



# DURUM KERNEL

U.S. Durum Growers Association

Spring 2014

## U.S. DURUM PRICES CONTINUE TO MAINTAIN STABILITY

By Mark Conlon  
*Farm & Ranch Guide*

While other commodities have seen some fluctuation in the past few months, that has not been the case with durum.

“Durum prices have been pretty stable the last few weeks with local cash bids for top quality milling durum at \$6.75 to \$7 a bushel,” said Erica Olson, marketing specialist for the North Dakota Wheat Commission.

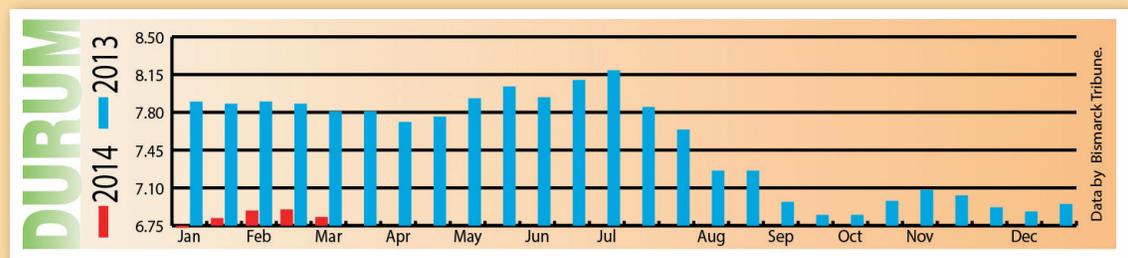
“We haven’t seen some of the upward price movement like we have for spring wheat, but we also haven’t seen the declining prices either, so that’s good,” she added.

There have been reports of some domestic mills that are just getting by for now in terms of supplies, Olson noted, mainly because of logistical problems in getting the durum on time, especially from Canada.

“That’s been somewhat supportive for U.S. durum, but our system is kind of backed up as well, so basically the mills are just getting by with the bare minimum they require,” she said. “How long they’re able to do that depends on how long the transportation is backed up. In some cases, they are having to pay a premium to get their durum, but that cost is basically due to freight.”

With the current price levels, durum is still at a 25-50 cent premium to spring wheat, according to Olson, adding that there are not a lot of new crop bids out there. However, the bids they have seen are around \$6.25 per bushel.

“Even with the price premium over spring wheat, I’m not sure how that plays into an increase in planted acreage for durum this year. That type of premium really doesn’t



give much incentive,” she said. “The past few years, our acreage has been below average due in large part to planting conditions, but also because prices haven’t been as competitive.”

Prior to 2011, average U.S. durum acreage was about 2.4 million acres, but in 2013, acreage was down to 1.5 million.

“So even if we do have okay planting conditions this year and are able to gain back some prevent plant acres, it is probably wishful thinking to see us get much above 2 million acres again,” Olson said.

At the recent U.S. Department of Agriculture Ag Outlook Forum, USDA issued its preliminary outlook for 2014 and, although the agency doesn’t give hard numbers for spring wheat and durum, it is projecting a marginal increase for durum acreage. However, because of the big supplies available in North America, they feel it will limit acreage getting back to normal, Olson noted.

“For durum production, they’re only forecasting a small increase, and they’re anticipating yields won’t be as high as they were last year,” she said.

Ag Canada also released its first outlook for acreage, and that agency is forecasting durum acreage will be down six percent in 2014.

(story continued on page 7)

# PRESIDENT'S REPORT



Hello from the U.S. Durum Growers Association (USDGA). I hope this letter finds you all doing well.

USDGA directors have been busy attending farm shows again this spring. The booth was exhibited at the KMOT Ag Expo in Minot, N.D., National Hard Spring Wheat Show in Williston, N.D., and Radio International KATQ in Plentywood, Mont. Thanks to those of you who stopped by the booth to show your support of the industry and learn more about USDGA.

