

Peanut Blog

An ounce of information



What can we learn from the Delta Peanut debacle?

Here's what happened in Arkansas and Missouri when four peanut buying points shut down just before harvest.

What is a farmer to do when there is nowhere to take a crop? This photo of a peanut field in northeast Arkansas was near harvest when Delta Peanut announced its buying points were shutting down.

Imagine putting in all the work and cost for seed, fertilizer, chemicals and irrigation only to have no place to take your crop. At first, that appeared to be the case this year for peanut farmers in Arkansas, the Missouri Bootheel and Louisiana.

The uncertainty struck in early September when a major buying point, Delta Peanut, announced it would be closing its doors. The timing was difficult for farmers; they were preparing to harvest the forward-contracted crop. A close delivery point wasn't available. Some farmers worried this could have been a huge black eye for the peanut industry and put some out of business.

In response, Arkansas Gov. Sarah Huckabee Sanders stepped in with a \$5 million bridge loan to help Delta Peanut make it through harvest. That announcement came Sept. 24. In the waiting period, many questions arose, and some remain unanswered.

Delta Peanut did not respond to requests for comment.

Delta Peanut got its start in 2018 when 73 farmers invested in the company, leading to the construction of a 71-acre facility in Jonesboro, Ark., capable of shelling 180,000 tons of peanuts each year. Delta Peanut has two other Arkansas buying and storage points in Pocahontas and Marianna, and another site in Kennett, Mo. Peanuts are a different beast than most traditional row crops. They must be dug, harvested and then hauled. After they are hauled to a delivery point, peanuts are dried, then await a purchaser — think big companies like Hormel Foods or The J.M. Smucker Company.

The shutdown news was ominous for farmers. What were farmers supposed to do with all these peanuts? How many people would lose their jobs at Delta Peanut? Where could the Midsouth deliver the peanut crop if the largest buying point was no longer an option?

In Arkansas, there was one other option — Birdsong Peanuts — but it was booked for the season. Other delivery points reached as far east as Georgia and Florida or as far west as Oklahoma City. This meant Arkansas farmers would have to travel hundreds of miles across state lines with green peanuts, risking harvest loss. If not hauled right, green peanuts go bad in an average trailer.

"It takes a high-sided trailer to haul them, however you haul them," said Mike Shannon, who hauled peanuts in the 1980s and '90s.

This goes back decades, when a farmer could only legally grow peanuts on certain plots of land. The 1981 Farm Bill established a quota system, measured in pounds, guaranteed by the U.S. government. The 2002 Farm Bill lifted the quota regulations, and Midsouth peanut acreage increased.

"Back then, there were quota pounds," Shannon said. "I understand that in 2002, that is no longer like that. That is why you see all these peanuts raised around Missouri and Arkansas now. They lifted that allotment."

Row crop farmers were encouraged to expand peanut acres. Within six years, the Southeast and Midsouth expanded peanut acreage by 75%. The Midsouth is well suited for peanut production, and this meant new income options and crop rotations beyond traditional row crops. The large infrastructure of Delta Peanut made acreage expansion a reliable option.

Questions circled for about three weeks after the shutdown announcement. The Delta Peanut board of directors worked on a solution. Legislators from the Midsouth to Washington, D.C., crunched numbers, and third-party offers came to take over the debt.

"With it being on top of harvest season, there was no way to do that fast enough in order to get the crop out of the field," said Wes Ward, Arkansas secretary of agriculture, of the third-party offers.

Plus, peanuts are highly regulated by USDA, and Delta Peanut lost its USDA certification when funds ran dry, with no loan to maintain the company.

Then, Sanders stepped in with the \$5 million loan plan.

"Peanuts are an expanding crop market in Arkansas, and we can't allow this year's harvest to rot in the field and kill the entire industry," she said. "My administration is stepping in to offer this short-term bridge loan and facilitate the purchase of this year's harvest. Looking forward, this is an industry we believe can stand on its own two feet and add diversity to the agriculture industry in the Delta."

The funds are intended to operate the facilities, get the crop out of the field, and get Delta Peanut and the farmers through 2026. Afterward, conversations will resume about 2027 and beyond.

Ward praised Sanders' quick action.

"When she was informed about the challenges, Gov. Sanders very quickly knew that we needed to do something to help," he said. "We spent a lot of time working through that to help producers because, through no fault of the farmers themselves, they've been put in this bind."

"Since the beginning, the effort has been to help the producers 100% to get their crop out of the field."

One year after Delta Peanut came on the scene, Arkansas ranked No. 7 in peanut production. By 2026, the state grew nearly 40,000 acres of peanuts. This expansion has been viewed favorably, but something went wrong. Where exactly that was is still being determined.

Source: <https://www.farmprogress.com/peanut/what-can-we-learn-from-the-delta-peanut-debacle->