2020 Mid-Year Check-In

- Examining the precedent set by the dicamba rulings
- Biodiesel industry plans for growth
- Soybean yield contest is back for 2020
- Soil health practices help wet fields hold up in tough conditions
- Make time to sit down for a mid-year financial check
After taking a year off due to the adverse field conditions in 2019, the Soybean Yield Contest is back.
President’s Outlook

How do we handle this “elephant in the room” that is still changing our lives? Every day we listen to a wide range of theories on how to move forward, and sorting through them is confusing at best. As farmers, we make our soybean seed and crop protection choices based on the research and science that will bring us the desired outcome. So let’s listen and take the advice from the doctors and scientists who are experts in their fields, much like us as farmers are experts in our own field of soybeans.

Spring brought with it a welcomed change as the fields dried out much quicker than expected and the planters were able to roll through. Crops and pastures are looking great at this point in the season, so here’s hoping Mother Nature is kind and gives us a good break. A huge thank-you goes out to the elevators, seed dealers, truckers, production plant workers, and the many other people and businesses it takes to get the crop in the ground as we strive to feed the world.

As I wrote the letter for the Spring magazine, we were just starting to learn how to social distance and conduct business at the same time. The staff at South Dakota Soybean has been busy working remotely and keeping the boards and farmers informed with numerous Zoom meetings and conference calls. Cancellation of events is unfortunately becoming way too common, but the schedule changes happen to keep us healthy. SDSA has added our golf tournament fundraiser to the cancellation list, but we are moving ahead with the planning of our AgOutlook event in December. SDSA and ASA have both been kept busy responding to the trade, health, and environmental issues that keep coming at our growers.

How do we move forward and what do we do next? “Control the controllables” was a key takeaway from a farm meeting I attended a few years ago, and I refer back to it often. Much like what we learned last year with the weather extremes, you can’t control it but you can adapt to work with it. We are all in this together for the long haul, so the main thing we need to do is keep healthy – both physically and mentally.

Hopefully we can establish a new normal in our lives, from work to shopping to seeing friends and family. My parents are in an Assisted Living, so interaction has been limited with them. During planting this spring, a pickup came slowly down the road and my first thought was that it was my Dad coming to check on me. Then you realize, no, that will not be happening – and it hurts. So, Dad, let’s hope we can do some pickup “window farming” this fall.

Thanks to those of you who have complimented me on these letters. It’s not something I’m used to or that is easy, but I appreciate your kind words.

Take care, everyone!
Jeff Thompson
SDSA President
Fighting to Farm:  
Dicamba Case Shows Agriculture’s Vulnerability to Regulations and Rulings 

By Kristin Brekke Vandersnick

"The timing was incredibly poor."

This comment from Kevin Scott, farmer from the Valley Springs, S.D. area, nicely sums up all soybean and cotton farmers' thoughts on the court ruling shutting down the use of dicamba herbicides – right at the height of the growing season.

The June 3 ruling against Xtend, FeXapan, and Engenia came at a supremely bad time, as farmers across the country had dicamba-resistant soybeans already planted and growing in their fields. An estimated 60 million acres of dicamba-resistant soybeans and cotton were planted this spring nationwide. The U.S. Court of Appeals for the Ninth Circuit ruled against the herbicides based not so much on the technology itself nor on the Endangered Species Act, but on the process they say the EPA used to approve those registrations.

"We paid a premium for that seed, and now we can't use it," Scott said of the dicamba herbicides farmers were relying on to control weeds and keep fields clean during the 2020 growing season. And weed pressure is very real in many areas this year, after 2019’s weather pattern led to less-than-ideal crop conditions and a record amount of PP acres.

The plaintiffs – the Center for Biological Diversity, the Center for Food Safety, the National Family Farm Coalition, and the Pesticide Action Network North America – wanted the June 3 ruling to be implemented immediately, meaning absolutely no more use of dicamba products from that day forward.

Fortunately, on June 8 the U.S. Environmental Protection Agency (EPA) came through with “existing stocks” guidance, allowing for the temporary use of any
dicamba products already in the marketplace. This, of course, did not sit well with the plaintiffs in the case, who initiated another volley of back-and-forth motions to try to shut down these herbicides immediately.

“It is an excellent product and there is a correct use for it,” Scott stated. He did acknowledge, though, that farmers must be diligent to use dicamba correctly.

Scott is one of South Dakota’s representatives to the American Soybean Association board of directors and is grateful for ASA’s policy and regulatory work in Washington, D.C.

“AsA has a very strong policy group in D.C.,” he commented, which is more important than ever as regulatory pressure and court rulings entangle themselves in farmers’ daily work.

“We are fighting to be able to farm,” Scott believes.

Perspective from D.C.

Kyle Kunkler, Director of Government Affairs for the American Soybean Association, said June was an incredibly busy month as staff tried to keep ahead of the ever-changing situation. Like Scott, he too worries about the precedent this lawsuit might set.

“This ruling was abruptly and suddenly thrust onto the agriculture community,” Kunkler said. “This is very unprecedented.”

Normally, Kunkler noted, the court would have a customary process that allows time for implementation. In this case, he said, the mandate of an overnight halt “caught everyone off guard.”

“We are very thankful for the EPA’s existing stocks guidance,” he commented. “We are really thankful that EPA put that tool into place.”

The “existing stocks” guidance comes directly from the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), the federal statute that governs the registration, distribution, sale, and use of pesticides in the U.S. On June 11, which was three days after the EPA declared permission to use existing stocks, the plaintiffs filed an emergency motion with the court asking for an immediate halt to the use of dicamba products.

