

## NGFA/NAEGA Statement on Recovery from Hurricanes Katrina and Rita Saturday, Sept. 24

*Note: The National Grain and Feed Association (NGFA) and North American Export Grain Association (NAEGA) are issuing periodic statements concerning the recovery of the grain export industry at the Mississippi/Center Gulf region following Hurricane Katrina. This is the update for Saturday, Sept. 24. **To assist readers, significant new information is highlighted in yellow shading.** Media should attribute this information to: Randy Gordon, vice president, communications and government relations, National Grain and Feed Association.*

- 1. Texas Gulf:** Very preliminary reports received thus far by the NGFA and NAEGA indicate that export grain elevators located at the Texas Gulf sustained only minimal, if any, physical damage from Hurricane Rita. Preliminary projections are that most, if not all, will be able to resume full operations shortly after personnel are allowed to return to the region following the mandatory evacuation order issued for several areas prior to the advancing storm.

There are seven export grain elevators located in the Texas Gulf region, with a combined storage capacity of approximately 33 million bushels. Most of the elevators in the region had suspended operations on late on Wednesday afternoon, Sept. 21, in response to evacuation orders issued in advance of the approaching storm. The U.S. Department of Agriculture's Federal Grain Inspection Service, whose personnel inspect and weigh U.S. export grain, also closed its offices in the region. Resumption of operations will depend upon the restoration of power, the lifting of mandatory evacuation orders and the availability of gasoline to enable inhabitants to return to the region.

Another infrastructure-related uncertainty is the condition following heavy rains of rail lines and bridges that transport most of the grain into the region. Railroads suspended service to the region in advance of the storm. Prior to that – for the week ending Wednesday, Sept. 14 – rail grain shipments to Texas Gulf ports had increased significantly from the prior week – to about 3,000 cars from 2,000 cars. USDA data showed that the volume of rail traffic to the region for the week ending Sept. 14 was 77 percent higher than a year ago, and up 20 percent from the three-year average.

A situational report follows:

- Two of the export grain elevators – with a combined storage capacity of 11.3 million bushels – are located in **Corpus Christi, Texas**, which was well south and west of the main path of Hurricane Rita and experienced only high winds and tides. But reports are those tides did not exceed the banks and there was no flooding. By mid-afternoon on Sept. 24, Corpus Christi was experiencing sunny conditions and only light breezes.

- Three of the export grain elevators – with a combined storage capacity of 15.2 million bushels – are in the **Houston/Galveston, Texas**, port region, which received heavy rains and periodic high wind gusts. Early reports are that only minimal damage was sustained, although power remains out in Galveston, and residents are not being allowed to return at this writing. Conditions in the Houston ship channel still have not been investigated.
- Conditions at a sixth export grain elevator at **Beaumont, Texas**, which was in the path of Hurricane Rita and has a storage capacity of approximately 3.5 million bushels – was unknown because an evacuation order remains in place. The National Hurricane Center in Miami, Fla., reported that Beaumont reported wind gusts up to 55 miles per hour during the noon to 2 p.m. Eastern time period on Sept. 24.
- A seventh export elevator located at **Brownsville, Texas**, is on the Mexican border and was well south of the hurricane's path. This facility has a storage capacity of approximately 3 million bushels.

As of 5 p.m. Eastern time on Sept. 24, the National Hurricane Center had downgraded Rita to a tropical storm, with the center located about 25 miles south-southwest of Shreveport, La. The storm was moving north at 12 miles per hour; a gradual turn to the northeast and east, with a decrease in forward speed, is projected for the next day or two. Maximum sustained winds are near 50 miles per hour, with higher gusts, and tropical storm-force winds extend outward up to 160 miles south of the storm's center. Rita is expected to be downgraded to a tropical depression during the next 12 hours or so. The National Hurricane Center reported that coastal storm flooding should continue to slowly subside throughout the weekend, although tides along the Southeast Louisiana and Mississippi coasts in areas previously affected by Hurricane Katrina could be 4 to 6 feet above normal and be accompanied by large waves.

