USA Dry Pea
& Lentil Council

STATEMENT BY
USA DRY PEA & LENTIL COUNCIL
TO THE
U.S. HOUSE AGRICULTURE SUBCOMMITTEE ON GENERAL FARM COMMODITIES AND RISK MANAGEMENT
SUBCOMMITTEE CHAIRMAN BOB ETHERIDGE

MARCH 28, 2007

Introduction.

Mr. Chairman and members of the subcommittee, my name is Jim Evans. I am a farmer of dry peas, lentils, chickpeas, wheat and barley near Genesee, Idaho. Today, I am testifying on behalf of the USA Dry Pea and Lentil Council, a national organization representing producers, processors and exporters of dry peas, lentils and chickpeas across the northern tier of the United States. Our membership includes farmers, processors and exporters in Washington, Idaho, Oregon, Montana, North and South Dakota, Minnesota, Nebraska, Wyoming, Colorado and Kansas. I am the current chairman of the organization and in the audience today is the Vice Chairman of our Council, Greg Johnson. Greg owns and operates a large dry pea, lentil and chickpea processing facility in Minot, North Dakota.

The USA Dry Pea & Lentil Council would like to thank you for holding this hearing and providing our organization with the opportunity to share our ideas on the 2007 Farm Bill. To begin with, we believe it is critical for the United States to provide a solid safety net to our producers during periods of low prices or natural disaster. The 2007 farm bill should continue to encourage farmers to take advantage of market opportunities and reward them for being good environmental stewards. Right now commodity prices are up and for the first time in years it appears that U.S. agriculture might do a little better than breaking even. **Hallelujah! I hope it never ends.** But some day it will and when it does our farm policy must protect our producers from continued subsidized competition, high tariffs, phyto-sanitary barriers and exchange rate manipulation. As Congress writes a new farm bill we ask that it include the following programs in the Commodity Title:

2002 Farm Bill- Pulse crops (dry peas, lentils and chickpeas) entered the farm program family in 2002 with the introduction of the pulse marketing assistance loan program for dry peas, lentils and small chickpeas. Our industry seeks to be included and treated equally with other farm program commodities.

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USA DRY PEA & LENTIL COUNCIL

2002 Farm Bill Pulse Loan Program

Loan Rates, Direct Payments and Target Prices for Covered Commodities						
		Loan Rate		Direct Payment	Target Price	
Crop	Unit	2002-2003	2004-2007	2002-2007	2002-2003	2004-2007
Corn	Bu.	$1.98	$1.95	$0.28	$2.60	$2.63
Sorghum	Bu.	$1.98	$1.95	$0.35	$2.54	$2.57
Barley	Bu.	$1.88	$1.85	$0.24	$2.21	$2.24
Oats	Bu.	$1.35	$1.33	$0.024	$1.40	$1.44
Wheat	**Bu.**	**$2.80**	**$2.75**	**$0.52**	**$3.86**	**$3.92**
Soybeans	Bu.	$5.00	$5.00	$0.44	$5.80	$5.80
Minor Oilseeds	lb.	$0.0960	$0.0930	$0.0080	$0.0980	$0.1010
Cotton	lb.	$0.5200	$0.5200	$0.0667	$0.7240	$0.7240
Rice	cwt.	$6.50	$6.50	$2.35	$10.50	$10.50
Dry Peas	cwt.	$6.33	$6.22			
Lentils	cwt.	$11.94	$11.72			
S. Chickpeas	cwt.	$7.56	$7.43			

Title I – Commodity Programs

Marketing Loan Program/LDP- The non-recourse marketing assistance loan and loan deficiency payment (LDP) program provides the best safety net for U.S. pulse farmers facing dips in market prices. The following table shows the pulse loan rates set by law in the 2002 farm program and our request to continue the program at the same levels in the 2007 farm bill:

Pulse Marketing Loan History and 2007 Farm Bill Request

Pulse Crop	**Loan Rate Basis (by law)**	**2002-2003**	**2004-2007**	**2007 Farm Bill Request**
Dry Peas	Feed Peas/$cwt.	$6.33	$6.22	$6.22
Lentils	No. 3 grade/$cwt.	$11.94	$11.72	$11.72
Small Chickpeas	No. 3. Grade /$cwt. (below 20/64ths round hole screen)	$7.56	$7.43	$7.43
Large Chickpeas	No. 3 Grade/$cwt. (above 20/64ths round hole screen)			$18.00

Large Chickpeas- The USADPLC supports the creation of a marketing assistance loan program for large chickpeas. We ask that the loan rate be set at **$18.00/cwt.** for **large chickpeas**. The loan rate should be based on a No. 3 grade large chickpea that stays above a 20/64ths round hole sieve.

2. Pulse Energy Conservation Incentive Payment (PECIP).
To reduce our dependence on foreign oil, the USADPLC supports a strong energy component in the 2007 Farm Bill. The most effective way to reduce our dependence on foreign oil is to encourage U.S. farmers to implement a sound energy conservation strategy. The USADPLC supports the creation of a Pulse Energy Conservation Incentive Payment (PECIP).

Dry peas, lentils and chickpeas do not require the use of nitrogen fertilizer. In fact, university research has shown that the production of dry peas, lentils and chickpeas provides a 40 pound per acre nitrogen credit for the next crop in the rotation. The Pulse Energy Conservation Incentive Payment would multiply the nitrogen credit saved by planting a pulse crop (40 lbs/ac.) by the cost of nitrogen ($0.38/lb.). The payment would be $15.00 per acre for pulse crops with current nitrogen fertilizer prices.

Pulse Energy Conservation Incentive Payment (PECIP)

	Pulse Crop Nitrogen Credit Lbs./Acre	Cost of Nitrogen ($ per lb.)	PECIP $/Acre
Dry Peas, Lentils, Chickpeas	40 lbs	$0.38/lb	$15.00/Acre

As Congress works on providing new incentives for the creation of biofuels, we ask that equal weight be given to providing incentives to produce pulse crops that conserve our nation's energy resources.

3. Pulse Direct Payment Program
The production of pulse crops (dry peas, lentils and chickpeas) is grown in rotation with wheat, barley and minor oilseeds across the northern tier of the United States. Each crop in the rotation has a direct payment except for pulse crops. The USADPLC supports the creation of a direct payment for pulse crops (dry peas, lentils and chickpeas) equal to the direct payment received for wheat. The current

direct payment for wheat is $0.52 cents per bushel. The table below establishes a pulse direct payment based on the current wheat direct payment program.

Pulse Direct Payment Program

Crop	Pulse Direct Payment	Avg. Yield Per Acre (10 yr) (bu./lbs)	Direct Payment Per Acre
Wheat ($/bu.)	$0.52/bu. ($0.86/cwt.)	40 bu. (2400/lbs)	$20.00
Dry Peas ($/cwt.)	$1.05/cwt.	1900/lbs	$20.00
Lentils ($/cwt.)	$1.67/cwt.	1200/lbs	$20.00
Chickpeas (Small and Large) ($/cwt.)	$2.00/cwt.	1000/lbs	$20.00

Pulse Base Acres- The USADPLC supports the creation of a USDA/FSA base for pulse crops (dry peas, lentils and chickpeas) in the 2007 Farm Bill in order to receive a direct payment. Producers should be allowed to sign up their vegetable base for the pulse direct payment program.

4. Pulse Counter-Cyclical Program

The counter-cyclical program provides an additional safety net to producers facing a downturn in the market. The USADPLC supports the creation of a pulse counter cyclical program for dry peas, lentils and chickpeas equal to 130% of the pulse loan rates established in the 2002 farm bill. The following table shows the Pulse Counter Cyclical Target Price based on 130% of the pulse marketing assistance loan rates.