On June 16, ASA brought together five other agriculture groups to file an amicus brief as friends of the court: the American Farm Bureau Federation, American Soybean Association, National Cotton Council of America, National Association of Wheat Growers, National Corn Growers Association, and National Sorghum Producers.

In the amicus brief, ASA and the other farm groups explained U.S. farmers’ massive investment in dicamba-tolerant crops, the lack of alternative products to mitigate risk at this point in the growing season, and farmers’ dependence upon the orderly regulation of crop-protection products.

The brief stated: “Granting Petitioners’ requested relief would short circuit the proper administrative and judicial-review framework that Congress prescribed for existing stocks under FIFRA. Farmers use countless FIFRA-regulated pesticide products, including herbicides, insecticides, and fungicides. They make planting decisions and significant, up-front financial investments, based on the rules and regulations in place at the time plans are made. Farmers depend on the rules not changing in the middle of the game—they need certainty. Fortunately, Congress provided that certainty by equipping EPA with ‘existing stocks’ authority that it has exercised here. EPA’s long-established policy and practice under FIFRA provides for an orderly management of the distribution, sale, and use of a formerly registered pesticide product, including in the context of vacatur.”

Dicamba Decisions Timeline:

2017 – Lawsuit first filed against Monsanto’s XtendiMax herbicide.
2019 – Case re-filed and expanded to include EPA’s 2018 re-registration of three dicamba herbicides.
June 3, 2020 – Ruling by the U.S. Court of Appeals for the Ninth Circuit to immediately vacate the dicamba herbicides registrations.
June 8, 2020 – Cancellation order issued by U.S. EPA, ending the registrations but permitting the use of “existing stocks.”
June 11, 2020 – Emergency motion filed by the petitioners asking for an immediate halt to the use of dicamba products.
June 16, 2020 – EPA filed with court to argue that vacating the registrations does not affect the use of dicamba products already in the marketplace.
June 16, 2020 – American Soybean Association and five other groups filed an amicus Brief as friends of the court.
June 19, 2020 – Court rejected the petitioners’ emergency motion and upheld EPA decision to allow use of existing stocks.
June 30, 2020 – Final date for spraying dicamba herbicides in South Dakota.
About the Petitioners:

Four different NGOs (non-governmental organizations) came together to file the lawsuit against dicamba. Here is a list of the organizations and the “about us” language from each of their websites:

**NATIONAL FAMILY FARM COALITION (www.nffc.net)**

“National Family Farm Coalition (NFFC) was founded in 1986, at the height of the 1980s farm crisis, to be a voice for farmers in Washington, DC – and we still are. Today, we are the only national coalition representing grassroots farm, ranch, and fishing organizations in the nation’s capital. Through our 30 member groups, we represent in 42 states. Our members are fighting for farmer rights, fair prices, clean air and water, strong local economies, the right to sell and buy locally-grown and -processed food, the right to be free from corporate domination, the right to live in vibrant and healthy rural communities, and much more.”

**CENTER FOR FOOD SAFETY (www.centerforfoodsafety.org)**

“For twenty years, CFS has been at the forefront of organizing a powerful food movement that is fighting the industrial model and promoting organic, ecological, and sustainable alternatives.”

**CENTER FOR BIOLOGICAL DIVERSITY (www.biologicaldiversity.org)**

“At the Center for Biological Diversity, we believe that the welfare of human beings is deeply linked to nature — to the existence in our world of a vast diversity of wild animals and plants. Because diversity has intrinsic value, and because its loss impoverishes society, we work to secure a future for all species, great and small, hovering on the brink of extinction. We do so through science, law and creative media, with a focus on protecting the lands, waters and climate that species need to survive. We want those who come after us to inherit a world where the wild is still alive.”

**PESTICIDE ACTION NETWORK NORTH AMERICA (www.panna.org)**

“At Pesticide Action Network (PAN) North America, we work to create a just, thriving food system. For too long, pesticide and biotech corporations have dictated how we grow food, placing the health and economic burdens of pesticide use on farmers, farmworkers and rural communities. PAN works with those on the frontlines to tackle the pesticide problem — and reclaim the future of food and farming. PAN North America is one of five regional centers worldwide. We link local and international consumer, labor, health, environment and agriculture groups into an international citizens’ action network. Together, we challenge the global proliferation of pesticides, defend basic rights to health and environmental quality, and work to ensure the transition to a just and viable food system.”

On June 19, the court rejected the petitioners’ emergency motion and upheld the EPA decision to allow the use of existing dicamba stocks. Although this was definitely a win for soybean growers, ASA’s Kunkler noted that the court did not provide any commentary in its June 19th decision, which “leaves some room for interpretation.”

“What’s unfolding could be a precedent for any future products,” Kunkler noted. “We want to make sure we get this right.”

**Working for Growers**

This dicamba lawsuit gives farmers a glimpse into how the American Soybean Association works for them in Washington.

The court’s ruling first came down on the evening of June 3, and Kunkler reports that by 8:00am the next morning, ASA staff were on the phone with EPA to encourage the use of the “existing stocks” option. ASA coordinated with other affected groups to work with EPA and find ways to make the situation more workable for growers.

Writing the amicus brief for the court, proactively preparing for challenges from the NGOs that filed the suit, and quickly communicating updates to members were among the many activities relating to this dicamba lawsuit. Kunkler said that ASA staff strive to quickly, clearly communicate the details out to farmers – especially what the developments mean on a practical level out in the field.

“We have many opportunities and options to advocate on behalf of growers, both in court and to the regulatory agencies,” Kunkler noted.