The National Hurricane Center also projects that Rita will generate additional rainfall amounts of 3 to 6 inches along the path of the storm from northeast Texas northward into western portions of the lower Mississippi Valley. Isolated maximum rainfall of 15 inches is possible, it said.

In calendar year 2004, USDA data show that 8.1 million metric tons of grain were exported from the Texas Gulf. Of that quantity, the vast majority – 7.936 million metric tons (98 percent) consisted of wheat (predominantly hard red winter wheat).

2. **Mississippi/Center Gulf:** Reports received thus far are that the 10 export grain elevators in the New Orleans, La., region received heavy rains, but sustained no physical or structural damage. The National Hurricane Center predicted that rainfall amounts in the New Orleans area could range from 3 to 5 inches. These facilities also reported that they had suspended operations on or about Sept. 21 in preparation for Hurricane Rita. Early indications are that – if weather permits, the river is open to

navigation and utility services are available – most facilities will be able to resume operations by Monday, Sept. 26.

Prior to the latest disruption, considerable progress had been made in restoring U.S. export grain elevators and related infrastructure to operation in the region following Hurricane Katrina. Electrical power had been restored to all 10 facilities, although one still did not have telephone service. The condition of one facility, which sustained mainly wind damage, still was being assessed. The other nine facilities – including one that had been undergoing scheduled renovation prior to the hurricane – had resumed operations, with most reporting 24-hour-a-day operations. These facilities have a combined storage capacity of approximately 46.1 million bushels of the approximate 52.6 million bushel total capacity in the New Orleans region.

Three floating rigs, which previously had been restored to full operation, temporarily suspended operation because of the approach of Hurricane Rita. The loading capacity of these rigs ranges from 30,000 to 60,000 bushels each.

Here's a status report on the condition of infrastructure needed to support the operation of export grain elevators and other facilities operating in the Mississippi River/Center Gulf region:

- **Mississippi River Navigation:** Prior to the approach of Hurricane Rita – which triggered preparatory closings – the Mississippi River was open without restrictions (including full 47-foot drafts) **except** at the Southwest Pass, where navigation remains restricted to daylight/one-direction only until aids to navigation (signal buoys) are repaired/replaced **and** adequate living quarters are available for vessel pilot crews. However, vessel drafts through the Southwest Pass also have been increased to 47 feet, which is more than sufficient to accommodate fully loaded Panamax-sized vessels used to transport U.S. grains and oilseeds. North of the Southwest Pass safety zone, two-way, day-and-night traffic has been permitted since Sept. 11, which continues to assist the process of barge and vessel unloading and loading. The Southwest Pass is the channel used by ocean-going vessels to load and unload products, including U.S. grains and oilseeds.

In addition, the U.S. Army Corps of Engineers on Sept. 22 closed some damaged canals in the New Orleans region in preparation for anticipated storm surges that could result from Hurricane Rita. The canals were scheduled to remain closed until the threat of severe weather passed.

- **Securing Adequate Housing and Living Accommodations at Several Facility Locations to Support Employees, Their Families and Support Personnel:** There continues to be a challenge at several grain export elevators in the region to secure adequate approved housing facilities and the appropriate infrastructure (such as electricity, food and water, and wastewater services) needed to support living conditions for employees and other support personnel necessary for these facilities to operate. Several companies also still are in the process of locating

