



Wheat Producers Advantage

South Dakota Wheat, Inc.

October 2015 • Volume 3, No. 2

Keynote Speaker

What Keeps a SD Banker Up At Night?

Nathan E. Franzen

Nate grew up on a diversified family dairy, grain, and beef cattle farming operation near Langford, SD. He obtained his Bachelor of Science degree at Northern State University with majors in Management and Marketing, obtained his Masters in Business Administration from the University of South Dakota and obtained a degree from the American Banker's Association's Stonier Graduate School of Banking held at Georgetown University. Nate began his banking career in January of 1994 at Dacotah Bank. He joined First Dakota National Bank in October of 1998 and is currently the President of the Agri-Business Division, overseeing all aspects of agricultural



banking for the Company. In this capacity he is a member of their Executive Management team. First Dakota National Bank is a \$1.2 billion Bank and is one of the largest Ag Banks in the country with total Ag loans under management in excess of \$800 million. In 2011, Nate was appointed to the American Bankers Association's Agriculture and Rural Bankers Committee and served as Chairman in 2015. This committee is the resource on National Ag Banking issues. He is a past Chairman of the South Dakota Banker's Association's Agricultural/Commercial Lenders Committee, a past Chairman of the Yankton Area Chamber of Commerce Agricultural Committee and a past President of the Yankton Area Chamber of Commerce Board of Directors. Nate is a graduate of Class I of the South Dakota Agricultural and Rural Leadership (SDARL) Program where he is a past President of their Alumni Association and joined their Board of Directors in 2013. Nate married his wife Michelle in 1992 and has two children, Bailey - 18, and Kellen - 16. In his free time Nate enjoys hunting, golf, reading and spending time with family and friends.

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With These Breakout Sessions

Marketing/Ag Economics

Estate Planning

Precision Agriculture

Soil Health Solutions

Crop Rotation Systems

Diversify with Pulse Crops

Cover Crop Lessons

Oil Seed Initiative

Sunflower Phomopsis

Dakota Lakes 600 Year Goal

Wheat Diseases Control

Grain Storage Protection

Pulse Breeding Program

Drone Technology Changes

Carinata the New Oilseed

Federal & State Legislative Updates

AG HORIZONS

**Ramkota RiverCentre, Pierre
December 1 & 2, 2015**



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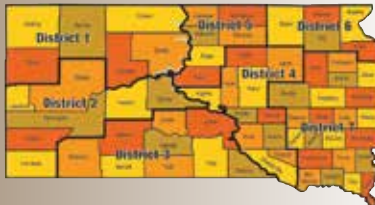
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Chet Edinger, Mitchell

Darrell Davis, Ipswich

Terry Hand, Midland

Clinton Vanneman, Ideal

Leo Warrington, Bristol

***Reid Christopherson, Executive Director,
South Dakota Wheat Commission***

Wheat — A Global Affair

It is easy to become lulled into the mindset that wheat is a local issue. Local land prices. Local seed options. Local weather. Local labor. Local markets. But, these factors are only the start of the wheat journey.

I had the tremendous opportunity this past month to be reminded that wheat truly is a global affair. I attended the 10-day “Grain Procurement Management for Importers” Course offered by the Northern Crops Institute. Although the course started on the campus of North Dakota State University, in Fargo, it would later move to the Port of Duluth, the Minneapolis Grain Exchange and finally the CHS barge loading terminal near Savage, Minnesota.

I was one of only three participants from the United States. The remaining 29 participants represented 17 other countries. The tremendous diversity is highlighted in the picture that accompanies this article. They were generally a very young group of professionals that will certainly provide influence for decades to come. Beyond the geography was equal diversity in the roles they played within the wheat industry. One young woman from Germany represented the ninth generation of her family to assume leadership of a durum mill that can actually be traced back to the 1300’s. Many of the participants held senior grain purchasing positions with one of the major grain buyers in the world. Others were employed by the largest of food processors and distribution chains within their country and continent.

Informal conversations over the length of the course continuously emphasized their expectations of U.S. wheat. High milling quality. Clean and consistent grain. Competitive pricing within the global market with ever-changing currency valuations and foreign government interventions.

Throughout the course it was my great pleasure to tell the story of South Dakota Wheat! Perhaps that next bushel of wheat that you sell will eventually find its way to their organization!