Other crop-protection products are being considered by the courts as well. For example, a suit is being heard against a 2,4-D product by this same Ninth Circuit Court that ruled against dicamba. The list of plaintiffs is the same.

The question is what exactly is within EPA’s powers. Does EPA have the right to authorize the use of existing stocks if a court vacates a crop-protection product’s registration?

“We believe from both the letter of the law and from previous precedent, there is very good justification for the EPA to do so,” Kunkler stated, emphasizing the importance of having a mechanism in place to wind down use of a product responsibly when faced with its cancellation.

“It will continue to play out in the months ahead,” Kunkler commented, noting that ASA will be in the trenches on its members’ behalf.
Last year, South Dakota exported $899 million worth of soybeans. That’s a lot of overseas #Croppportunity for one year. And we’re always seeking new market #Croppportunities abroad to help keep this demand going strong. And if you’re wondering how far your soybeans can go ...

JUST WATCH US

#CROPPORTUNITY
The National Biodiesel Board recently announced our new vision to be a 6-billion-gallon industry by 2030. This vision more than doubles production of biodiesel and renewable diesel in the next decade and sets the industry on a fast growth trajectory to find feedstocks to supply that demand. Biodiesel and renewable diesel’s growth projections mean good news for soybean farmers. Biodiesel is already a leading soybean customer and its demand for soybean oil grew 300 percent in the last 10 years. Additional production will drive even more soybean oil to be used for this market, which is a good thing for your bottom lines.

There has been a lot of discussion about the impact COVID-19 is having on agriculture and renewable fuels. We have shared your concerns, especially as the animal agriculture industry had to sort through the challenges posed by closures across the restaurant and food service industries. The biodiesel and renewable diesel industries were deemed essential industries by Homeland Security. With that designation, our member plants have remained in operation and supplying high quality fuels to the marketplace. In fact, a month-on-month comparison of production volumes between 2020 and 2019 show that production is up in 2020. This is an amazing feat in the face of a global pandemic and something for all of us to be proud of.

Even in the face of historic challenges, soybean oil continues to be the golden standard for biodiesel.
“Even in the face of historic challenges, soybean oil still continues to be the golden standard for biodiesel production.” —Donnell Rehagen

production. Biodiesel is the most researched renewable fuel on the planet, thanks in part to soybean farmers and their checkoff. As markets see a growing demand from coast to coast, the biodiesel industry, and a growing renewable diesel industry, will need a lot more soybean oil in the near future.

Today, biodiesel uses approximately 9 billion pounds of soybean oil, which is over a third of the oil available from crushed soybeans in the U.S. For us to reach our 6 billion gallon a year vision, we are projecting biodiesel and renewable diesel could need over 18 billion pounds of soybean oil in 2030, making it soy oil’s largest customer. With increased protein demands worldwide, soy’s popularity continues to rise. But the protein need far outpaces the need for oil, leaving a surplus of soybean oil on the market, and that trend will continue in the next decade.

Soybean farmers have worked hard to build the biodiesel industry, literally from scratch, starting nearly 30 years ago. That hard work has included a significant investment in the National Biodiesel Board through the soybean checkoff program to support the necessary technical, communications, environmental, and promotional efforts. Were it not for this investment in the early days, we would not have a biodiesel industry in the U.S. I am grateful for that ongoing support and the collaboration our industry continues to enjoy with the soybean industry. I am also grateful for the strong leadership the soybean industry continues to provide to NBB. South Dakota’s very own Tim Ostrem serves on our board of directors today; I thank him and your promotion board for sharing this critical leadership to help our industry continue to thrive.

Biodiesel has proven to be a consistent, strong, and growing customer for your soybean oil, and we look forward to even more growth in that market. Together biodiesel will remain better, cleaner, and available now to all.

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SOYBEANS – MAKE MORE PROFIT

Premiums of $1.30 - $1.70 (over cash market) paid for Non-GMO Soybeans
Delivered to St. Lawrence, SD plant & Arlington, SD

For information or to schedule a farm visit, call Kari or Logan at 1-888-737-7888
After taking a break last year due to the adverse field conditions in South Dakota and across the region, the South Dakota Soybean Yield Contest is back for 2020. Entries are due on or before August 31, 2020. Harvest report forms are due on or before November 1, 2020. Read the contest details here and find your forms at www.sdsoybean.org/yieldcontest.

Eligibility

**MAIN CLASS:** Any South Dakota soybean producer (owner-operator, tenant or tenant landlord) who produces 10 acres or more of soybeans in South Dakota is eligible to enter. A producer may make more than one entry per category, as long as the entries are from different fields. A producer with more than one entry will be eligible for only one award per category entered. Each producer is limited to two entries. All Yield Contest entries are also eligible for the Quality Contest. (See Quality Contest Rules for more information.) There are no restrictions on management practices. SDSA reviews and determines eligibility of all entries. Note: You are ineligible for the Main Class if you qualify for the Master Class.

**MASTER CLASS:** You are only eligible for the Master Class if you have broken the 100 bu/a threshold (achieved a yield of 100 bu/a or greater). You will be automatically placed in the Master Class in all subsequent years.

**YOUTH CLASS:** The Youth Class is open to participants age 13-21, with entrants age 18-21 having the option of participating in the Main Class or Youth Class.

Field Requirements

A contest field must be at least 10 continuous acres. A minimum of 3 acres must be harvested from this area. The harvest area may be more than 3 acres. The field measurement and yield determination must be made under the supervision of a third-party witness. (See Field Measurement and Yield Determination rules and remarks.)

