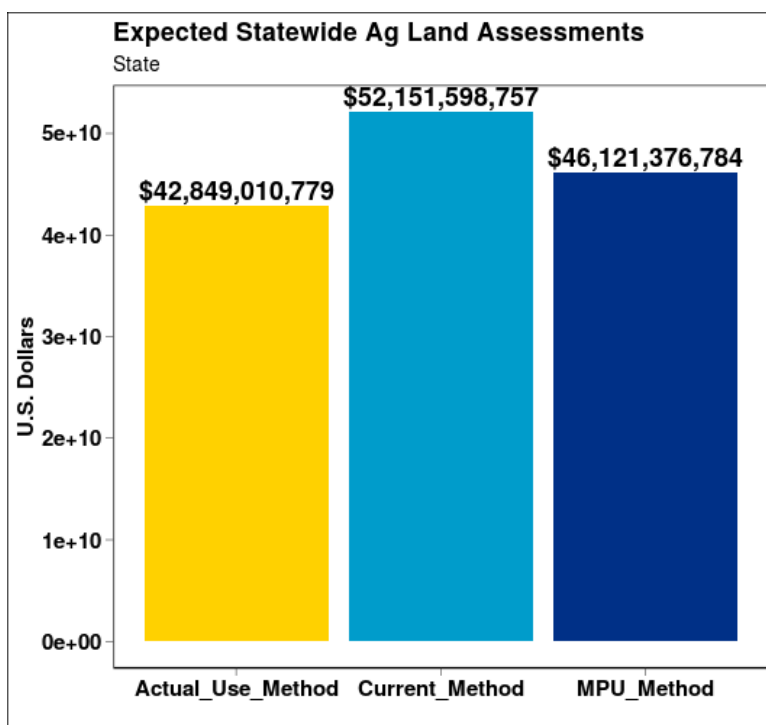
- NRCS soil ratings provide measures of soil productivity/capability, but are less accurate in predicting the most probable use of ag land - particularly in western South Dakota.
- NRCS ratings do not accurately measure highest and best use.
- Alternative methods and additional data can be used to improve highest and best use measures and better predict most probable use of ag land.
- The additional data and updated methods would be consistent with the Appraisal Institute’s definitions of highest and best use and most probable use, and consistent with the Appraisal Foundation’s standards for mass appraisal and highest and best use determination.

### What does the data show?

- Current method values SD Ag land at \$52 billion
- Most probable value is closer to \$46 billion
- Actual Use is slightly below \$43 billion

### Recommendations:

- Additional data and an alternate method to determine Highest and Best Use will result in more accurate valuations. Additional data needs to capture dimensions (financial feasibility), and current use patterns (most probable use) that are not considered by NRCS.
- Change existing state statutes to recognize most probable use of ag land



*Terminology on page 5*



## Terminology for Ag Land Study comes from Appraisal Institute. The Dictionary of Real Estate Appraisal. 6th Edition.

### Most probable use

1. The use to which a property will most likely be put based on market analysis and the highest and best use conclusion. The most probable use is the basis for the most probable selling price of the property. See also most probable selling price.

2. Highest and best use in the context of market value.

### Highest and best use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasi-

ble. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

### Use value assessment

An assessment based on the value of property as it is currently used, not on its market value considering its highest and best use. This sort of assessed value is sometimes used where legislation has been enacted to preserve farmland, timberland, or other open space land on urban fringes.

## Upcoming Events

January 8  
February 12 – 15  
February 27 – March 2  
March 23  
April – May  
May 15  
June  
September

Session Starts — Ends March 13  
Legislative Appointments, Washington, DC  
NAWG Meetings Commodity Classic, Orlando, FL  
Bake & Take Day  
Wheat Works Program & SDWI District Dialogue  
Wheat Yield Contest Application Deadline  
SD Wheat Inc., Board Meeting  
Wheat Yield Harvest Forms Deadline

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## Ag Horizon Speaker, Peter Meyer, Talks About The Brazilian Threat

Every year during the Brazilian harvest the world sees pictures of miles and miles of trucks stuck on Brazilian roads, loaded with soybeans headed to port. Every year there's a trucker strike and even more pictures of muddy roads and failing bridges, if you could even call them bridges. The constant refrain of "Brazil will never compete with the U.S. due to its failing infrastructure" as a result can be deafening at times. All this despite the fact that Brazilian soybeans continue to take global market share from the U.S. Just ten years ago Brazil was a member of the "60/30 Club", 60 million metric tons (MMT) in soybean production and 30 million in exports. The percentage of exports vs. production has gained an average 1.5% per year, in the same time period when production was doubling, slowly increasing from 50% to the current 67% as production reaches 122MMT while exports top 80MMT.

