



Background

In 1997 the ND State Legislature created the North Dakota Dry Pea and Lentil Council (NDDPLC). The Council oversees assessing a 1% net value check-off on dry peas, lentils, chickpeas, fava beans and lupins grown or sold in North Dakota. The Council utilizes these funds for promotion, market development, education, and research of these specific crops.

Since the creation of the Council the North Dakota pulse industry has increased dramatically. Processing capacity since 1997 has increased from one processor/buyer to more than 10 processing facilities and over 60 first purchasers for pulse crops in North Dakota. Value added processing—including flours, protein, fibers, and starch has created additional opportunities as an ingredient in both human and pet food markets. Processing in North Dakota has ventured into these value-added markets with the addition of facilities specializing in utilizing pulse fractions in product development.

In addition, the production of pulse crops in the United States has increased substantially. Acreage reached historic levels in 2017 due to increased marketing opportunities. Since that time, challenges with international trade partners has lowered acres in the region due to high stocks on hand and lower prices. However, in 2020 the pulse industry did see prices begin to climb as new markets are emerging. With increased need for all types of protein around the world, it is expected that pulse acreage in the North Dakota and across the U.S. will again reach increased levels. Even with a significant drop in acres, North Dakota producers continue to play a significant role in the U.S. pulse industry. The northern tier region (which includes Montana & North Dakota) accounts for 80% percent of the total United States pulse production.

Organization

The Council is comprised of five elected members representing a specific district. Each member serves a maximum of three 3-year terms. Representatives are:

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| District IV | Kim Saueressig, Chairman, McClusky, ND |
| District III | Ryan Blumhagen, Vice Chair, Drake, ND |
| District I | Scott Sova, Noonan, ND |
| District II | Jeremy Huether, Mott, ND |
| District V | Kevin Wolsky, Carrington, ND |

The Council contracts with the Northern Pulse Growers Association (NPGA) to carry out activities in the areas of market promotion, research coordination, producer, and government education. In addition, the Council contracts with the NPGA to provide staff to administer the collection of assessments, processing of refunds and perform the day-to-day duties of the Council. The NPGA provides the North Dakota Dry Pea & Lentil Council with an administrator/assistant to carry out the policies as put forth by members of the Council. Council members also serve on NPGA committees for each of the program areas.

The Council is a member of a coalition of six state Councils/Associations that comprise the USA Dry Pea and Lentil Council (USADPLC). The Council contracts with the USADPLC for work in the areas of international market development, information/government affairs, domestic marketing, and national

research coordination. The North Dakota Dry Pea & Lentil Council represents the producers of North Dakota with two seats on the USADPLC Board of Directors and representation on all national committees. Current representatives to the USADPLC include Kim Saueressig, McClusky, ND and Scott Sova, Noonan, ND.

The Council maintains consistent communication with elevators, processors, and growers on the pulse check-off. Through promotion efforts, the Council diligently works to educate pulse producers on the important role check off dollars play in the overall success of the industry. The Council also works to expand the list of first purchasers and promote the establishment of new processors.

Regional Activity Highlights

The ND Dry Pea & Lentil contracts with the Northern Pulse Growers Association in the areas of marketing, research coordination, government, and producer education. Following is highlight of activities the NPGA conducted on behalf of the NDDPLC and the regions pulse producers.

Domestic Marketing--Food

For the past several years, the pulse industry has focused on the development of the North American market. Pulse crops are an excellent source of protein, fiber, folate, and amino acids which nutritionally makes pulse crops attractive to major food manufactures and U.S. consumers. The NPGA has focused on educating consumers and influencers on the health benefits of including pulses in a regular diet. Some of the activities included:

Supermarket Promotions—The NPGA expanded on prior year efforts of in-store promotions adding Hugo's (Jamestown & Grand Forks) and Cashwise (Fargo) in 2019. TV commercials were aired prior to promote the events. Samples, recipes, and nutritional information were distributed to customers. End caps were stocked with products that included pulses as an ingredient and tear sheet recipes.

Section 32 Program—Due to challenges with trade issues, the U.S. pulse industry was awarded USDA purchases under the Section 32 program. This product is purchased by the federal government to be distributed through WIC clinics, SNAP program and local food banks/pantries. The NPGA worked with the national organization to develop educational materials that included recipes, fact sheets, product labels and posters for the food bank programs. Food banks and pantries across the region were contacted directly by the NPGA and provided boxes of information. The NPGA continues to work closely with these programs to continue to promote the nutritional and economical value of consuming pulses.