Field Measurements

The field or portion of a field entered (a minimum of three acres or 130,680 square feet) must be 1 continuous area preferably with 4 straight sides. Plot width will be measured from the first harvested row on the left to the first unharvested row on the right (to assure the inclusion
Yield Determination

A third-party witness, such as an FFA advisor, crop insurance agent, lender, university personnel, or other impartial witness (approved by the committee) must be present to supervise measuring, harvesting, and weighing of the yield for each entry. NEW: If a producer suspects he or she will harvest 90 bu/a soybeans or better, a second witness who is employed by a different seed company than the variety entered is required. If a second witness meeting this requirement is not present, the yield will be capped at 90 bu/a for the yield contest. The Yield Contest Committee reserves the right to refuse an entry for any reason.

1. Before the soybean contest area is harvested, the person supervising the harvest must ensure the entrant has emptied the combine so no soybeans have been left in it and that the wagons and/or trucks in which the contest yield will be weighed are empty.

2. Harvested soybeans may be weighed in a grain weigh wagon or on a certified public scale. A third-party witness must be present during the harvesting of the 3-acre section for the contest. The witness must verify with a signature that all harvest data is correct on the Harvest Form. A representative sample must be taken immediately for determining moisture content.

3. Yields will be calculated on the basis of No. 1 soybeans and will consist of the weight of harvested soybeans, corrected to 13% moisture and converted to bushels per acre. Percent moisture should be determined by a local elevator operator or take an average of 3 moisture samples. Foreign matter does not need to be determined this year.

Yield Contest Deadline

Contestants must submit their completed Entry Forms with a $25 entry fee to the South Dakota Soybean Association on or before August 31. Yield Harvest Report Forms are due to the South Dakota Soybean Association on or before November 1. There is no entry fee for the Youth Class.

Awards

The South Dakota Soybean Research & Promotion Council (SDSRPC) sponsors the Yield Contest awards. Winners are announced and awards are given at the annual AgOutlook event in December.
INVESTING CHECKOFF DOLLARS

Soy Industry NEWS

South Dakota Soybean Launches New “Super Sprouts” Program

This spring, the South Dakota Soybean Checkoff started a new children’s program called “Super Sprouts,” aimed at providing educational activities for families to do at home. South Dakota Soybean released videos, activities, coloring pages, and a growing contest on our Facebook page and at sdsoybean.org. It was exciting to see so many children and families get involved to learn more about planting and growing soybeans!

The winners of the soybean growing contest were: in the Kindergarten & younger category, Blair Berger, with a soybean plant just over 10 inches tall; in the 1st through 4th grade category, Madison Vogel, whose plant grew to 175 inches tall; and in the 5th through 8th grade category, Audrey Murano, with a soybean plant growing to 11.5 inches in the contest timeframe. Each winner received a $25 gift card to Barnes & Noble as their prize. Nearly 70 kids took part in the Super Sprouts educational program.

U.S. Soy Shoes Donated to Frontline Workers

U.S. Soy is helping bring comfort to health care professionals who are working tirelessly on the frontlines during COVID-19. Okabashi, an American company that counts on U.S. soy for all its sandals, pledged to donate up to 10,000 pairs of soy-based sandals to health care workers for every order placed through their website or Zappos.

“We’ve already donated over 5,000 pairs so far, and still counting!” said Okabashi President Kim Falkenhayn. “We are sending them all over the country. Now more than ever, we’re all in this together.”

Only 2% of shoe companies operate in the U.S., and Okabashi is proud to source American materials, including U.S.-grown soybean oil. Okabashi committed to producing their footwear with sustainable and renewable materials using soybean oil to displace petroleum. The company’s shoes are approximately 45% U.S. soy by weight. U.S. Soy meets Okabashi’s high standards for performance, offering both strength and softness, as well as qualifies them to be recognized as a USDA Certified Biobased Product.

The United Soybean Board regularly collaborates with companies such as Goodyear on research to learn how to incorporate soy into new technology. Today, there are more than 1,000 different soy-based products available, including everything from turf grass to machinery lubricants to asphalt. Learn more at soynewuses.org.
The South Dakota Soybean Association invites you to its 16th annual AgOutlook conference and trade show. Mark your calendars for Thursday, December 10, 2020 and make plans to meet at the Best Western Ramkota Exhibit Hall in Sioux Falls. More details will be published here and on sdsoybean.org as the date draws closer.

U.S. Soy Industry Goes Digital to Strengthen Pan-Asia Relationships

In June, the U.S. Soybean Export Council (USSEC) hosted two digital conferences, reaching more than 1,700 customers and soybean industry representatives from the Pan-Asia region. The events – the Pan-Asia Soy Food Summit and Asia Trade Exchange 2020 – demonstrated U.S. Soy’s versatility as both food and feed and highlighted how the soy industry has remained reliable and sustainable since the onset of the COVID-19 pandemic.

During the digital event, U.S. farmers and other experts used online media to discuss world agricultural trends, the 2021 U.S. soybean crop, soybean demand, and U.S. Soy’s deep commitment to sustainable production. Dawn Scheier, Tim Ostrem, and Jerry Schmitz from SD Soybean took part in the digital conference. Keynote speakers included Thomas Halverson, President & CEO of CoBank, and Sonny Perdue, U.S. Secretary of Agriculture.

“Southeast Asia continues to be a region that holds tremendous potential. The agricultural landscape in this part of the world is diverse with a growing population that consumes large amounts of U.S. Soy and soybean products,” said Tim Loh, USSEC’s Southeast Asia & Oceania Regional Director.

