

NORTH DAKOTA



GRAIN GROWERS

Gleanings

August '07



In this issue...

Pg. 3 - North Dakota Producer Featured on NBC Today Show

Pg. 7 - Hard Red Spring Wheat Conference carries an International Appeal

Pg. 8 - Word on Wheat: Why We Need the Farm Bill's Direct Payment

North Dakota Grain Growers Association

4023 State St
Bismarck, ND 58503
701-222-2216
1-866-871-3442
www.ndgga.com

Mike Martin
President

Terry Weckerly
Vice President

Mark Anderson
2nd Vice President

Brad Thykeson
Secretary/Treasurer

Board of Directors
Terry Wanzek
Jay Elkin
Bob Bahm
Byron Richard
Greg Nelson
Keith Neshem
Doyle Lentz

Dan Wogsland
Executive Director

Sheena Johnson
Communications Specialist

Priscilla Jahner
Events Specialist

Mission Statement

The mission of the NDGGA is to serve North Dakota wheat and barley producers with education, leadership, information and representation to increase profitability and enhance value added opportunities.



NDGGA President Mike Martin

President's Perspective

The Food Security and Rural Development act of 2007 (aka. The Farm Bill)

Much has been said about the US House version of the new Farm Bill, but it is very important to closely scrutinize what is and isn't in this proposal. Areas of contention will have to be worked out in the US Senate and then the conference committee before this Bill becomes law.

We at the NDGGA have given lukewarm support to the House proposal and would like to see a number of changes to the version.

Commodity Title

We are pleased with the continuation of the Direct Payment in the title as it's the only portion of the Title that is predictable. It allows producers and their lenders to plan

for the future cash flow of their operations and serves as a tool to fill a portion of the shallow losses that crop insurance cannot cover. It's also the only portion of the Title that is WTO compliant.

We are not satisfied with the level of protection provided by the Target Price for wheat and barley. Target prices for wheat at \$4.15 and barley at \$2.73 would mean that season average prices would have to dip below \$3.63 and \$2.49 respectively before counter cyclical payments would kick in. USDA costs of production figures for wheat (2005-2006 average) sit at \$5.29; the cost of production for barley came in at \$4.32. A Safety Net price for wheat at \$1.14 and barley at \$1.83 below their cost of production is not adequate. In light of ever-increasing production costs, fashioning an adequate farm safety net should prices fall is a top priority.

“crop insurance products that would be more specific to the needs of producers”

Research Title

A proposal in the Research Title would create a new national institution to administer all competitive programs. This proposal at first glance appears as a way to more efficiently administer research, extension and economic agency funding. I fear that this new bureaucracy would bring even broader infighting for the research dollar. It may also increase the response time of Ag research when new production and economic problems arise.

Risk Management Agency (RMA)

Although crop insurance is not a part of the Farm Bill, NDGGA has joined



forces with North Dakota Farm Bureau, Nodak Mutual, North Dakota Wheat Commission, North Dakota Barley Council and the Northarvest Bean Growers to push a Farm Bill amendment to better allow the development of new risk management products.

The amendment, sponsored by Congressman Pomeroy, changes the 508h crop insurance development process giving greater access to RMA developmental funds. This change would allow commodity groups like NDGGA to create crop insurance products that would be more specific to the needs of producers.

The amendment passed in the House version of the Farm Bill and now NDGGA is working with Senator Conrad and Senator Dorgan to insure its inclusion in the Senate version of the Farm Bill as well.

These are just a few of the items that we at NDGGA must keep a close watch on as the Senate moves forward with their version of the 2007 Farm Bill.

If you have any other major concerns we encourage you to let us know about them.

For up to the date information about what NDGGA is working on, log on to www.ndgga.com



North Dakota Producer featured on Today Show

North Dakota producer Jay Elkin was featured in a story produced by the New York based NBC Today Show. It was part of 'America The Beautiful,' a series highlighting areas that are unique and majestic throughout the fifty states.