Northern Crops Institute—Collaborations with the NPGA and NCI have created a tremendous opportunity for the pulse crop industry in North Dakota and the United States. NCI's expertise has been utilized both in the domestic and international pulse market through formulation development, technical education, and seminars. Kevin Haas, NPGA board member, represents the pulse industry on the Northern Crops Council. Some of the first research conducted in the U.S. using pulse fractions (flour) was conducted at NCI. The NPGA continues to work with NCI in creating and developing value added opportunities.

USDA Specialty Crop Block Grants—Much of the work with NCI has been because of USDA Specialty Crop Block Grant awards. In 2007, work was conducted by NCI on the development of dry pea/pulse flours as one of the first grants received. This was just the beginning of formulations being developed that have included flours, proteins, fiber, and snack foods. Over the past several years, the NPGA has utilized NCI in marketing activities funded from USDA specialty crop grants received in excess of \$600,000. NCI has been instrumental in developing contacts with major food companies such as General Mills, Kellogg, and others to explore opportunities to utilize pulse crops as a food ingredient. In 2018, more than 1500 new products that included pulses were placed on store shelves. The NPGA is extremely grateful to the ND Department of Agriculture for administering the North Dakota Specialty Crop Block Grant Program. The USDA Specialty Crop Grant Program has played a significant role in promoting the utilization of pulse crops around the world. In addition, vital agronomic research to improve quality, yield and ultimately producer profitability has also been possible through this program.

Domestic Market—Pet Food & Feed

While pulses have been included in pet foods for more than 50 years, this market has increased substantially over the past several years representing a significant opportunity for pulse producers. It is estimated that over 63 million U.S. households own at least one dog.

In addition, prior research conducted by Dr. Vern Anderson with NDSU has shown dry peas are very high in both protein and energy and have been proven to be a high value feed ingredient in livestock feed rations. The research also indicated a correlation between feeding a ration including peas to beef cattle increased the tenderness of the end product. The NPGA works to create awareness of the benefits of pulses to the pet and livestock industries by participating in regional and national trade shows that include ND Stockmen's Convention, ND AgExpo, and Pet Food Forum. The NPGA is also a member of the ND Livestock Alliance.

International Trade Missions

During the summer of 2019, the NPGA hosted representatives from the USDA AMS offices in Washington DC and Kansas City, Missouri in North Dakota. The group toured pulse fields, processing facilities and gained knowledge about pulse industry. Prior to the visit, the attendees stated they had very little knowledge of how pulses are grown and handled. This was a great opportunity to showcase how North Dakota quality product is delivered from field to consumers and the important role the PL480 program plays in the industry.

In the past, the NPGA and USA Dry Pea & Lentil Council have collaborated in hosting trade delegations in the region. However, due to COVID travel restrictions, virtual trade missions were held. Videos were taken of the pulse process from the field to the processor and presented to overseas buyers. The virtual trade missions were very well received and provide a great opportunity to interact personally with internationally buyers until travel resumes.

Research

NDSU Pulse Quality Lab—Established in 2010, the Pulse Quality Lab at NDSU was a major milestone for the U.S. pulse industry. The pulse quality program is the first of its kind in the nation and had been an industry priority for more than 10 years before it was developed. The quality research will be utilized within the region and national pulse breeding programs to develop varieties that will improve the quality of the pulses grown in the U.S. In turn, this research will provide producers with the tools to make their operations more profitable. Each year a U.S. pulse quality survey is developed and distributed to international customers in market development efforts. A copy of the US Pulse Industry Quality Survey can be found at www.northernpulse.com

NDSU Pulse Breeding Program—The NDSU pulse breeding program is under the direction of Dr. Nonoy Bandillo. Over the past couple of years, producers saw their investment come to fruition with the first variety releases from the NDSU program. Prior to the development of the regional breeding program, nearly all available varieties were from Canada. Dr. Bandillo and his team will work collaboratively with regional extension centers, Montana State University and the USDA/ARS pulse breeding facility located in Pullman, Washington.

Research projects—Each year the NPGA surveys pulse crop producers to determine the major needs for research and establish industry priorities. The results of the survey are reviewed by the research committee which is comprised of ND Dry Pea & Lentil Council members and NPGA board members. The committee works extensively with researchers on developing research projects and identifying funding sources. The NDDPLC has committed a significant amount of its resources during the past several years to pulse crop research regionally and nationally.

An annual joint research review is conducted by the NPGA and the USA Dry Pea & Lentil Council to determine funding awards for the upcoming crop year. Below is a brief list of research projects that were funded by the NPGA through producer check off funds. A full listing of funded research projects is available at www.northernpulse.com.

