Pulse Processing Plant Is New Path for SD Farmers

LANCE NIXON, Pierre Capital Journal

HARROLD, S.D. (AP) — It's not just a crop of field peas ripening in the sun on Harlan Smith's farmland near Harrold on a hot day in mid-July.

It's also a whole new way of thinking about agriculture.

Value-added processing, long an important strategy for farmers in eastern South Dakota who have invested in ethanol plants, soybean crushing facilities and similar enterprises, is finally sinking roots in central South Dakota where such enterprises are not as common, the Pierre Capital Journal [1] reported.

The move to value-added processing means that instead of simply producing raw agricultural commodities to be sold to processors who will make money by processing and packaging that crop into products elsewhere, Smith and other investors from across South Dakota have invested money in a plant they will own and operate.

What they are planning is a pulse crop processing plant to be built on the outskirts of Harrold later this year in order to begin processing field peas, lentils and chickpeas for markets around the world and in the United States. The new start-up company is called South Dakota Pulse Processors LLC.

"These peas will be ready for the store shelf when they leave this plant," says Smith.

And that means the "value-added" profits that come from turning a raw crop into something more valuable will stay in South Dakota, where the plant and its investors are.

Brian Minish, a board member for South Dakota Pulse Processors, said value-added isn't exactly new to central South Dakota. It's often said that livestock producers who add value to their feed grains and grass by feeding it to hogs or cattle are the original value-added processors.

But there aren't many ag processing plants in the central part of the state. Though there was talk of an ethanol plant near Pierre years ago, that project didn't come together.

The pulse plant is perhaps the largest value-added ag enterprise in the area since then; and Smith, for one, has no doubts about the wisdom of having invested.

"It's a good thing for central South Dakota, I think," Smith said. "I figured it would be

a good investment and it would help get this thing off the ground."

Minish said that although the casual onlooker sometimes misunderstands this point, the idea behind value-added processing is not necessarily to provide a better price for a raw commodity.

"That may be a side benefit, but that's not the main goal," Minish said. "The idea is for the investors who invest in a project to be able to extract some additional value by taking a raw commodity and further processing it."

But while the initial goal is to reward the risk-takers who are building the plant, Minish noted that side benefits often follow. Simply placing a processing plant in an area creates a new local market, as well as local jobs.

So even without the profits that Smith can expect one day as an investor in the pulse processing plant, he says he and area farmers stand to benefit another way. The pulse processing facility will give South Dakota producers a place to sell their pulse crops without hauling them long distances.

That is likely to encourage more growers to grow them, or perhaps increase their acreage.

"I grew them one year and we had to haul them to North Dakota," says Smith. "The reason I wanted to grow them before was to build the soil. But there was no market for them locally. You had to use them for cattle feed or haul them to North Dakota."

Growing pulse crops in central South Dakota directly benefits farms in a more immediate way, too, Smith said. For example, his field peas are a short-season, low water usage crop that makes good use of the state's early rains. The crop is essentially made by the time central South Dakota can start turning dry in about July.

Also, because pulse crops are legumes, they can "fix" nitrogen in the soil, leaving the soil richer after the crop comes off the field than it was before. Brian Baus, another board member for South Dakota Pulse Processors, said that gives area farmers an ideal crop to use in crop rotations to transition back to winter wheat, still perhaps the most important crop for the region.

Smith said crops such as sunflowers and corn are harvested too late for producers to follow up the fall harvest by planting winter wheat. But that's not an issue with a pulse crop such as field peas, which also build up the soil instead of simply consuming nutrients.

"The peas put a lot of nutrients back into the ground. If you go back to wheat afterward, I'd say you would have a much better yield with less commercial fertilizer," Smith said.

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