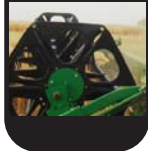
This began about three weeks prior to the live reveal when NBC's producer Meredith Reis contacted the office of the North Dakota Grain Growers Association (NDGGA) in search of a field of amber waves of grain. "At first we questioned whether this was something that fit the purpose of why this office was created," said Sheena Johnson, Communications Specialist for NDGGA. "But as we began thinking about the recent negative press surrounding issues such as the Farm Bill and Disaster Assistance, we knew, as we represent the producers, that this was an excellent oppor-

tunity to show the true character of our producers and North Dakota."

The live location reveal took place just south of Taylor, ND in a spring wheat field farmed by Jay Elkin. "I really felt at ease during the live interview," stated Mr. Elkin. "I had many conversations with Meredith the producer, and spent ten hours with the crew while they were here filming footage for the reveal lead up so I really felt comfortable when we went live."

"I think it's a privilege and an honor that they came to my farm and wanted to interview me but the real purpose was to showcase North Dakota and my farm was just a small piece of that."

To view the live video broadcast, log on to www.ndgga.com



Director's Digest

Greetings to NDGGA!!

By now, most of you have finished round one of the 2007 harvest and are looking toward round 2. I trust that your harvest thus far has been a successful and profitable one!!!

While you've been busy tending to harvest, NDGGA has been busy tending to the 2007 Farm Bill. Barley and wheat producers found themselves disadvantaged in relation to other commodities in the 2002 Farm Bill; NDGGA has dedicated its efforts to correct this situation. So far, our efforts seem to be moving in the right direction as decision makers in both the House and Senate recognize the need for change.

The policy decisions in the 2007 Farm Bill have shifted more than the North Dakota wind over the summer. NDGGA has teamed with the North Dakota Barley Council, National Association of Wheat Growers, and the National Barley Council, as well as with other farm organizations to make sure that wheat and barley aren't lost in the policy shuffle.

Maintaining direct payments, which



NDGGA Executive Director Dan Wogsland

amount to \$225 million dollars each year to North Dakota farmers, as well as increasing target prices and loan rates to more reasonable levels in relation to the costs of production have been front and center in NDGGA's policy discussions with decision makers. These are the three legs of the farm safety net that are central to food security of our nation.

For example, direct payments account for almost a billion dollars in economic activity in rural North Dakota. That economic activity takes place on the farms and

Main Streets of the Walum's of our state, not to mention the Fargo's and Bismarck's. Not one alternative policy proposal being considered by Congress, not one, proposes to replace economic safeguards for agriculture such as this.

National newspapers like the Wash-

ington Post and the New York Times denounce the Farm Bill and the food security it provides; in my opinion North Dakotan's by and large don't subscribe to this kind of journalism, either literally or figuratively. If I remember right it was these same newspapers that not long ago cried for a buffalo commons in farm country while in the same breath they decried the devastation that Chinese food imports had on our pets. Allowing a publication like these to drive the farm policy debate in this country is just plain wrong; I trust our decision makers won't buy into it.

As Senator Conrad, Senator Dorgan, Congressman Pomeroy, Governor Hoeven and Ag Commissioner Roger Johnson have conducted meetings around the state getting farm country's pulse on the Farm Bill debate, it has been good to see the active participation of North Dakota farmers and ranchers. This active participation will be critical as the Farm Bill winds its way through Congress. After all, it's our livelihoods that depend on it.

Standing together is what North Dakota is all about. It's what NDGGA is all about. When we work together, good things happen.

Happy harvesting!!

Farm Fact

People in India spend 51% of their incomes on food, American's only spend 10% thanks to farm policy.

HRS Conference brings an International Appeal

Quality managers from major mills in 12 different countries recently visited Fargo during the U.S. Wheat Associates (USW) Hard Red Spring Wheat Technical Conference, held in cooperation with the state wheat commissions of North Dakota, South Dakota, Minnesota, Montana and Idaho. The conference held August 13-17 brought together key export customers who have been evaluating U.S. HRS varieties through the USW Overseas Varietal Analysis or OVA program with U.S. HRS wheat breeders, wheat quality laboratories and Commissions.

Discussions focused on what the international customers most liked or disliked about HRS wheat and what traits they would like to see contin-

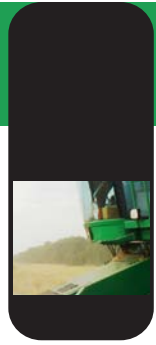
ued in future HRS varieties. Breeders described their varietal development programs and discussed recent HRS releases and up-and-coming varieties.