Lucas Lentsch, Secretary of Agriculture

Rail Improving in South Dakota

The railroad companies who serve South Dakota provide a crucial link for getting our state's agricultural products to market, both nationally and internationally. About half of the commodities shipped via rail in South Dakota are agricultural products.

Our state has only a single Class I carrier and is a landlocked state, both factors that greatly reduce the options producers have for shipping products out of the state. As a result, agriculture relies heavily on rail and trucking to move our products.

In recent years, there have been significant commitments from state and private resources to make upgrades to rail infrastructure. These investments come in the form of track upgrades and adding engines and cars to our fleet to help prevent a severe backlog like we experienced in 2013 and 2014.

At the state level, Gov. Daugaard has committed \$56 million for rail improvement projects in South Dakota. These funds are being used for a variety of projects around the state, including the reconstruction of more than 104 miles of the Mitchell to Rapid City (MRC) Rail Line and upgrading rail line between Chamberlain and Presho. The state has also partnered with Dakota & Iowa Railroad to invest \$7.3 million to modernize the Sioux Valley Line in southeast South Dakota. Finally, an \$11.5 million upgrade of the

Britton Line in northeast South Dakota includes constructing the south leg of a wye at Jarrett Junction. This will include the replacement of 29 miles of light rail with heavy rail.

These state improvements are complemented by investments made by private industry. For example, BNSF Railway has committed \$700 million in the region to expand rail capacity and enhance safety. These improvements will enhance our ability to move products to market, especially to ports in the Pacific Northwest. Additionally, the Rapid City, Pierre & Eastern Railroad (RCP&E) has been working with the state, as part of the Governor's rail plan, to construct two new siding locations along the old DM&E line. The \$7.5 million project includes a 10,000-foot siding in the Huron area and a 7,500-foot siding near Aurora. These two locations have long been chokepoints in the state that will be alleviated by the improvements.

While technological advancements continue to transform agriculture, rail remains tried and true. The improvements that we have seen with the rail system here in South Dakota will allow it to accommodate the ever changing agriculture industry.



Agriculture Reauthorizations Act of 2015 Passes in the House

The House passed the Agriculture Reauthorizations Act of 2015, and President Obama signed the bill into law. The Agriculture Reauthorizations Act of 2015 includes three separate titles, including one to reauthorize the Grain Standards Act for five years. This component of the bill would require the USDA's Federal Grain Inspection Service to immediately take such steps as are necessary to resume inspections when a delegated state agency discontinues services. Additionally, the reauthorization will require a recertification process, including a public comment period for delegated state agencies, as well as several reporting requirements to ensure transparency.

Senate Hearing Focuses on Army Corps

The Senate Environment and Public Works Committee held a hearing with Jo-Ellen Darcy, assistant secretary of the Army for Civil Works, discussing the Waters of the U.S. regulation. Senators focused on the comments of Army

Corps of Engineers staff in memos regarding negotiations with the EPA on the final rule issued in May. The internal memos, released during a committee meeting in the House of Representatives in July, raise questions about the involvement of the Army Corps and extensive questions the staff raised regarding elements of the regulation, including definitions of which waters would become jurisdictional under the final regulation. Assistant Secretary Darcy stated that she supports the regulation and stands behind the final rule.

Lawsuits against the EPA and the Army Corps of Engineers are pending in several states. NAWG supports providing regulatory relief from the expansive Waters of the U.S. regulation and urges Congress to pass stand-alone legislation to send the regulation back to EPA and the Army Corps or restrict funding to the agencies to prohibit implementation in end of year funding bills.

(continued on page 7)

Ag Horizons

**Ramkota RiverCentre, Pierre
December 1 & 2, 2015**

Conference Hosts

SD Crop Improvement Association, SD Oilseeds Council, SD Pulse Growers,
SD Seed Trade Association, SD Soil Health Coalition, SD Wheat Inc., SD Conservation Districts

Please print

Name: _____

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City: _____ State: _____ Zip: _____

Per-Person Cost if pre-registered by November 20, 2015 is \$85. After November 20, 2015 cost is \$95.

Do you have any dietary (including food allergies) or special accommodation needs we should be aware of?