- ✓ Variety Trials
- ✓ NDSU pulse breeding program
- ✓ NDSU pathology technician (joint with Northharvest Bean Growers)
- ✓ Pulse Quality Lab
- ✓ Evaluation of weed control options
- ✓ Management of pathogens affecting pulse crops

Pesticides—In addition, the NPGA works with the Environmental Protection Agency, ND Department of Agriculture, USA Dry Pea & Lentil Council and North Dakota State University to expand the available pesticides for pulse crop producers.

Government Education

Transportation issues—The NPGA works with regional processors and elevators in identifying transportation issues. The NPGA is a member of the ND Ag Rail Council, the ND Intermodal Initiative and actively participates in rail meetings with congressional offices, agencies, and the rail companies. The NPGA provided support in the early stages of the development of the intermodal facility in Minot, ND. This facility holds great potential for the pulse industry in increasing the efficiency and economics of commodity movement. Over the past several years, the NPGA has also undertaken issues regarding trucking such as shortages and extremely high prices. The NPGA regularly communicates transportation challenges and needs to the USA Dry Pea & Lentil Council on behalf of the regions producers and processing industry.

Crop Insurance –After nearly 15 years of pursuing a crop insurance product, the USA Dry Pea & Lentil Council in collaboration with the bean industry was successful in developing a revenue crop insurance product. The ND Dry Pea & Lentil Council assists the USADPLC in collecting data points to submit to RMA to maintain the program. The NPGA continues to provide producer input on how the program meets/does not meet their expectations to the USA Dry Pea & Lentil Council.

Education

Each year, on behalf of the NDDPLC, the NPGA hosts an annual convention, conducts grower meetings, develops publications/newsletter, maintains a website, and uses social media to educate growers about new technologies, disease control, weed control products and other related production tools.

Grower Convention—The NPGA Annual Convention has become the region's premier pulse event garnering more than 250 attendees. The event provides attendees with an opportunity to hear the latest in pulse production, marketing, government affairs and important industry issues. Annually the NPGA has approximately 1000 producers in attendance at hosted events.

Producer Meetings—The NPGA hosts several production workshops throughout the region. The production meetings are informative for producers who want to learn more about dry pea, lentil and chickpea production, markets, and industry news. In addition, the NPGA participates in several trade shows around the state, educating the public about growing, feeding, and marketing pulse crops.

The Pulse—The NPGA publishes a quarterly printed newsletter for its members, *The Pulse*. In early 2020, to increase producer communication the NPGA began distributing an electronic newsletter on months not covered by the printed edition. These publications keep members up to date on industry issues and events.

Webinars/Podcast/Videos—The NPGA has collaborations with many other entities to provide producer education in the most convenient ways possible. Webinars, Facebook Live and videos have all played in role in promoting pulse acreage growth, membership development and how check off dollars support the industry. A portion of the videos also included nutrition and health messages. Newly added to the NPGA website as a collaboration is the podcast, "Growing Pulses" by Dr. Audrey Kalil, NDSU WREC. This has been extremely popular and audience reach has been significant across the U.S., Canada and overseas.

Website/Social Media--The NPGA maintains a website at www.northernpulse.com, which offers information to producers on production, marketing, and government affairs. Producers utilize the website to stay informed on all activities of the pulse industry. In addition, the NPGA also communicates to producers and the public through many social media platforms including Facebook, Twitter, and Pinterest.

National Activity Highlights

The NDDPLC contracts with the USA Dry Pea & Lentil Council (USADPLC) to work on producer's behalf in the areas of foreign market development, national research coordination, info-government education, and domestic marketing. Following is a highlight of activities the USADPLC conducted on behalf of the NDDPLC and the regions pulse producers.

International Marketing

International Representation—The USADPLC has six trade offices located in Mexico, China, Spain, France, India, and Thailand which work on the development of U.S. pulse markets. Through USADPLC trade missions, ND processors and the pulse industry have had the opportunity to promote our products in markets such as India, China, Mexico, and Europe. In addition, the USADPLC and North Dakota had representation at several large trade shows including ANUGA, Alimentaria, SIAL and Confitexpo.

MAP/FMD Programs—The checkoff dollars generated in North Dakota are utilized as a match for the USADPLC to obtain federal marketing dollars to promote and conduct market development activities throughout the world. The USADPLC generates over \$1 million dollars per year in Market Access Program funds and Foreign Market Development funds.

