



Effects of Marketing Loans on U.S. Dry Peas and Lentils

Supply Response and World Trade

William Lin and Gary Lucier



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National Agricultural Library Cataloging Record:

Lin, William

Effects of marketing loans on U.S. dry peas and lentils : supply response and world trade.

(Economic research report (United States. Dept. of Agriculture. Economic Research Service) ; no. 58)

1. Dried peas—United States—Marketing.
2. Lentils—United States—Marketing.
3. Agricultural subsidies—Economic aspects—United States.

I. Lucier, Gary.

II. United States. Dept. of Agriculture. Economic Research Service.

III. Title.

HD9235.P42

Photo credits: PhotoDisc. Food and Dining

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United States
Department
of Agriculture

Economic
Research
Report
Number 58

June 2008



A Report from the Economic Research Service

www.ers.usda.gov

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Abstract

The 2002 Farm Act required USDA to implement marketing loans for the 2002-07 crops of dry peas, lentils, and small chickpeas. This provision led to expanded acreage for dry peas and lentils, crops analyzed in this study. The analysis found that marketing loans played a role in expansion for dry peas in 2003-05 and for lentils in 2003. For dry peas and lentils, marketing loans contributed to acreage expansion in North Dakota and Montana. Simulation model results suggest that marketing loans had negligible impacts on world prices for dry peas and lentils in 2003-05. Impacts on U.S. exports were minor, increasing by about 2 percent in 2003.

Keywords: dry peas, lentils, marketing loan, supply response, world trade

Acknowledgments

For their insightful comments and suggestions on an earlier draft of this report, the authors thank Economic Research Service colleagues Linda Calvin, Demcey Johnson, and Steven Zahniser; Dennis Shields and Thomas Tice of USDA/Farm Service Agency; Robert Miller of USDA/National Agricultural Statistics Service; Daniel Sumner of The University of California at Davis; and Andrew Swenson of North Dakota State University Extension Service. The authors also thank Stan Skyrpetz of Agriculture and Agri-Food Canada for providing information about the U.S. and Canadian dry pea and lentil industries through his previous reports. We are also grateful to Courtney Knauth for editorial expertise and Wynnice Pointer-Napper for layout and design.

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