Name of attendee	Please check meal participation				Registration Fee	
	December 1		December 2		Full Conference \$85.00	1/2 Conference \$50.00
	Lunch	Game Night	Breakfast	Lunch		
Late Fee after November 20th + \$10 per person						
TOTAL						

Return form and check to: Ag Horizons Conference • PO Box 667 • Pierre, SD 57501

Room Reservation Information

Ramkota RiverCenter	Phone 605-224-4418	\$92 or \$102 (must contact SDWI office)
Club House	Phone 605-494-2582	Single or Double \$119.00
Governors Inn	Phone 605-224-4200	Single or Double \$80.00 (state rate accepted)
Days Inn	Phone 605-224-0411	Single or Double \$73.00 (state rate accepted)

★ ★ ★ ★ ★ Reservation deadline for convention room rate is **November 1, 2015** ★ ★ ★ ★ ★

Questions or Comments: Call 605-224-4418 or email wheatinc@midco.net

TENTATIVE AG HORIZONS AGENDA

Tuesday, December 1, 2015

7:30 – 8:00	Lobby	Breakfast
8:00 – 8:50	Amphitheatre I Gallery B & C	Advances in Cropping Systems — Jeff Zimprich, NRCS SD Conservation Districts Natural Resources Stewardship Committee Meeting
9:00 – 9:50	Lake Sharpe Gallery D & E Lake Lewis & Clark Gallery B & C	Winter Wheat Breeding for SD — Sunish Sehgal Estate Planning — Stulken, Petersen, Lingle, Walti, & Jones, LLP Practicing Precision Agriculture — Nick Jorgenson SD Conservation Districts District Capacity Committee Meeting
10:00 – 10:50	Breakout Sessions Gallery D & E Lake Francis Case Lake Lewis & Clark Gallery B & C	Dynamics of Soil Health — Jeff Hemingway, Flexibilities in the Endangered Species Act — Scott Larson, US Fish & Wildlife Service Crop Rotation Economics — Mitchell Technical Institute SD Conservation Districts Public Relations Committee Meeting
11:00 – 11:50	Amphitheatre I	Soil Health in Corn Soybean Rotations — Dan Gillespie, NRCS
12:00 Noon	Gallery AFG	Luncheon — SDSU Dean Dunn, Department of Ag & Biological Sciences Sponsored by SD Wheat Commission
1:00 – 1:50	Amphitheatre II	What Keeps a SD Banker Up At Night? — Nate Franzen, First Dakota Bank
2:00 – 2:50	Breakouts Lake Sharpe Gallery D & E Lake Lewis & Clark Gallery G	GROWING with Pulse Crops — Four Member Panel Cover Crops/Lessons Learned — Producer Panel SD Oil Seed Initiative — SDSU Researchers Timing for Wheat Disease Management — Emmanuel Byamukama
2:50 – 3:00	Lake Oahe Lobby	Cookie Break — Sponsored by Farm Credit Services
3:00 – 3:50	Amphitheatre I	600 Year Goal of Dakota Lakes — Dwayne Beck, SDSU
3:00 – 5:00	Gallery B & C	SD Conservation Districts Business Session
4:00 – 4:50	Breakouts Lake Sharpe Lake Francis Case Lake Lewis & Clark	Protect Grain Storage from Insect Infestation — Paul Drache Leaf Spot & Root Diseases of Wheat — Shaukat Ali Pulse Breeding Program for North Central US — Dr. Kevin McPhee NDSU
5:00 – 7:00	Lobby	Exhibit Area — Social Hour, Game Night and Silent Auction

Wednesday, December 2, 2015

8:00 – 8:50	Gallery AFG	Breakfast
8:15 – 8:50	Lake Sharpe	SD Wheat Inc. Annual Meeting
9:00 – 10:00	Amphitheatre I	Commerce, Science & Transportation Update — US Senator John Thune
9:00 – 10:50	Gallery B & C	Conservation District Supervisor's Legal Responsibilities
10:00 – 10:50	Breakout Gallery D & E Lake Francis Case Lake Lewis & Clark	Drone Technology in Ag Today — Eric Muller Managing Sunflower Phomopsis — F. Mathew and T. Olson Practicing Precision Agriculture — Nick Jorgenson
11:00 – 11:50	Breakouts Lake Sharpe Gallery D & E Lake Francis Case Lake Lewis & Clark	Estate Planning — Stulken, Petersen, Lingle, Walti, & Jones, LLP OPEN Introducing Carinata as a new Oilseed for South Dakota Dynamics of Soil Health — Jeff Hemingway,
12:00 Noon	Gallery AFG	Luncheon "Growing our Future," — SD Ag Secretary Lucas Lentsch