In rough numbers, Brazilian farmers currently plant half the number of acres planted in the United States, a concerning statistic on its own. The largest expansion over the past ten years in cultivated land has happened not in the Amazon, but in the Cerrado where a little more than 10% of its 2 million square kilometers (500 million acres/TX, CA, MT, NM, AZ combined) has been converted to farmland. This is due to the fact that the Cerrado has native vegeta-

tion preservation requirements of less than 30% generally as compared to 80% in the Amazon. 58 million acres/23.6 million hectares of the Cerrado have been cultivated in the past ten years, roughly the size of the United Kingdom, or Iowa and Indiana combined. With new President Bolsonaro at the helm, consensus is starting to grow that Brazil could see continuing expansion of farmland to the tune of an additional 40-50 million hectares, or roughly the size of Spain or California. 43 million hectares of expansion could come from the Cerrado region alone, the equivalent of Iowa, Indiana, and Wisconsin combined.

Of course expansion takes time and especially money, but the last ten years of expansion in the Cerrado took place under some not so favorable governments. So too has the 250% increase in exports while the world was being told that Brazilian infrastructure "couldn't handle it". Needless to say the expansion is not a symptom of the Trade War as it began eight years before President Trump took office, but betting against a continued expansion and rising Brazilian prominence in global agriculture would seem foolish. All the current focus on China is misdirected in our opinion, as the elephant in the room clearly has a Brazilian flag on its back.

# ACG 2019 HORIZONS CONFERENCE

*December 10th and 11th*  
*Ramkota RiverCentre • Pierre*

## Noem Taps Vanneman for Secretary of Agriculture



Following a nation-wide search to find the best and brightest to serve South Dakota's largest industry, Governor-elect Kristi Noem announced that Kim Vanneman will join her cabinet as Secretary of Agriculture.

"Agriculture is South Dakota's top industry, so it is essential we have a secretary who is as passionate as they are knowledgeable about the

opportunities before us," said Governor-elect Noem. "Kim Vanneman shares my vision to develop the state's ag economy and give more young people the ability to thrive as farmers and ranchers in South Dakota. She's a life-long producer and a fierce advocate for agriculture. I'm grateful to have her on board."

"Agriculture is more than an economic engine in South

Dakota – it's our way of life," said Kim Vanneman. "I'm thankful for the ways agriculture has shaped my career, and I'm committed to promoting, protecting, and growing that culture for the next generation. It is an honor to serve with Governor-elect Noem as we work to advance agriculture by adding value to South Dakota-grown commodities and expanding working lands conservation."

Vanneman, originally from Chamberlain, is a co-owner/operator of Vanneman Farms, a diversified farming operation in Ideal that produces row crops and small grains as well as finishing feeder pigs and a commercial beef cow herd.

Additionally, Vanneman served in the South Dakota House of Representatives from 2007 to 2013 where she sat on the Agriculture, Natural Resource, and Education Committees. Vanneman currently serves as a director for Farm Credit Services of America, Farm Credit Council, Farm Credit Foundations, and FCC Services.

Vanneman and her husband, Clint, have three children and four grandchildren.



# Wheat Yield Contest

Congratulations to all of our 2018 Wheat Yield Contest winners! Awards presented at Ag Horizons in Pierre included a 1st place in each District of \$500, and a 2nd place in each District of \$300.

We encourage everyone to participate in our 2019 Wheat Yield Contest, the application deadline is May 15th. SD Wheat Inc is your lobby arm for the wheat industry as well as distributing information through our SD Wheat Advantage newsletter which provides educational information and industry highlights.

The Board perceives the "Wheat Yield Contest" as an extension of the work that SDSU begins with the test plots around the state. The contest provides documentation for yield results, including chemical inputs and farming practices. Email us at [wheatinc@midco.net](mailto:wheatinc@midco.net) or go to our website [www.sdwheat.org](http://www.sdwheat.org) to print off the 2019 participation form. Our Contest is funded 100 % by our sponsors! SD Wheat Inc., would like to "Thank" our sponsors for their financial support: CHS Midwest Cooperative, CHS Southwest Grain, CHS Northern Plains, Agtegra, Oahe Grain Corporation, Sioux Nation and Dakota Mill & Grain.

## CONTEST ENTRANT QUALIFICATIONS

1. To enter, you must be an SDWI member in good standing. A one-year membership (\$100) will be included with your entry fee.

2. A farm entity or operation may enter more than one entry.

## CONTEST FIELD AND ENTRY QUALIFICATIONS

1. The state will be divided into seven separate reporting regions.

The location of the field, NOT the entrant address, will determine the region of the entry.

2. There will be two classes in each region for 2019.

3. Contest field must be at least 10 continuous acres of

one variety number.

4. Continuous being defined as "not separated by public roads, permanent field roads, or waterways that are delineated out of FSA maps or other structures or features that cause a field to be "farmed" separately."

5. Out of this field, a minimum of 2.5 acres must be harvested for the "official" weight/yield. There is no maximum size for the official weight/yield.