Recently, several USDGA directors and staff attended the National Pasta Association Annual Meeting in Naples, Fla. President Doug Opland, 1st Vice President Russell Doe, Assistant Executive Director Jessie Pfaff, N.D. Wheat Commission (NDWC) Marketing Director Jim Peterson and NDWC Commissioner-At-Large Bruce Freitag represented the durum industry very well at the conference. Jim Peterson was a featured guest speaker and presented the group with the 2014 Durum Outlook, and I was a guest speaker on the Durum and Pasta Roundtable. It was a great opportunity to educate pasta industry representatives about the challenges and opportunities facing durum producers.

As you are aware, the 2014 Farm Bill has finally passed! I'd like to thank USDGA's Board of Directors and staff for their continuous commitment to staying engaged in the Farm Bill conversation to ensure durum producers had a voice.

I want to wish you all the best of luck throughout the growing season, and I hope 2014 is a profitable year.

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Opland".

Doug Opland  
President  
U.S. Durum Growers Association



Warm weather and beautiful beaches were enjoyed by all those attending the 2013 NPA Annual Meeting in Naples.

USDGA President, Doug Opland and USDGA 1st Vice President Russell Doe were the second place winners in the NPA Bocce Tournament.



USDGA President, Doug Opland participated in the Durum and Pasta Roundtable at the 2014 NPA Annual Meeting. The event was sponsored by the U.S. Durum Growers Association. L to R – Doug Opland, John Manuel, Miller Milling Co., and Hank Thilmony, Mayco Export.



NDWC Marketing Director, Jim Peterson, USDGA Assistant Executive Director Jessie Pfaff, USDGA 1st Vice President Russell Doe, and USDGA President Doug Opland represented durum producer's interests at the 2014 NPA Annual Meeting.



# MONROE SCHEFLO SCHOLARSHIPS AWARDED

Ryan Thompson of Kindred, N.D., and Katie Woodbury of Ross, N.D., were the recipients of the 2013 Monroe Scheflo Scholarships. Each will receive \$1,000 toward their ag-related degree. Both students are attending North Dakota State University.

Thompson is a freshman majoring in ag systems management and plans to become the fourth generation to operate on his family's farm. He is actively involved in his family's farming operation and his community. A 2013 graduate of Kindred High School, Thompson was also active in the North Dakota High School Rodeo Association and Norman Lutheran Church. He is the son of Michael and Dawn Thompson.

Woodbury is a senior majoring in agricultural economics and intends to pursue a career in agricultural agronomy. She is currently involved in NDSU Saddle and Sirloin Club and NDSU Post-Secondary Agriculture Students. A 2010 graduate of Stanley High School, Woodbury was actively involved in 4-H and FFA. She is the daughter of John and Julie Woodbury.

"It is important that USDGA continues to encourage the next generation to pursue careers in agriculture," says USDGA President Doug Opland. "It's an honor to award these scholarships to very deserving recipients."

The Monroe Scheflo Scholarship Fund was established by USDGA in 1985 in memory of Monroe Scheflo, who served as the association's president from 1982-1984 when he lost his battle with cancer at the age of 43. To qualify for the scholarship, applicants must be from North Dakota, attending college full-time and pursuing a degree in agriculture.



**RYAN THOMPSON**  
Kindred, N.D.



**KATIE WOODBURY**  
Ross, N.D.

# FARM BILL SIGNED

The Farm Bill: Agriculture Act of 2014 was signed by President Obama on Feb. 4. The bill provides more than \$23 billion in deficit reduction (\$14 billion from commodity title, \$4 billion from conservation, and \$8 billion from nutrition), enhances crop insurance, provides new Agriculture Risk Coverage (ARC) and enhances the livestock disaster assistance programs. Below is a summary of the programs authorized. For a detailed summary provided by the National Council of Farmer Cooperatives, visit [www.durumgrowers.com](http://www.durumgrowers.com).