***Continuing Education Units (CEUs) for the Certified Crop Advisor Program are pending.**

Thanks to Taiwan Flour Millers for Their Commitment to U.S. Wheat

Representatives of the Taiwan Flour Millers Association (TFMA) visited Washington, DC, the week of Sept. 14 as part of a biennial Agricultural Trade Goodwill Mission to the United States. TFMA imports wheat on behalf of all 20 Taiwanese flour mills and has been a loyal customer of U.S. wheat producers for many years.

At a signing ceremony in the U.S. Capitol, USW President Alan Tracy and Shin-Yao Lin, chief executive officer of Top Food Flour Mill in Taipei, Taiwan, and current TFMA Executive Director, co-signed a letter of intent committing TFMA to purchase U.S. wheat (see photo in the online edition of "Wheat Letter.") Representatives of the U.S. Grains Council and the American Soybean Association co-signed separate letters with other Taiwanese buyers. The letters committed Taiwanese buyers to purchase approximately \$3.03 billion worth of U.S. wheat, corn and co-products, and soybeans by 2017.

Delegates from TFMA started their visit to the United States as honored guests of the Idaho Wheat Commission at the Lewiston Roundup Rodeo Sept. 12 (see photo in the

online edition of "Wheat Letter.") After the events in Washington, DC, the flour millers continued their part of the mission Sept. 17 with visits to Kansas, Montana and Washington to meet with state wheat commission and government representatives before returning to Taiwan Sept. 23.

"U.S. wheat farmers have maintained a trade office in Taipei since 1966," Tracy said. "We are proud of that and also quite proud that USW Country Director Ron Lu has been a faithful part of that service for more than 33 years. We want to thank our customers at TFMA for importing significantly more U.S. wheat than the 1.7 MMT in the agreement signed in 2013."

Japanese Millers Trade Team Visit Three States

In 2016, the USW will mark 60 years with a marketing office in Japan, so it comes as no surprise that in marketing year 2014/15, Japan was the single largest buyer of wheat from the United States. In the same year, Japan was also the biggest market for U.S. HRS and SW wheat. To learn more about the high quality wheat to which their customers have become accustomed, a team of mid-level managers from Japanese flour mills have been visiting Oregon, Idaho and Montana since Sept. 20, 2015.

Millers on this team are executives from milling companies representing Japan's National Cooperative of Millers. The first trade team from this group of millers visited the United States in 2014. USW collaborated with the Montana Wheat and Barley Committee, Oregon Wheat Commission and Idaho Wheat Commission to organize and host this year's visit.

"These mid-level managers will eventually ascend to senior management positions and hopefully take with them an understanding that the United States produces the highest quality wheat for Japan," said Steve Wirsching, USW vice president and director of the West Coast Office in Portland, OR. "This trade team visit creates an opportunity for us to increase their positive view of U.S. wheat and ensure we can continue to compete in Japan in the future."

The milling managers began their trip in Portland, hosted by the USW West Coast Office, for briefings with the Federal Grain Inspection Service (FGIS) and Wheat Marketing Center. While in Oregon, the team also toured the Columbia Grain export terminal and visited OMIC USA. Continuing their trip in Boise, ID, the team met with Scouler Grain and the Idaho State Department of Agriculture and toured the Swan Falls Dam and lock system on the Snake River. To complete their tour of the Pacific Northwest, the team traveled to Montana to tour shuttle train loading facilities operated by Gavilon Grain in Chester and United Grain in Moccasin. Other stops include the Central Ag Research Center near Moccasin and Myllymaki Farms outside of Livingston. Throughout their trip, the team members have met with wheat farmers the sponsoring state wheat commissions and others who manage the U.S. wheat supply chain.