Pulse Counter Cyclical Program
2007 Farm Bill Request

Pulse Crop	Counter Cyclical Based On	Loan Rate 2004-2007	Pulse Counter Cyclical Target Price (130% Loan Rates)
Dry Peas	Feed Peas/$cwt.	$6.22	$8.09/cwt.
Lentils	No. 3 grade/$cwt.	$11.72	$15.24/cwt.
Small Chickpeas	No. 3. Grade /$cwt. (below 20/64ths round hole screen)	$7.43	$9.66/cwt.
Large Chickpeas	No. 3 Grade/$cwt. (above 20/64ths round hole screen)	$18.00*	$23.40/cwt.

* Large Chickpeas were not included in the 2002 Farm Bill. The $18.00/cwt. on large chickpeas is a suggested loan rate level for Large Chickpeas for the 2007 Farm Bill.

5. Remove Chickpeas from Fruit & Vegetable List.
Producers need planting flexibility to respond to market signals. Over 90% of the chickpeas produced in the United States are grown in WA, ID, MT, ND, and SD. Currently chickpeas are classified as a vegetable crop and are not eligible to be planted on farm program base acres. The growers producing chickpeas in the northern tier primarily produce program crops that are eligible to be planted on farm program base acres. The USADPLC supports the inclusion of chickpeas (Small and Large) as an eligible crop to be planted on farm program base acres in the 2007 Farm Bill.

Title X – Crop Insurance

Our organization supports establishing Federal Crop Insurance programs for all dry peas, lentils, and chickpeas that manage risk at an affordable price. We recommend the following issues be addressed to improve crop insurance for pulse producers:

1. **Pulse Long Term Revenue (LTR) Coverage-**

The 2002 Farm Bill required RMA to develop new "revenue" policies for non-program crops. Revenue coverage is not presently an option for producers of dry peas, lentils or chickpeas. Our organization has been working with RMA to create a "revenue" program for pulses since 2001. Our commodity was chosen to participate in an RMA initiative to develop a new revenue based insurance program for pulses. Unfortunately, we still do not have a revenue insurance program for dry peas or lentils. The 2007 Farm Bill needs to put additional pressure on RMA to create new programs for minor crops with firm deadlines.

2. APH Crop History- Pulse producers are required by RMA to have 4 years of production data to establish an Actual Production History (APH). Pulse crops are grown in a 3, 4 and sometimes 5 year crop rotation. It could take 12 to 20 years to establish an APH for a new grower. Last year RMA created a pilot program in North Dakota that would allow producers to generate an APH history in a shorter amount of time. Under the "Personal T Yield" pilot program a producer can generate production history each year for all units across his farm even if the unit did not produce pulses. This pilot program needs to be expanded to all growing regions raising pulses in the 2007 Farm Bill.

3. Optional Unit Structure Written Agreements-

Background- In 2005/2006 the RMA rewrote the Optional Unit Structure Written Agreements to make them consistent throughout the country. There are many farms across the northern tier of the U.S., especially in the PNW, that do not fit the existing U.S. Rectangular Survey System that splits unit divisions based on sections or section equivalents. The rectangular survey system may work in flat regions of the country, but it fails miserably in the hills and valleys across the northern tier where producers farm outside section lines due to the varied topography. The RMA has decided to raise a "unit" under these agreements from 160 acres to 320 acres. The 320 acre unit sized is not fair to producers who face highly variable topography. Optional Unit Structure Written Agreement size should be lowered from 320 acres to a 100 acre minimum for those areas of the country with varied topography.

In summary, the USA Dry Pea and Lentil Council believe the commodity title in the 2007 farm bill should continue the pulse marketing assistance loan program. We believe the safety net for pulses should be expanded to include a pulse direct payment and counter cyclical program. We ask Congress to consider our Pulse Energy Conservation Incentive Payment program to encourage producers to conserve energy. Viable Federal Crop Insurance programs are critical to pulse producers and a new revenue program for pulse crops is needed.

I would like to thank the committee for the opportunity to speak to you today, and I would be happy to answer any questions.