## COMMODITIES & RISK MANAGEMENT PROGRAMS

- Mandatory spending on commodity programs in Title 1 is reduced by \$14.3 billion relative to the 10-year baseline, for a total of \$44.5 billion
- Crop insurance spending is up by \$5.7 billion over that period, for a total of \$89.8 billion
- Direct payments are eliminated immediately; repeals seven other current commodity programs
- Adjustments made to payment limitations, eligibility rules and means testing for program participation
- One-time choice of Price Loss Coverage (PLC) or Agricultural Risk Coverage (ARC)
- Option to update base acres
- Continues existing sugar policy
- New area-wide, group-risk crop insurance policy for cotton producers (STAX)
- Overhauls dairy policy, including the new Dairy Producer Margin Protection Program
- Makes improvements to crop insurance to better serve all producers
- Maintains permanent law (the 1938 and 1949 Acts)

## CONSERVATION & ENERGY PROGRAMS

- For the first time ever, conservation title spending (\$57.6 billion/10 years) outpaces commodity title (\$44.5 billion/10 years)
- Consolidates the functions and objectives of 23 conservation programs down to 13
- Producer eligibility for crop insurance is made contingent on conservation compliance
- Provides nearly \$900 million in mandatory funding for renewable energy and energy efficiency programs
- Continues key programs such as Rural Energy for America Program (REAP) and Biomass Crop Assistance Program (BCAP)
- The Miscellaneous Title provides regulatory relief by enhancing federal agency coordination and removing duplicative reporting requirements

## TRADE & FOOD AID PROGRAMS

- Fully funds the Market Access Program and Foreign Market Development Program
- Establishes a USDA Under Secretary for Trade and Foreign Agricultural Affairs
- Reauthorizes the GSM-102 export credit guarantee program, making \$5.5 billion in credit guarantees available per year
- Expands the Technical Assistance for Specialty Crops (TASC) program to include other technical barriers to trade
- Reauthorizes the PL-480 Title II Food for Peace

## CREDIT & RURAL DEVELOPMENT PROGRAMS

- Value-added Producer Grants reauthorized with \$63 million in mandatory funding
- Continues Rural Cooperative Development Grants with funding authorized at \$40 million
- Includes “say on pay” review of rules regarding compensation for senior officers in farm credit institutions
- Encourages the use of loan guarantees to finance water and waste disposal projects

## SPECIALTY CROP PROGRAMS

- Provides the largest government investment for specialty crops
- Fifty-five percent increase in funding levels for specialty crop initiatives and programs
- Pilot program to allow schools to test the use of canned, dried and frozen fruits and vegetables
- Increased funding for specialty crop research under the Specialty Crop Research Initiative
- New funds for research on citrus greening

## ANIMAL AGRICULTURE PROGRAMS

- Permanently authorizes the Livestock Indemnity Program, the Livestock Forage Disaster Program and Emergency Assistance for Livestock, Honeybees and Farm-raised Fish Program, providing nearly \$4 billion of disaster assistance over the next 10 years
- Maintains livestock commitment under EQIP and expands opportunities for grazing under CRP
- Prioritizes pollinator protection research to ensure a sustainable population of native and managed pollinators, including managed honey bees
- Authorizes Veterinary Services Grants to address workforce shortages
- Continues animal health and disease research programs, instructing USDA to better focus resources on key animal science priorities
- Maintains USDA catfish inspection program

## ANKENBAUER RECEIVES AWARD

Bryan Ankenbauer, a durum producer from rural Bowbells, N.D., received USDGA's 2013 Durum Person of the Year award during the 2013 Crop Outlook and International Durum Forum luncheon held in November in Minot, N.D. The award recognizes a durum producer who has shown outstanding commitment and dedication to the durum industry.

Ankenbauer grew up on a durum-producing farm and has raised durum on his own farming operation for many years. He is a long-time member of USDGA and served nine years on its board of directors. In addition, Ankenbauer enjoys spending time with his wife and four children and is active in his local church.

"Bryan is a very deserving recipient of this award," says USDGA President Doug Opland. "His commitment and dedication to the durum industry is evident in his production and service on the USDGA board of directors."



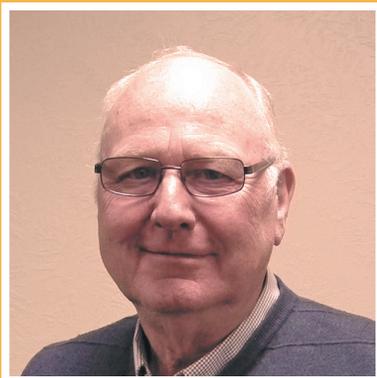
USDGA President Doug Opland presents Bryan Ankenbauer with the 2013 Durum Person of the Year Award.