A virtual trade show was also held, providing online opportunities – complete with built-in translation services – for importers and exporters to make business connections. Despite the travel challenges brought by COVID-19, USSEC and other U.S. Soy leaders are using digital means to connect stakeholders to keep soy growing.
New Study: U.S. Soy has $115 Billion Impact

The National Oilseed Processors Association (NOPA), a trade association representing owners/operators of oilseed crush facilities, has released a new study, “The Economic Impact of the U.S. Soybeans & End Products on the U.S. Economy.” NOPA partnered with the United Soybean Board to analyze the soybean value chain’s impact to the U.S. economy, based on data from the 2014-15 and 2016-17 crop years.

Some highlights include:

- The total economic impact on the U.S. economy from the soybean sector averaged $115.8 billion.
- The soybean sector supported an average of 357,000 people, including 280,000 paid, full-time equivalent jobs plus an additional 78,000 family members, beyond growers themselves, who support and are supported by soybean farming operations.
- The total wage impact of the sector averaged $11.6 billion.

Economic impacts highlighted in the study are quantified in terms of revenue, wages, jobs, and number of people dependent on the sector — all focused on the production, distribution, and use of soybeans, and soybean products, spanning across the value chain, from soybean farming and production to consumers and exports. For more details, visit nopa.org.

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Farming is all about adjusting and adapting to changing circumstances. There are so many things outside of a farmer’s control that the ability to react to shifting conditions can make a big difference in profitability and long-term viability. That adaptability also applies to agribusinesses.

The COVID-19 pandemic has thrown many aspects of life into disarray and has changed how most people and companies operate, including Mustang Seeds. Ordinarily, summer is a busy time of activities and events for growers to find out how products are performing or to get an idea of new products coming down the pike. As we’ve all seen, so far, 2020 has been far from an ordinary year.

“In a normal year, you could expect to see Mustang Seeds at a variety of plot tours, customer events, farm shows like Dakotafest and Farmfest, county fairs, or in a parade,” says Mustang Seeds Sales Manager Eric Brandenburger. “Due to COVID-19, many of these events have been cancelled.”

That’s where the adaptability comes in. Mustang Seeds is taking some alternative approaches to share information with growers this summer because knowledge helps farmers make informed decisions and few decisions are as impactful as selecting the right seed.

“We have to be creative this year to safely stay in front of our customers,” Brandenburger says. “Following the recommended guidelines, we will still meet with customers, just not in the same large event formats. We will also be introducing self-guided plot tours at select locations. This will enable customers to tour our plots and using a QR code, access data on each corn or soybean in our lineup. They will also have a chance to register for one of the incentives we will be giving at each plot.”

Plots will feature the latest in Mustang Seeds’ wide range of soybean traits and genetics. Farmers who take a self-guided tour can register for a smoker to be given away at each of the 17 plot locations. One grand prize, a smoker grill combination mounted on a trailer called a chuckwagon, will also be given away.

Farmers can enjoy the convenience of self-guided tours that easily fit into busy summer schedules. However, growers who are interested in learning more about seed performance from the experts, there are options for them as well.

“In addition to the self-guided tours, we will also offer personalized plot tours for interested customers,” Brandenburger adds.

Because Mustang Seeds offers a wide range of soybean seed options, it’s important that farmers learn about all the products that are available and see how they perform in real-world conditions.

“Mustang Seeds offer a choice of traits including conventional, GT soybeans, Roundup Ready 2 YieldSoybeans, LibertyLink GT27, Enlist E3, Roundup Ready 2 Xtend, and coming soon, the new XtendFlex soybeans,” Brandenburger explains.

Each year, farmers throughout the upper Midwest battle difficult weeds like waterhemp, kochia, and giant ragweed. Pending approval, XtendFlex® soybeans will offer farmers another choice to help manage those challenging weeds.

“XtendFlex soybeans are tolerant to dicamba, glyphosate, and glufosinate,” Brandenburger says, “giving the grower more options for tough weed control.”

The methods for meeting with farmers and sharing information may have changed, but Mustang Seeds is committed to meeting the needs of current and future customers. To learn more about our seed options, our self-guided plot tours or to schedule a one-on-one meeting with a Mustang Seeds representative, visit us online at www.mustangseeds.com or contact your local sales representative.
The COVID-19 pandemic took us all by surprise this year, bringing unexpected challenges for our families, schools, and communities. Farms have also been affected, as the ag markets took a hit alongside the economy as a whole.

In addition to the CFAP (Coronavirus Food Assistance Program) which is administered through the U.S. Department of Agriculture and your local FSA office, Congress has made financial assistance available through the U.S. Small Business Administration (SBA).

**Paycheck Protection Program**

The sign-up period for SBA’s Paycheck Protection Program (PPP) ended on June 30, so no more loans will be awarded unless Congress renews its funding through an extension.

Since small business, sole proprietors, independent contractors, and the self-employed were all eligible for PPP loans, a number of you in the agricultural sector may have applied for and received this assistance. If so, now begins the record-keeping process to show that the funds were used as intended.

SBA will forgive the PPP loan – meaning it’s not required to be paid back – if the assigned portion is used to keep people on the payroll for the required period.

“PPP loans are meant to be forgivable as long as parameters of the loan are followed: 60% used for payroll within up to 24 weeks; up to 40% may be used for operational expenses including mortgage interest, lease, and utilities,” stated Jaime Wood, South Dakota District Director for the U.S. Small Business Administration.

The payroll percentage and the program timeframe have both been revised since the launch of the Payroll Protection Program. The initial 75% payroll requirement has been revised down to 60%, as Wood stated, and the initial 8-week period for using the funds has now been relaxed to up to 24 weeks.