“

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Cheatgrass Control in Winter Wheat

Winter wheat fields around South Dakota are beginning to green up. The addition of rain, as the forecast is predicting, should provide excellent growing conditions for fall growth. Unfortunately, these same conditions will also provide ideal growing conditions for winter annual weeds. These weeds germinate in the fall, over winter as a seedling or in a vegetative state and then are



able to resume growth in the early spring. This group of weeds can often be the most troublesome in winter wheat due to their similar life cycle.

Specifically troublesome are the weeds Japanese and downy brome. These two weeds are commonly clumped together and referred to as cheatgrass, although true cheatgrass is not commonly found in South Dakota. Japanese and downy brome can be difficult to remove from winter wheat due to having a similar life cycle and the fact that they are grasses. Japanese brome often emerges later in the fall than downy brome and is more sensitive to herbicide applications. Downy brome seeds have long awns so the

head looks “fuzzier” and seeds get a purplish color when they mature. Former SDSU Extension Weed Specialist, Mike Moechnig recommended mid-October as the best time to control downy brome with herbicide applications. Downy and Japanese brome will continue to germinate after mid-October and often into late fall. However many of the herbicides registered to control these weeds have some residual soil activity and therefore will continue to work and control

the later emerging weeds. There are a number of herbicide options for “cheatgrass” control. Applicators should be sure to read the label of any product being applied. Many of these products have crop rotation restrictions for a number of months.

Producers with heavy infestations of downy and Japanese brome should consider rotating to crops other than small grain. Diverse crop rotation is one of the best tools producers have that can help to avoid many weed issues.

For more information on downy and Japanese brome-grass control in winter wheat go to <http://igrow.org/agronomy/wheat/downy-brome-control-this-fall-in-winter-wheat/>.



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EPA Releases Final Worker Protection Standard

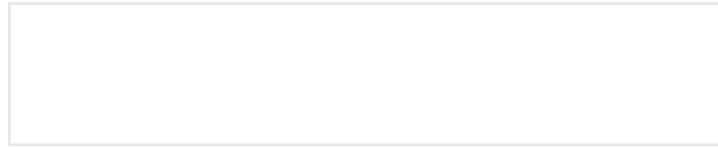
The EPA released the final revised worker protection standard, the first update in more than 20 years. The regulation addresses protections for farmworkers that work in fields treated by pesticides and pesticide handlers that mix or apply pesticides. The regulation requires annual mandatory training for farmworkers, new no-entry application exclusion zones and mandatory recordkeeping of pesticide application and farmworker training for two years. It also re-

quires alignment with the U.S. Department of Labor’s standards for personal protective equipment e.g., respirators including a fit test and medical evaluation, and a prohibition on anyone less than 18 years of age handling pesticides, except for an exemption for immediate family for farm owners. The regulation will become effective one year and 60 days after it is published in the Federal Register. New requirements for safety training, pesticide safety information and requirements to suspend applications when anyone is in the application exclusion zone will not be effective until two years after the date of publication.

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U.S. Wheat Industry Comments on Conclusion of TPP Negotiations

U. S. Wheat Associates (USW) and the National Association of Wheat Growers (NAWG) are pleased that negotiators have reached an agreement in the Trans-Pacific Partnership (TPP).

“Asia is a growing regional market and this agreement has the potential to increase economic opportunity and wheat demand even in countries where we already have duty free access,” said USW President Alan Tracy. “That is critically important because our competitors like Australia are moving ahead with bilateral agreements that eliminate tariffs on wheat imports with countries like Vietnam. The high standards in the TPP agreement should help us be more competitive and hopefully lead to even more opportunity for our wheat as new countries join TPP in the future.”

“Trade agreements are essential for U.S. wheat farmers with more than 50 percent of our crop heading overseas. Concluding TPP negotiations is a step in the right direction. My fellow farmer-leaders and I look forward to reviewing the final text and working with Congress to determine how this will impact U.S. wheat farmers,” commented NAWG

President, Brett Blankenship, wheat grower from Washtucna, Wash.

USW and NAWG thank Ambassador Froman and the entire U.S. team focused on agricultural issues for their leadership and hard work in concluding these important TPP negotiations.

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 USDA/FAS.

NAWG is a federation of 22 state wheat grower associations that works to represent the needs and interests of wheat producers before Congress and federal agencies. Based in Washington, D.C., NAWG is grower-governed and grower-funded, and works in areas as diverse as federal farm policy, trade, environmental regulation, agricultural research and sustainability.