## DIRECTORS AND OFFICERS ELECTED

USDGA elected five directors, as well as its 2014 executive officers, during its annual meeting in November. Mark Martinson, Rolette, N.D., and Shawn Murphy, Minot, N.D., were elected to serve as directors from the east district; Keith Deutsch, Plaza, N.D., was elected to serve as a director from the southwest district; Arvin Larson, Williston, N.D., was elected to serve as director at large; and Lanny Jones, Joplin, Mont., was elected to serve as a director from Montana.

The following executive officers were elected to one-year terms: President Doug Opland, Des Lacs, N.D.; 1st Vice President Russell Doe, Reeder, N.D.; 2nd Vice President Ryan Davidson, Tioga, N.D.; and Secretary/Treasurer Mark Martinson, Rolette, N.D. Past President Keith Deutsch, Plaza, N.D., will also serve on the executive committee.

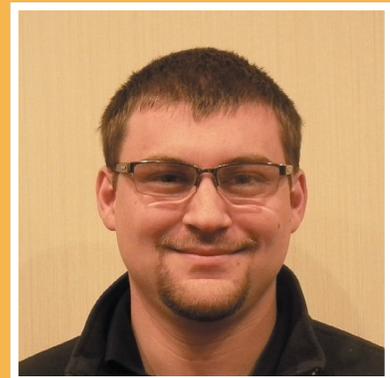
For a complete list of the USDGA board, visit [www.durumgrowers.com](http://www.durumgrowers.com).



Arvin Larson, Williston, N.D., was elected to serve his first term as director at large.



Lanny Jones, Joplin, Mont., was elected to serve his first term as a director from Montana.



Shawn Murphy, Minot, N.D., was elected to serve his first term as a director from the east district.

# USDGA JOINS COALITION

USDGA has joined the broad-based North Dakotans for Common Sense Conservation Coalition. The purpose of the coalition is to defeat the proposed constitutional amendment that would commit five percent of North Dakota's oil extraction tax – conservatively estimated at \$300 to \$400 million a biennium – to a new fund with no clear idea of how it would be spent, yet mandate over \$3 million a week on average be spent on conservation projects.

USDGA is among more than 20 diverse groups that are part of the North Dakotans for Common Sense Conservation Coalition. While conservation efforts and safeguarding the environment is supported, this measure is the wrong approach. USDGA is opposing the measure for the following reasons:

- The supporters of this proposed constitutional amendment are being funded by out-of-state special interest groups. A report filed with the Secretary of State's office at the end of 2013 showed the group received 96 percent of its money from outside our state.
- It would divert billions of dollars of state funding that could otherwise be spent on schools, education, infrastructure, emergency services and tax relief.

## North Dakotans for Common Sense Conservation

• The money from this fund can be granted to state agencies, tribal and local governments, political subdivisions and non-profit groups. Some of the non-profits that will likely benefit from it would be the Sierra Club, the Nature Conservancy, the Dakota Resource Council and other radical environmental and wilderness organizations.

• Putting this in our state's constitution is not the proper way to fund conservation programs. Any changes to this constitutional amendment could only be corrected by another statewide vote. As the only constitutionally mandated funding provision in the state constitution, passing this measure would set a dangerous precedence.

• With only one representative from agriculture and one from energy, the advisory board will be heavily tilted toward conservation groups without much consideration for land and mineral owners.

For more information on the measure or the North Dakotans for Common Sense Conservation Coalition, visit [www.NDCommonSenseConservation.com](http://www.NDCommonSenseConservation.com) or contact Jon Godfread, vice president of governmental affairs for the Greater North Dakota Chamber, at [jon@ndchamber.com](mailto:jon@ndchamber.com) or 701-222-0929.

# USDGA SUPPORTS RFS

USDGA submitted a letter to the U.S. Environmental Protection Agency (EPA) in opposition to its proposed decrease in 2014 Renewable Volume Obligations (RVOs) under the Renewable Fuels Standard (RFS). These volumes represent the amount of renewable fuel that must be blended into the nation's transportation fuel supply.