Wood noted that PPP loan forgiveness is requested through the lender you worked with to apply for and receive the loan. Directions for filling out the loan forgiveness form are available on the SBA website; your lender is an excellent source for questions as well.

“The scope and size of the Paycheck Protection Program is really tremendous,” commented Bryson Patterson, Deputy Director for the South Dakota District of the SBA. In just 3 months, Patterson said the Small Business Administration processed 5 million loans worth a total of $520 billion. Typically, he said, it would be more like $20 billion to $25 billion annually.

Asked for South Dakota-specific numbers, Patterson said there have been 22,000 Paycheck Protection Program loans in the state at a total of $1.6 billion. In comparison, the South Dakota figures for 2019 were 275 loans at a total of less than $80 million.
Economic Injury Disaster Loan

In contrast to the Paycheck Protection Program, which is now closed, the Economic Injury Disaster Loan (EIDL – the acronym is pronounced like “idle”) is currently accepting applications.

Even though the program end-date isn’t officially until December 31, 2020, “we recommend for eligible small businesses and nonprofits to apply immediately for COVID-19 economic response,” added Wood.

The initial round of the Economic Injury Disaster Loan ended on April 15, but on May 4 it opened again specifically for ag businesses and ag producers. Today, agriculture interests are still eligible, but as of mid-June the EIDL program also reopened for non-profits and small businesses from other sectors.

It’s important to differentiate between the two parts of the EIDL program: the EIDL loan and the EIDL loan advance. The loan is an actual loan, a 30-year note at 3.75% for small businesses, or 2.75% for non-profits. The EIDL loan advance, however, is a grant that does not have to be paid back. Small businesses, including ag businesses, can receive up to $10,000 in an EIDL loan advance, calculated at $1,000 per employee.

SBA’s Patterson notes that when you apply for the Economic Injury Disaster Loan, you will check both boxes, for the loan itself and for the loan advance. Once your application is processed, you will receive the EIDL loan advance (the grant portion) as well as a loan offer for the pay-back portion. At that point, you can “take it or leave it,” meaning take the full loan offer, turn down the loan offer, or take a portion of the loan.

Record Keeping

Lori Tonak, instructor with the Mitchell Technical Institute’s Center for Farm/Ranch Business Management, advises that record-keeping will be an important component after receiving either of these financial assistance programs.

“It will more than likely be forgiven, but enter it in like it’s a loan,” Tonak stated, referring to how to code Paycheck Protection Program money in a farm’s financial record-keeping. “That way it shows up as ‘borrowed money,’ and when it’s tagged with that label you can easily go back in and find it if needed.”

Wood offers her advice on some best practices as well.

“We recommend keeping PPP and EIDL funds separate from other operational funds,” she states. “They should not be commingled, to more easily track spending.”

An important question to address is whether a business that has already received Paycheck Protection Program funding can also receive an Economic Injury Disaster Loan or EIDL loan advance. The answer: yes, but with one caveat. “EIDL and PPP may not be used for the same payroll at the same time,” according to Wood.

Organize Your Farm Financials

Tonak encourages her Center for Farm/Ranch Business Management clients, and everyone who farms or ranches, to have their numbers in order. “Having your balance sheet as of January 1 is an excellent and proactive step,” she noted.

Those who had their numbers at the ready likely found it much easier to apply for these financial assistance programs, since the forms asked for details readily available on a year-end balance sheet.

Tonak observes that in general, farmers continue to be very worried about crop prices and are being very cautious on spending. She knows of many farmers or spouses who are taking off-farm jobs to help things pencil out. In the midst of all these stressors, plus the COVID-19 social distancing to top it all off, Tonak acknowledges that there are many emotions at play.

But, she says, the bottom line is still the deciding factor. “It is a business and you have to manage it as such,” Tonak says.

She advises that farmers assemble their best possible team and work to control the factors that they can. “People have to start thinking as a team: your bookkeeper, banker, nutritionist, agronomist,” Tonak recommends, stating that these are all people who are integral your business success in agricultural today.

Helpful Links

SBA website: www.sba.gov
All coronavirus assistance programs: www.sba.gov/funding-programs/loans/coronavirus-relief-options
EIDL loan application: www.sba.gov/page/disaster-loan-applications

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Exporting beef, pork, and lamb produced in the United States and helping the nation’s agriculture economy grow is a challenging but rewarding task that requires a team effort – an effort that includes South Dakota soybean producers.

What role do soybean producers play in red meat exports? The answer is simple: increased exports of U.S. pork, beef, and lamb create greater demand for livestock here at home. That results in a greater demand for livestock feed, including the soybeans South Dakota producers grow.

The South Dakota Soybean Research & Promotion Council has been a supporting partner of the U.S. Meat Export Federation (USMEF) for many years. Todd Hanten, who farms and raises livestock near Goodwin, is one of the SDR&PC board members who works closely with USMEF. Hanten appreciates how USMEF helps to create opportunities for our local soybeans in international markets.

“We use our dollars to leverage government dollars through the Market Access Program and others to promote exports of U.S. meat,” Hanten said, speaking of SD soybean checkoff investments in USMEF. Hanten notes that pork exports give South Dakota soybean growers a boost of 85 cents a bushel.

A study commissioned by USMEF showed that the projected market value of pork exports to South Dakota soybeans from 2019-2028 is $436 million. That same study showed that pork exports added 9% to the value of a bushel of soybeans grown by South Dakota farmers.

Hanten holds up USMEF as a prime example of how agriculture – both crops and livestock – come together for the good of all.

“The part I like the most about USMEF is that all the ag groups come together to help increase exports of our...
products,” Hanten commented. “I find it very rewarding.”

