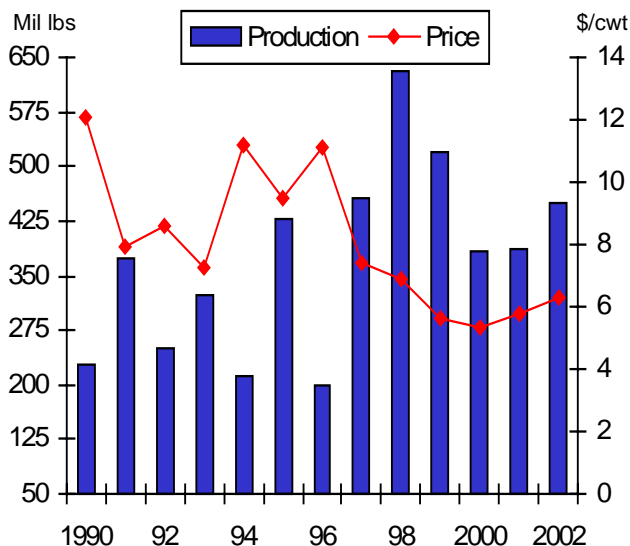


## Dry Peas and Lentils Now Program Crops

The Farm Bill included a new [Marketing Loan Assistance program](#) for producers of dry peas, lentils, and “small” chickpeas (20/64 screen). The industry hopes that the loan rates will help stabilize incomes while also providing room for growth and diversification in this relatively mature industry. The marketing loan program is to be based on low-grade (U.S. No. 3) products. The pea and lentil industry has historically been geared toward the production of high-quality human food grade (U.S. No. 1) product, a large portion of which is purchased by the Federal Government for foreign food aid distribution under programs such as PL-480. The remainder of the dry pea and lentil crop is mostly sold domestically or exported privately into a very competitive world market where Canada is the leading supplier.

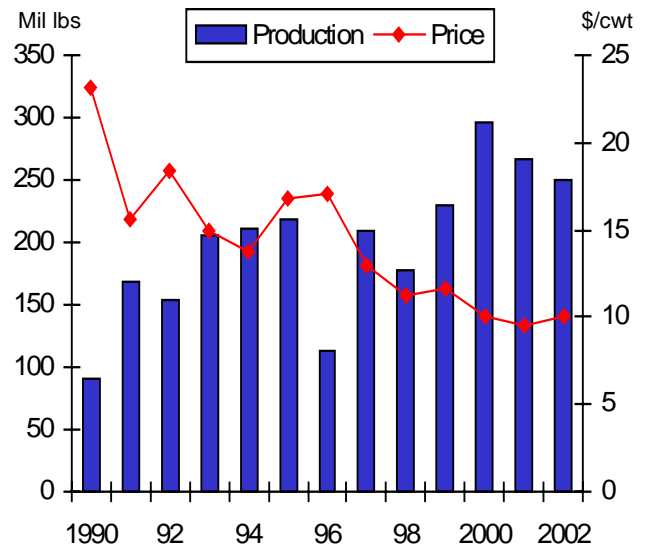
The feed market for these crops is undeveloped in the United States and no known U.S. feed-grade pea price data have ever been published. Determining a potential acreage response to the marketing loan program is difficult due to the lack of a previously established pulse feed industry. Logically, acreage response to the program will depend greatly on the expected loan deficiency payments (LDP). However, based strictly on product characteristics and industry growth in Canada, it seems likely that significant area increases could occur in green and/or yellow dry peas. One might expect that long-run gains would be smaller for lentils and small chickpeas since these crops have very limited domestic food markets and are not commonly used as livestock feed in the world. Thus, given equivalent LDPs among the pulses, acreage growth for these two

Figure 9  
**Dry peas, all: Production and average price 1/**



1/ Green and yellow peas. Source: USDA, NASS.

Figure 10  
**Lentils, all: Production and average price**



Sources: USDA, NASS and USA Dry Pea & Lentil Council.

crops may ultimately be tied to the development of new export food markets. The recent sale of 5,000 metric tons of green peas to Cuba (the first such sale in four decades) is an example of what needs to be done to expand lentil and chickpea markets.

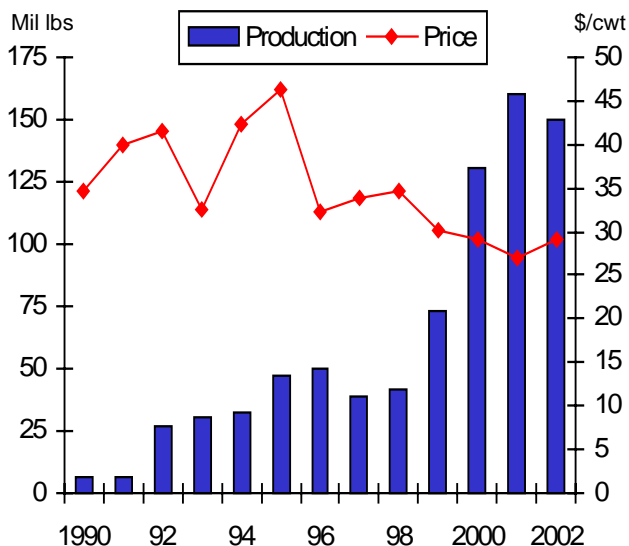
It appears that both large and small sieve chickpeas are still covered by the farm bill [planting flexibility](#) restrictions for vegetables and dry edible beans. Thus, the planting of all chickpeas (not just the large sieve types) by farms participating in farm programs (the majority of likely growers) would be limited to non-program base acres.