Breeders use the valuable information gained through the OVA process to create HRS varieties that blend the needs of producers with

world customers to produce HRS varieties of high-value to both groups. John Oades, USW vice president and West Coast director, relays that the OVA program does pay off dividends for producers as well. "You get a closer working relationship between breeding programs and primary customers, as a result of that you tend to target things the customer needs more and that ultimately goes back to the producer's pocketbook in the form of increased sales or increased value in those sales," says Oades.

Similar exchange conferences are in the planning stages for soft white wheat and hard red winter wheat.



Congratulations to the 2007 NDGGA Golf Tournament Winners

The Annual NDGGA Golf Tournament was a huge success thanks to all who participated and sponsored the event.

Gold Sponsor



Busch Agricultural Resources, Inc.



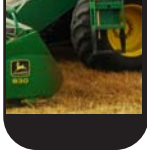


RED RIVER FARM NETWORK

Silver Sponsor




2007 Winners from left to right: Gene Gronneberg, Steve Peterson, Rich Wahl and Brad McCullough from Bank Forward



Barley Harvest Underway

Outlook is Optimistic
 News from the North Dakota
 Barley Council
 August 8, 2007

Barley harvest is underway across North Dakota, and the outlook for barley is generally optimistic. Following are specific points of information related to barley production and marketing conditions as harvest is underway across the region:

--1. Area Planted: the June 29th acreage report indicated that North Dakota farmers planted 1,450,000 acres of barley in 2007. This is a 32% increase in planted acres from 2006, and represents the first step in reversing a downward trend. The increased acres should result in higher levels of production in 2007.

--2. Yield and Production: USDA-NASS is estimating the North Dakota average barley yield at 61.0 bushels per acre for 2007, which is an increase of 12 bushels per acre from 2006. Production for North Dakota is forecast at 82.4 million bushels, which is a 69% increase from 2006 and the highest level of production since 2004.

--3. Harvest: as of August 5th, 48% of the North Dakota barley

crop had been harvested, well ahead of the 5 year average of 22% for the same time period. In general, growers have been reporting good yields and quality.

--4. Exports: considerable strength in demand from Japan in 2006 caused barley prices to rally as the U. S. captured the opportunity to supply this market, and there is reason to remain optimistic that solid market opportunities will exist in Japan in 2007. Historically, Japan has placed considerable reliance on Australia as a feed barley supplier. However, the 2006 drought in Australia resulted in lower supplies for export, and Japan is seeking alternative suppliers. Japan recently purchased approximately 74,000 metric tons of barley from the U. S. While Japan also considers utilization of Canadian barley, the situation regarding the possible removal of barley marketing from the Canadian Wheat Board has resulted in minimal business between the two countries. The North Dakota Barley Council hosted a feed barley trade team from Japan in late July 2007, and the buyers reaffirmed their interest in continued purchases of North Dakota barley.

--5. Price: Feed barley prices in North Dakota are currently ranging from \$2.90 per bushel to \$3.10 per bushel, compared with pre-harvest 2006 values in the area of \$1.35 to \$1.50 per bushel. Malt barley spot cash prices have softened slightly, ranging from \$3.15 to \$3.50 per bushel. The increase in corn pro-

duction, coupled with increased quantities of barley will likely place downward pressure on feed barley prices. Malt prices should remain relatively stable until the quality of the crop is better known.

Summary

Nationally, the USDA indicates that U. S. farmers plant 4,044,000 acres of barley in 2007, which is a 17% increase from 2006. Hopefully the downward trend in acres (and production) is now reversing. The North Dakota Barley Council seeks to work closely with barley producers and the industry to keep barley agronomically viable and economically profitable. We hope that 2007 will yield a successful harvest for barley in North Dakota.

Growing for the Future

The North Dakota Grain Growers Association and the North Dakota Barley Council are proud to announce the 'Growing For The Future' scholarship was presented to FFA member John T. Rice from the Maddock FFA Chapter. This \$500 scholarship is meant to further Mr. Rice's educational possibilities and to strengthen his future involvement in agriculture. His participation in FFA and his work in the Grain Production proficiency category has not only awarded him state recognition but has qualified him to win the ND-GGA/NDBC 'Growing For The Future' Scholarship. Congratulations John and we wish you the best.