Section 32—Pulses are a heavily exported commodity and historically a significant portion of those exports were to India. In late 2016, the Indian government first announced a tariff on all imported pulses. The tariffs have since remained and have increased resulting in shutting out U.S., Canadian and Australian exports. Due to tariffs imposed by India beginning in late 2016, the USADPLC applied for Federal funding through the section 32 program. The USDA purchased product is distributed through WIC clinics, SNAP programs and local food banks/pantries.

Government Education

The NDDPLC contracts with the USA Dry Pea & Lentil Council to perform work in the areas of national and international policy & regulations. To meet this goal, the USADPLC contracts with the lobbying firm Gordley & Associates in Washington, D.C. on behalf of the U.S. pulse industry.

Pulse Crop Health Initiative—The purpose of the Initiative is to find, through research on pulse crops, solutions to the critical health and sustainability challenges facing the U.S. and the world. The USADPLC was successful in securing \$2.0 million in 2018 for research projects. In the current Farm Bill, language is included for a \$3.0 million allocation. The USADPLC will continue to work towards the industry's goal of \$25 million over five years.

Crop Insurance—Supports equitable crop insurance for all dry peas, lentils, and chickpeas at an affordable price. Full implementation of the pulse crop revenue insurance program (is in pilot phase).

Farm Bill--Working for full equality for pulse crops as a commodity under the Federal Farm Policy. Protect Market Access Program and Foreign Market Development Program funding.

Trade—The USADPLC will continue to work to have pulse producers included in the Market Facilitation Program.

Domestic Marketing

Powerful Pairings Campaign Launch—is a collaborative effort between the National Pork Board and USA Dry Pea & Lentil Council with additional in-store support from California Walnuts. The collaboration is to promote the pairing of whole foods to bring taste, balance, and nutrition to the center of consumer's

plates. The organizations will reach out to registered dietitians, nutritionists, retailers, and consumers to encourage them to try creative food pairings.

Dietary Guidelines—The USADPLC submitted comments for the American Dietary Guidelines. The USADPLC is working towards increasing recommended pulse consumption to 3 cups/week.

Pulse Credit in the National School Food Program—The USADPLC developed materials to help promote the inclusion of pulses in the school food program. Information was provided on credits, recipes and educational information directed towards youth.

Half Cup Habit—The Half Cup Habit campaign was launched two years ago and remains popular with consumers. The purpose of the campaign is to encourage consumers to consume at least ½ cup of pulses three times per week. Consumers that accepted the challenge signed up to receive recipes, nutritional information, and tips on incorporating pulses into their diets.

Publications, Social Media & Website—The USADPLC maintains a website at www.usapulses.org which hosts an extensive amount of information targeted to specific audiences. Materials and webinars are available for health professionals, the food industry, school & education, consumers, and industry. The USADPLC has focused on creating a significant online presence through the use of social media channels and influencers over the past two years.

American Pulse Association

The USADPLC in collaboration with representatives in the dry bean industry organized the American Pulse Association. The purpose of the American Pulse Association (APA) is to bring awareness to the health and nutrition of including pulses/beans in the diet. Through the Pulse Crop Health Initiative, the APA and USADPLC secured federal funding for nutritional research on pulses/beans. In 2018, USDA/ARS distributed \$2.0 million towards health and nutrition research with input from the USADPLC & pulse industry. In 2019, \$3.0 is included in the Farm Bill language. The USADPLC and APA will continue to work towards garnering a funding allocation of \$125 million over a five-year period.

Culinary Institute of America—The APA was a sponsor of the Healthy Kids Collaborative held at the Culinary Institute of America in Napa, CA. The Collaboratives mission is to address school nutrition challenges and create workable solutions to feeding the 31 million students fed nationally per day.

Research

National Research Projects—The NDDPLC has contracted with the USADPLC to coordinate and enter contracts with third parties to conduct, dry pea, lentil, and chickpea research. The USADPLC coordinates national research in the areas of health/nutrition, breeding/genetics, crop management/sustainability and product development.

Research Review—The USADPLC & NPGA conduct a joint research review in February of each year. In 2019, the event will be hosted in Fargo, ND. ND Dry Pea & Lentil Council members serve on the USADPLC research committee on behalf of North Dakota producers.

EPA/Labels/IR4—The USADPLC works with the Environmental Protection Agency to establish full labels for effective fungicides, insecticides, and herbicides for pulse crops.

Future Activities

The Council has set the following goals for the coming biennium. The goals would be accomplished through contracts with the Northern Pulse Growers Association and the USA Dry Pea and Lentil Council:

Research

- Continued development of the pulse quality and breeding programs. These programs will be an important facet to the development and maintenance of market demands for pulse crops domestically and internationally.