USMEF, which receives funding from nine different agriculture sectors – including state corn and soybean associations – promotes U.S. red meat and works on trade access issues in more than 90 countries. From a South Dakota perspective, USMEF is supported by not only the South Dakota Soybean Research & Promotion Council, but also the South Dakota Beef Industry Council, South Dakota Corn Utilization Council, South Dakota Farm Bureau, and the South Dakota Pork Producers Council.

The group’s mission, “to increase the value and profitability of the U.S. beef, pork and lamb industries by enhancing demand for their products in export markets through a dynamic partnership of all stakeholders,” can be simplified this way: USMEF’s goal is to put U.S. meat on the world’s table.

Meat exports add value not only by increasing the quantity demanded of beef and pork – and the soybean meal, corn, and DDGS used to feed those cattle and hogs – but also by increasing the market value of hogs and cattle. Export markets add extra value to the carcass by providing a demand for cuts that are undervalued in the U.S. These cuts include beef short plate, short ribs, chuck short ribs, and chuck and round cuts as well as pork hams, butts, picnics, and loins.

USMEF explores new markets, works to resolve trade access issues, and promotes the quality and value of U.S. red meat to consumers and food importers in more than 100 countries. The work to increase demand in international markets for U.S. meat is accomplished by in-store promotions, trade seminars and consumer education.

South Dakota soybean producers play a big part in growing U.S. meat exports and were part of another record-setting year in 2019. U.S. pork exports posted new volume and value records in 2019, reaching nearly $7 billion, according to data released by USDA. Final numbers show that 2019 exports were 10% above the previous year in volume (2.67 million metric tons) and 9% higher in value ($6.95 billion), breaking previous records for both volume (2.45 million mt in 2017) and value ($6.65 billion in 2014).

Other U.S. pork export highlights for 2019 include:

► Led by substantial growth in Chile and Peru and an increase in shipments to mainstay market Colombia, exports to South America set new records in both volume (152,125 mt, up 12% year-over-year) and value ($382.3 million, up 16%).

► In Oceania, a key destination for U.S. hams and other muscle cuts used for further processing, strong demand in both Australia and New Zealand pushed exports 31% above the previous year in volume (116,113 mt) and 34% higher in value ($339.2 million), setting new records.

► Exports to Canada increased 4% from a year ago in volume (214,703 mt, the largest since 2013) and were 5% higher in value ($801.7 million, the highest since 2014).

► Exports to South Korea slowed from the 2018 records, with volume down 14% to 207,650 mt and value falling 12% to $593 million. But U.S. share of Korea’s imports increased modestly to 36%, as overall import volume also declined from 2018.

While 2020 has presented challenges – COVID-19 is having an impact on global markets – USMEF continues to work around the world on behalf of South Dakota farmers and U.S. agriculture.

U.S. red meat exports have remained steady during the first half of the year.

“Demand remains robust for U.S. red meat, especially at retail, but USMEF is actively working with our foodservice customers across the globe to help ensure a strong recovery for the restaurant, catering, and hospitality sectors,” USMEF President and CEO Dan Halstrom said. “Many are adjusting to an entirely new business climate, and the U.S. industry assisting them in this process can help ensure that U.S. pork, beef, and lamb will be featured on their menus.”
Levi Goetz was leery rolling into the field to plant corn after a 2-inch rain, but it was already mid-May. Time was starting to run out.

It turned out he had nothing to worry about. He had to steer around a few potholes of standing water, but he could roll his quad-track rig and 24-row planter through much of the field without getting stuck or leaving tread marks that would make it hard for crops to grow. He put in 80 acres of corn that evening.

“Everything worked out how it was supposed to,” he said, reflecting on the spring of 2019 when wet conditions throughout much of the Midwest left farmers unable to plant millions of acres.

South Dakota had more acres claimed under the prevented planting provisions of crop insurance than any other state. Now a year later, farmers are finding that where they took care to tend to those PP acres, they are having an easier time getting their 2020 crops off to a good start.

Goetz farms with family near Selby in north central South Dakota, where fields are once again wetter than normal. He also does custom work for other farmers, and he was planting corn for neighbor Doug Sieck when he saw the benefits soil health practices can have in wet conditions.

Sieck remembers the day well. He was skeptical when Goetz called about planting, but he didn’t want to send him away and risk dropping to the end of his “to do” list. He warily told him to go ahead.

“It really surprised the heck out of me,” he said.

The field had several years to build up its water storage capacity before 2019’s historically wet spring. Sieck has practiced no-till for about 20 years. This field had been in wheat three years before, then it was planted to rye. He planted a soybean crop into knee-high rye in 2018 before terminating the cover crop. After soybeans, he seeded it to a full season cover crop. It all added up to healthy soil that could handle excess moisture that spring and be ready for corn planting.

“It had the extra boost from the rye crop. It had a living root all winter long,” Sieck said. “We topped that off with the diversity from the full-season cover crop.”

The lasting benefits of the cover crops continued into this spring when Sieck still had some corn to harvest. In late April, the soil structure held his combine up without leaving tire tracks as he cut through all but the wettest spots where the tallest snowbanks had been.

Planting corn in May, conditions were wetter than ideal, but trenches closed up fine and Sieck was expecting to see good emergence.

“All in all, my fields are in pretty good shape this year,” he said.

While conditions were partly dependent on the field’s location and altitude, cover crops and good soil health practices play a role.
SDSHC: The South Dakota Soil Health Coalition is a producer led, non-profit, membership organization, governed by a nine-member board of farmers and ranchers from across the state. Promoting improved soil health through innovative projects, education, and outreach, all designed to provide agricultural producers and decision makers with the information they need to increase the stability and profitability of their operations. Visit www.sdsoilhealthcoalition.org for more information.