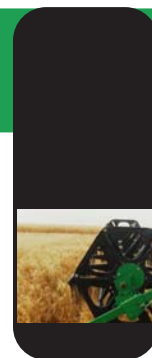


Environmental Tour sheds light on agriculture

The Environmental Tour is an annual event hosted by the North Dakota Grain Growers Association. The tour was started with the purpose of bringing Environmental Protection Agency officials away from their desks and out into the heart of agriculture. Showing them firsthand the

way their decisions affect producers in the field.

We hope that by bringing them into this educational environment they have a better understanding of the practices and methods producers use everyday.



Gold Sponsors



Silver Sponsor



Bronze Sponsor



Sunbelt Producers tour North Dakota agriculture

The North Dakota Grain Growers Association (NDGGA) hosted a group of producers from the Sunbelt to see agricultural production/processing and agribusiness operations in North Dakota from August 5th – 10th as a part of the National Cotton Council's (NCC) Multi-Commodity Educational Program (MCEP).

The exchange between commodity producer leaders in the Sunbelt and the Midwest/Far West regions is designed to provide the program's participants with: 1) a better understanding of production issues/concerns faced by their peers in

another geographic region and 2) an opportunity to observe agronomic practices, technology utilization, cropping patterns, marketing

plans and operational structure. The program is supported by The Cotton Foundation with grants from Deere & Company and Monsanto.



Word on Wheat: Why We Need the Farm Bill's Direct Payment

David Cleavinger, NAWG First Vice President

Lately, especially in Congress, there has been a lot of discussion about changing the structure of the Farm Bill, even eliminating the direct payment. Of three farm programs, wheat growers have ONLY received the direct payment over the term of the last Farm Bill. As a wheat grower and representative of that community, I would like to lay out why we are supporting an increased direct payment rather than its banishment.

First, the decoupled direct contract payment is the least market distorting program in the farm policy arsenal. Direct payments are based on past production, not current or future production. Direct payments encourage farmers to plant crops from signals of the market and not for government programs. Of course, basing a farm program on past production is not a perfect solution but, in order to stabilize rural America, it is by most people's understanding necessary and does not allow government programs to determine crop rotation.

Because the direct payment avoids market distortion as much as possible, it is also the most World Trade

Organization-friendly program in farm policy. It is essential that we meet our WTO obligations, since a failed WTO agreement leaves us susceptible to court challenges. U.S. wheat growers export almost half of what we grow. A healthy trade environment is essential for our industry.

Finally, and most important to wheat growers over the past five years, the direct payment program is the only program that ensures a safety net to a grower in times of drought or other versions of complete crop loss. Other than crop insurance, this is all that can carry a grower into the next year if Mother Nature deals an uncontrollable fatal blow.

Over the term of the 2002 Farm Bill, many of our growers were hit hard by floods, fires, freezes and droughts, causing them to have no crop at all, which made loan deficiency payments void. Because of higher prices as a result of tighter wheat stocks, counter cyclical payments were not realized and wheat growers had to learn the value of the direct payment – it's all we had access to. Opposition to the direct payment comes from a number of

corners. Some say the direct payment is capitalized in rental rates. In reality, the direct payment does not cause any greater increase in rental rates or land values than any other income received by farmers. Higher crop prices and more demand for acres are the real causes of increases in land values and rental rates – not the direct payment.

Others say growers should have to rely on market-based programs. But, during times of crop failure, the direct payment is the one program that keeps a steady, predictable stream of money coming to growers, their families and their rural communities.

While wheat growers continue to support the three-legged safety net, the direct payment has been the most beneficial program for us, and we see the merits it has. We believe now is the time to raise the rate of the Farm Bill's most predictable program, the direct payment, to be equitable among all crops.

Please join me in contacting your Members of Congress and telling them why this program is so important to you.

NORTH DAKOTA



GRAIN GROWERS

North Dakota Grain Growers Association
4023 State St
Bismarck, N.D. 58503