- Continue to coordinate and conduct research on pulse crops to improve overall production, end use development and marketability of pulse crops.
- Enhance North Dakota's ability to research new value-added opportunities for pulse crops for the domestic and international markets. Pulse crops and its components have great potential as a functional food ingredient that will increase food products nutritional value.
- Continue to work with North Dakota Department of Agriculture and USA Dry Pea and Lentil Council on labeling of new and improved chemical control options for pulse crops.

Marketing

- Continue to promote North Dakota peas, lentils, and chickpeas domestically and worldwide to bring the highest value back to the North Dakota producer and industry.
- Continue to coordinate with the USADPLC and work with the current seven USADPLC trade offices to promote North Dakota pulse crops on a world-wide scope. The NPGA will work with the USADPLC to maximize matching federal marketing funds for international promotion. In addition, the NPGA will continue to work with regional agencies such as the ND Trade Office in the promotion of international markets.
- Continue to develop the domestic food market. Pulses are packed with protein, high-quality complex carbohydrates and provide an excellent source of fiber.
- Continue to promote feed peas as a high value feed ingredient in livestock rations. Feed peas have feeding characteristics that make them a healthy feed ingredient in several livestock rations.
- Promotion of pea fed beef to branded beef companies and consumers to create value added opportunities for the region's dry pea producers.
- Promotion of pulses as a pet food ingredient.
- Work on the distribution and promotion of the Section 32 award.

Education

- Continue to promote the benefits of including pulse crops in rotations. Pulse crops fix nitrogen in the soil and provide a break in disease cycles. Because of the reduced needs for inputs, greenhouse gasses are reduced, and carbon emissions are lower—all key functions to sustainable global food production.
- Continue to conduct producer meetings and develop educational brochures on the production and marketing of pulse crops.
- Development of a children's program and materials that will be utilized to educate children on the nutrition of peas, lentils, and chickpeas.

Government Affairs

- Continue to work with regional processors and elevators in dealing with transportation issues.
- Supports equitable crop insurance for all dry peas, lentils, and chickpeas at an affordable price. Continue to pursue full implementation of the pulse crop revenue insurance program for producers in collaboration with the USA Dry Pea & Lentil Council.
- Work towards full equality for pulse crops as a commodity under Farm Bill.
- Work to protect Market Access Program and Foreign Market Development Program funding.
- Work to achieve full funding request of the Pulse Crop Health Initiative.
- Achieve funding allocation for the School Pulse Crops Product Program for the use of pulse crops in school lunch programs.

Industry Development

- Continue to develop the processing capacity and industry in North Dakota to reflect the growth of the regions pulse industry.
- Educate on the economic returns and benefits to the pulse industry using check off funds.
- Improve the transportation of pulse crops out of North Dakota to the marketplace. The NPGA will continue to work on developing and promoting competitive shipping from North Dakota to the marketplace.

North Dakota Dry Pea and Lentil Council
Bismarck, North Dakota

Statement of projected Revenues and Expenditures
For the Current and Next Biennium
2019-2021 and 2021-2023
(UNAUDITED)

Prepared by the North Dakota Dry Pea and Lentil Council

| | <u>2019-2021 Biennium</u> | <u>2021-2023 Biennium</u> |
|---|-------------------------------|-------------------------------|
| Beginning Balance (Reserves) | \$300,000 | \$796,000 |
| REVENUES: | | |
| Assessment Revenues Collected from 1 st Purchasers | \$2,700,000 | \$2,800,000 |
| Less: | | |
| Assessments paid to other states | \$300,000 | \$300,000 |
| Refunds Paid to Producers | <u>\$162,000</u> | <u>\$168,000</u> |
| Net Assessment Revenue | \$2,238,000 | \$2,332,000 |
| Interest Income | <u>\$12,000</u> | <u>\$15,000</u> |
| Total Revenues | <u>\$2,250,000</u> | <u>\$2,347,000</u> |
| EXPENDITURES: | | |
| Program Expenditures: | | |
| Market Development | \$532,800 | \$774,000 |
| Research | \$727,100 | \$958,000 |
| Domestic and International Policy | \$275,700 | \$387,000 |
| Producer Education | \$255,770 | \$450,000 |
| American Pulse Association | \$156,500 | \$123,000 |
| Council Function | <u>\$106,000</u> | <u>\$106,000</u> |
| Total Expenditures | \$2,05,870 | \$2,798,000 |
| Revenue Over (Under) Expenditures | \$196,130 | (\$451,000) |
| Ending Balance | <u>\$496,130</u> | <u>\$345,000</u> |