## SUPERVISOR ELIGIBILITY QUALIFICATIONS

1. The supervisor's names must be on the SDWI contest entry form along with their title, address, telephone and e-mail address before the entry can be accepted. The supervisor's responsibility is to oversee the harvest and make the final computations of yield based on an accurate weight, moisture and calculated area. It is the responsibility of the entrant to submit the final paperwork.

2. A supervisor cannot be related to the contestant, employee of the contestant, be a seed company representative, chemical company representative, retail fertilizer representative or in any way have any interest in the crop. Examples of qualifying supervisors would be local extension personnel, local bankers, FFA Advisor, SDWI Board members, etc.

## Contest Winners

Wyatt Leesman  
1st Place -District 4  
Winter Wheat  
76.10 bushels per acre

Doug Abeln  
1st Place -District 6  
Spring Wheat  
90.09 bushels per acre

Raleigh Leesman  
2nd Place -District 4  
Winter Wheat  
48.7 bushels per acre

Abeln Farms  
2nd Place -District 6  
Spring Wheat  
83.85 bushels per acre



Wheat Yield Contest Winners: Raleigh Leesman and Wyatt Leesman and CHS Sponsor Jennifer Johnson

**2019**  
**Applications**  
**due**  
**September**  
**for Spring**  
**and**  
**Winter Wheat**  
**[sdwheat.org](http://sdwheat.org)**

# Soil Health Producer Panel Held At 2018 Ag Horizons Conference

Five South Dakota Soil Health Coalition (SDSHC) members shared valuable information during a conversation based discussion panel, held at the 2018 Ag Horizons Conference in Pierre, SD on November 27th. The discussion topic, “How to Manage Soils for Resiliency and Profit” provided each producer an opportunity to share how they are improving the land they help to manage, while increasing profits. Presenters, representing various regions throughout South Dakota, included Kurt Stiefvater of Salem, Dennis Hoyle of Roscoe, Levi Neuharth of Ft. Pierre, Bryan Jorgensen of Ideal, and Dan Forgey of Gettysburg. Each operation represented was unique in terms of production goals, yet all operators were unified in their commitment to improve soil health. The five principles of soil health that each producer strives to follow include:

1. Maintaining soil cover
2. Limiting soil disturbance
3. Maintaining a living root in the soil for as much of the year as possible
4. Increasing plant diversity
5. Integrating livestock onto the land

Throughout the state, annual rainfall can vary drastically, and this was one of the first topics addressed by the panel. The panel members shared their success with long term no-till despite differing weather and soil conditions. Excessive rainfall delayed fall harvest for many areas across the state this year. Several producers on the panel commented that the rain had not negatively affected field operations for them however, providing testimony that a healthy soil is resilient to varying weather conditions. Kurt Stiefvater shared that as he harvested he hardly left any visible tracks throughout his fields, and never considered finding a chain to pull equipment out, even though six inches of rain fell on his farm in October. Dennis Hoyle attested that healthy soils increase soil organic matter and water infiltration ability over time which lessened his concerns even though he also received excessive rainfall at the end of this growing season. While traveling down a gravel road headed to seed winter wheat and cover crops,

Dennis left tracks and noticed mud being thrown from equipment tires due to the wet road conditions. Once in the field though, he was able to seed without any mud sticking to the drill or tractor and left no visible tire tracks. Once again, a healthy soil with adequate soil structure was shown to soak up the rain and store it in the soil profile eliminating the concern for compaction and other problems during harvest and planting activities.

All presenters shared helpful tips for increasing plant diversity including different options like implementing small grain cash crops and/or cover crops into existing crop rotations. Small grain crops can provide an extended time to seed and grow cover crops. All producers have successfully utilized cover crops and integrated livestock to graze them. Bryan Jorgensen stated “We find tremendous efficiencies grazing cover crops with lower feed costs and healthier animals. Observations from implementing the five Soil Health Principles include: greater water and nutrient management efficiencies, also, plants, animals, wildlife, and profits are happier, and my wife is even happier!” Dan Forgey shared that at Cronin Farms, they have a diverse rotation of 10-12 different crops. Diversity in the cropping system has been seen by Dan to significantly reduce disease, weed, and insect pressure, resulting in fewer crop expenses, while maintaining and even increasing crop yields. Levi Neuharth also mentioned that a benefit he has seen through his use of diversification includes cows that are far less stressed when grazing cover crops after calves are weaned.

Healthy soil ecosystems cycle water and nutrients more efficiently. Land management directly impacts the health of the soil. Every producer can take steps to improve their soils and encourage greater biological activity. This can be done using some of the practices discussed by the soil health panel members including adopting no-till practices, increasing plant diversity, and integrating livestock onto the land. These are all great options to improve soil health, resiliency, and profits.



*Panel members: Dan Forgey, Bryan Jorgensen, Levi Neuharth, Dennis Hoyle and Kurt Stiefvater.*