The EPA proposes to significantly reduce the 2014 volumes Congress set by statute for corn-based ethanol volumes from 14.4 billion gallons to 13.01 billion gallons. This is a reduction from last year's total of 13.8 billion gallons for corn-based ethanol.

More than 16,000 comments were received by the EPA during its 60-day comment period. The agency is expected to make a decision this summer.

Comments included in the letter from Doug Opland, USDGA president, are below.

"The impact the RFS has had on production agriculture cannot be overstated. Since its original enactment in 2005, our members have witnessed firsthand the positive impact it has had on their local economies. In fact, it is directly due to the RFS that many of our members' farming operations have

become so successful.

We must move forward, not backward when it comes to developing alternatives to fossil fuels and foreign oil. The RFS and biofuels have created jobs that cannot be outsourced, which has helped ensure a robust rural America. Additionally, renewable fuels are better for the air we breathe and for our environment. And, they are making a difference by decreasing our dangerous dependence on foreign oil. Biofuels are good for national security, energy security, consumer choice and savings at the pump.

The RFS is making America stronger. Our rural towns are thriving and our children are moving back to where they were raised to carry on the legacy of the family farm. They are also finding other great opportunities back home within this industry. We cannot afford to turn our backs on such a successful policy.

Bottom line – the proposed rule shows the world we are embracing the status quo of foreign oil and fossil fuels for our growing energy needs. Supporting the RFS is critical for America and the future of our energy and agricultural sectors. I thank you for your consideration."

# FUELS ACT CLEARS UNNECESSARY REGULATION

The House of Representatives passed legislation in mid-March, which was cosponsored by Congressman Kevin Cramer, to prevent farmers and landowners from being forced to comply with a costly Environmental Protection Agency (EPA) regulation. The Farmers Undertake Environmental Land Stewardship (FUELS) Act addresses an Oil Spill Prevention, Control and Countermeasure (SPCC) rule which requires certain fuel storage facilities to be structurally altered for compliance.

The SPCC rule was first published in 1973, but in 2009 the EPA began applying it to farms with fuel tanks as small as 1,320 gallons. The rule requires the farmer or landowner to construct a containment facility, such as a dike or a basin, to retain 110 percent of the fuel in the container. In addition, the farmer is required to pay for a costly fuel tank inspection and certification by a specially licensed professional engineer. It is estimated compliance costs, including inspections and certifications by licensed engineers, could reach more than \$60,000. Buried fuel containers with less than 42,000 gallons would remain exempt under the legislation.

“The FUELS Act scales back the drastic scope of this regulation by raising the exemption level to a more reasonable amount, ensuring small farming operations with above-ground tanks of less than 10,000 gallon capacity won’t be affected. It also allows farmers with above-ground tanks between 10,000 and 42,000 gallons to self-certify for compliance instead of paying a third party. Our agriculture producers are more than capable of managing this risk, just like they manage countless others in their daily operations,” said Cramer.

Cramer has worked extensively to reduce the amount



U.S. Congressman Kevin Cramer (R-N.D.)

of government regulations farmers and ranchers face in their operations. Earlier this year, he called on U.S. Secretary of Labor Thomas Perez to end its labor law enforcement action against small farms with less than 10 employees. In response, OSHA said it would instead issue new guidance after consulting with the U.S. Department of Agriculture (USDA) and organizations representing farmers. Cramer also cosponsored the Grazing Improvement Act, which passed the House last month and would give greater economic certainty to ranchers and landowners by extending the longevity of grazing permits and decreasing the wait period for permit renewals.

*(U.S. Durum Prices, continued from page 1)*

“Similar to our situation, they’re anticipating a return to normal yields so production would be down 25 percent,” Olson said.

Looking at the U.S. desert durum crop, Olson noted there are a few concerns there with the dry conditions producers are experiencing and the water restrictions that have been placed on everyone.

“It’s possible yields won’t be as high as they normally would,” she said.

Looking at exports, Olson said there haven’t been any new durum sales over the last few weeks; however, that’s not unusual for this time of year with the cold conditions and the Great Lakes still closed.

“Hopefully we’ll see some sales soon,” she said, adding that current export totals are still about nine percent higher than last year at this time at 17.4 million bushels.



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