Traditionally, dry pea and lentil production was concentrated within a 90-mile radius of Pullman Washington in an area called the Palouse—an area that also encompasses portions of nearby Idaho and Oregon. Some Washington pea and lentil acreage is also located in counties within the Columbia Basin where they are grown in rotation with potatoes and other crops. Pea and lentil growers in the Palouse are able to produce and pack a large percentage of top grade product—viewed as some of the best in the world. This top food grade quality also commands a premium price (current U.S. grower prices for whole green peas are \$7.25-\$7.50/cwt) which, along with the continued strength of the dollar, sometimes makes U.S. peas and lentils a tough sell in world markets.

Based on limited data published by local universities, it appears that the per-acre cost of production for dry edible peas in the Palouse is greater than that in North Dakota and Montana. Although yields as reported by

Figure 11

**Chickpeas, all: Production and average price**



Sources: USDA, NASS and USA Dry Pea & Lentil Council.

USDA are comparable, average crop quality is currently higher in the Pacific Northwest. This quality difference may initially cause a split in the primary markets each area serves, with the Palouse continuing to largely serve the higher priced, higher quality human food market, while other States largely sell to a developing animal feed market. Based on this market schism, it is possible the long-run acreage response could be smaller in the Palouse under the expected LDP rates. In fact, over time, there may be potential for acreage to slowly decline in the Palouse as the industry develops and matures in lower cost areas such as the Upper Midwest. This assumes the required infrastructure is put in place and crop quality improves to the point where any cost advantage in the Upper Midwest allows producers to out-compete the Palouse in the human food markets. In some ways this would be analogous to events of the past 20 years which saw the development of the dry bean industry in the Upper Midwest. North Dakota, a minor dry bean producer in the 1970s has become the nation's leading producer of dry beans, while production by traditional industry leader, Michigan, has declined.

Over the past 10-15 years, Canada has developed a \$1-billion pulse industry starting from a few hundred thousand acres to about 7 million acres today. Canadian pulse exports jumped six-fold in the 1990s and the country now stands as the leading world dry pea exporter and the primary competitive force for an expanding U.S. industry. Canada has expressed concern and resolve over potential impacts of the new LDP program on their competitive position in world markets. To underscore the competitive aspect to this

industry, a few Canadian pulse processors have suffered severe financial problems over the past year, with one firm recently declaring bankruptcy.

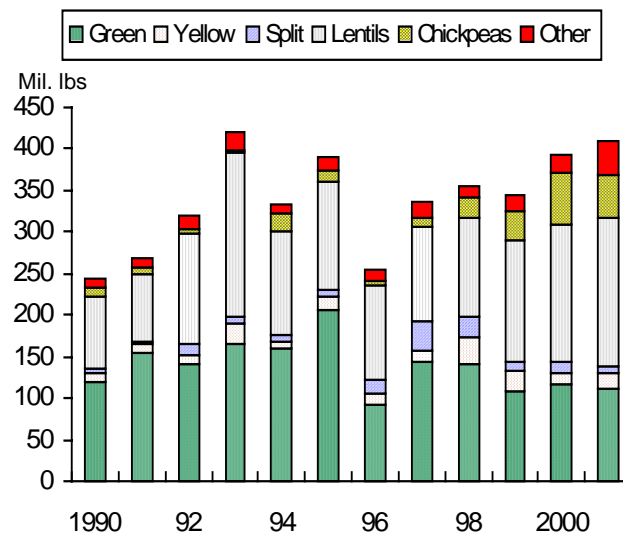
Canada also grows a substantial acreage of desi chickpeas, which are primarily used for human consumption. Desi (which means "local" in Hindi) are smaller than the typical large screen kabuli (named after the Afghan capital) chickpeas (also known as garbanzo beans) found on most salad bars. Desi can be used as a snack food but the main use is as a milled product (the hulls can be used as livestock feed) in ethnic cuisines. India is said to produce and consume the majority of the world's chickpeas--largely the desi type. Other importers include Spain and the nations in the Middle East. Historically, California has been the primary U.S. producer of garbanzo beans and officially opposed the inclusion of garbanzo/chickpeas in the new dry pea and lentil marketing loan program.

**"Pulse" Crops?**

Some may wonder what is meant by the term pulse crops. "Pulse" is the common name for members of the *leguminosae* (pea) family, which is large and diverse. In India, The word "pulse" is used to describe the seeds of legumes that are dicotyledons and have no seed coats. As used in North American agriculture, the term "pulse crop" commonly refers to dry (mature) peas, lentils, beans, and chickpeas used as food or feed crops. This largely covers the *Pisum* (peas), *Lens* (lentils), *Cicer* (chickpeas), and *Phaseolus* (beans) genera as well as several other leguminous plant groups of other genus types such as *Vigna* (cowpeas), *Vicia* (fava beans), and *Lupinus* (lupines).

Figure 12

**Dry peas and lentils: U.S. crop year export volume**



Source: Bureau of the Census, USDC.