“SDSHE: The South Dakota Soil Health Coalition is a producer led, non-profit, membership organization, governed by a nine-member board of farmers and ranchers from across the state. Promoting improved soil health through innovative projects, education, and outreach, all designed to provide agricultural producers and decision makers with the information they need to increase the stability and profitability of their operations. Visit www.sdsoilhealthcoalition.org for more information. The South Dakota Soil Health Coalition is a producer led, non-profit, membership organization, governed by a nine-member board of farmers and ranchers from across the state. Promoting improved soil health through innovative projects, education, and outreach, all designed to provide agricultural producers and decision makers with the information they need to increase the stability and profitability of their operations. Visit www.sdsoilhealthcoalition.org for more information.”

Yields benefit from cover crops, too. A growing cover feeds soil microbes, and it’s that biology in the soil that helps crops get their nutrients, he explained. The no-till, cover-cropping farmers he works with tell him that their 2019 yields were better than their neighbors’. He expects more of the same good news this fall.

But cover cropping can be much more challenging in a crop rotation of just corn and soybeans, according to Finnegan. Covers like rye need time to grow in the fall before frost hits. A crop rotation that includes a small grain, alfalfa, or a shorter season soybean can give enough time for planting rye in the fall, Finnegan said.

When it comes to which crops to plant as covers, he said it’s not necessary to plant big, leafy turnips and radishes. Even a spindly plant can help the soil.

“You don’t have to have the storybook picture of cover crops to get the benefit,” Finnegan said.

Up in Selby, Sieck has found that having a deep-rooted perennial in his rotation is a major benefit. It helps build organic matter deep down in the soil, which creates structure that can handle water in wet years and store it in dry ones. He encourages other farmers to give soil health some thought.

“You’ve got to go into that with some faith that these guys that are telling you you’re going to benefit from it are right,” Sieck said.

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“Ab OUT SDSL

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“If you get no till and cover crops going, you’re going to have infiltration instead of runoff.” Levi Goetz, Selby, S.D.
Mid-summer is a good time to take inventory and assess the current crop, check cash flow actuals to budgets, assess financial position, and update plans for the remainder of the year. Let’s start with a short review of where we have been the past year and so far in 2020.

Businesses involved in production agriculture were looking forward to putting the tough growing conditions of 2019 behind them, hoping for clearer vision in the year 2020. The unexpected COVID-19 virus and the global efforts to slow its spread have challenged families, business, and agriculture.

The spread of the virus in U.S. urban counties started very quickly, jumping to 1,500 cases per million people within the first few weeks of arriving in the United States. The spread in urban counties as of June 15, 2020 has slowed as the rural counties have increased. Both are now at approximately 1,000 cases per million people. The agricultural sector survived its first tests of the virus but needs to be cautious as communities open back up. Individual farms still need to be cautious and develop a plan for the remainder of the summer work and fall harvest.

Commodity prices plunged in the first part of 2020. From January 1 to the middle of June we have seen the following decreases:

- Oil: -40%
- Soybeans: -8%
- Hogs: -40%
- Cattle: -18%
- Corn: -17%
- Milk: +7% (-30 to -40% for month of May)

The second half of 2020 is still not clear and will continue to have high levels of volatility. At press time in the middle of June, we are looking at ethanol production rebounding and meat processing picking back up. We will need to watch closely those supply outlooks for 2021 (will they be large?) and the global GDP drag.

Government intervention has helped ease the impact of restrictions that were put in place to slow the spread of the virus. As of June 22, 2020, $4.76 billion of the $16.0 billion has been distributed to agricultural producers. Decreases in farm revenues have been partially offset by government payments in recent years. Government payments increased to 9.0% in 2019, compared to 2.0% in 2014, for 1,000- to 2,000-acre farms reporting to FINBIN at the University of Minnesota. This is not a trend that farm businesses want to rely on.

Gross sales for these farms have returned to 2013 to 2014 levels (see Figure 1): $1.32 million for upper-level net income and $921,000 for lower-level net income. Gross sales like yields is not the bottom line (see Figure 2). Median net income was at $232,000 for the upper level and decreased to $85,000 for the lower level. The drop in net income and reduction in margins has continued to strain liquidity and cash flows for farmers.

There has been some relief in lower expenses, including: drastically lower gas and oil prices, reduced feed and fertilizer costs, lower animal replacement costs, and low interest rates – but also increased labor costs.
Strong business and financial management will be key for farm business through the 2020s.

Looking ahead to the remainder of 2020 and into 2021, be sure to monitor these items: ending stocks, which may pressure prices; farm income, which may be down although maybe not drastically; government support and low interest rates, which will be key; and liquidity, which is a continued area of concern. The continued spread of the virus and the general health of the economy will also be important to farm income stability.

The low interest rates have supported land values, which works as the last defense for reduced margins and cash flows for landowners. The farmland asset accounts for 83% of asset values on a national level. The economic downturn should lead to low interest rates for the next few years and may provide opportunities for those who are in a strong financial position.

Strong business and financial management will be key for farm business through the 2020s. Monitoring and controlling key success factors for individual farms is critical. Successful businesses tend to capitalize on items from this list:

▶ Written plan for improvement.
▶ Capital/equity and borrowing capacity.
▶ Diversification and resiliency.
▶ Working capital.
▶ Marketing and risk management program.
▶ Know your cost of production.
▶ Plan, strategize, execute, and monitor.
▶ Work to achieve efficiency and continuously improve.

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