- some of their employees, who have not been accounted for yet. As noted previously, one of the contingencies for reopening the Southwest Pass to full navigation is securing adequate living quarters for a full complement of vessel pilots needed for 24-hour-a-day operations.
- **Securing Needed Funds for U.S. Army Corps of Engineers:** The U.S. Army Corps of Engineers, which has performed admirably in restoring navigation, dredging channels, repairing levees and pumping flood waters out of the New Orleans region, has received only \$400 million in additional funds for its mission area – out of the more than \$62 billion earmarked in the two post-Katrina supplemental spending bills approved thus far by Congress. The shortfall currently is being absorbed through other Corps’ programs, and there is concern that Corps-related activities could suffer if new funding is not approved soon.
  - **Other Infrastructure Needs:** While basic utilities, including telephone service, have been restored in most areas, high-speed Internet and communications service still is lacking at some export elevator locations. Businesses like the grain export industry rely heavily on electronic data transfer for executing transactions and required export documentation.
3. The NGFA and NAEGA continue to encourage contributions to the “Agriculture River Recovery Fund.” This is a philanthropic effort with a goal of raising \$500,000 from businesses and individuals across a wide spectrum of agriculture to provide financial assistance to those who work or provide services to U.S. agriculture and its grain industry, and who have been displaced and had their lives and livelihoods disrupted by Hurricane Katrina. The Agriculture River Recovery Fund is designed to serve as a vehicle through which tax-deductible charitable contributions can be made to help supplement the financial resources of personnel from grain elevators and supporting service industries in the region who have suffered personal loss or injury, been displaced, and/or suffered economic loss. A website has been established – [www.ARRFund.org](http://www.ARRFund.org) – where more information can be obtained. In addition, a press release announcing the fund is available by [clicking here](#).
  4. The NGFA and NAEGA continue to commend U.S. government agencies, as well as state and local authorities, for their tireless efforts to address infrastructure challenges that are critical to restoring efficient operations at grain export elevators. The two organizations also reiterate the importance of recovery of the Mississippi/Center Gulf region to the competitiveness of U.S. grain exports – particularly corn, soybeans and soft red winter wheat – and to the industry’s ability to serve global markets. There simply is insufficient “surge” capacity to enable significant quantities of grains and oilseeds to be repositioned to different export ports, such as the Texas Gulf, Great Lakes and Pacific Northwest. These alternative ports are supplied to a significant degree from different transportation, bulk grain and oilseed origination, and distribution points than those that supply the Mississippi/Center Gulf. Further, the cost structure, as well as the storage/loading capacity and flexibility of these alternative ports are significantly different and in some cases are somewhat more constrained than what exists through the Mississippi River/Center Gulf system. And

indications are that some of these ports, as well as rail and truck movements, already are running at or near full capacity. For these reasons, the NGFA and NAEGA continue to urge that U.S. government prioritize the investment of human and financial resources on recovery and restoration of operations at the Mississippi/Center Gulf port.

5. The Mississippi/Center Gulf region typically is responsible for about 55 to 70 percent of U.S. raw grain (corn, soybean and wheat) exports – largely a variable of vessel freight rates. According to USDA data, of the approximately 53 million metric tons exported from U.S. ports thus far in 2005 (as of Sept. 8, the latest data available), 30.7 million metric tons – or 58 percent – has been exported from the Mississippi Gulf. The preponderance of Mississippi River/Center Gulf exports is corn and soybeans; of this year’s total exports from that region, 89 percent (27.3 million metric tons) is corn (18.3 million metric tons) and soybeans (8.968 million metric tons).

Export elevators in the Mississippi/Center Gulf region range in storage capacity from 2 million to nearly 8 million bushels each. There are 10 commercially operated grain elevators in the New Orleans area, with a combined storage capacity of approximately 52.6 million bushels. These facilities have a rated vessel-loading capacity generally ranging from 60,000 to 100,000 bushels per hour.

There also are several floating rigs in the region that are registered to operate as barge-unload/vessel-loading facilities, some of which have resumed limited operations. These rigs have no storage capacity, but operate as transloading facilities with a rated vessel-loading capacity ranging from 30,000 to 60,000 bushels per hour.

6. NAEGA and the NGFA reiterate the importance to U.S. agriculture of continued perseverance in placing a priority on recovery operations of the grain export infrastructure in the Mississippi River/Center Gulf region.

### **About the NGFA and NAEGA**

The NGFA, established in 1896, consists of 900 grain, feed, processing, exporting and other grain-related companies that operate about 5,000 facilities that handle approximately 70 percent of the U.S. grain and oilseed crop. Members encompass all sectors of the industry, including country, terminal and export elevators; feed manufacturers; grain and oilseed processors; livestock and poultry integrators; and related industries. The NGFA also has 35 affiliated state and regional grain and feed associations, as well as two international affiliated associations. It is co-located and has a strategic alliance with the North American Export Grain Association (NAEGA), as well as strategic alliances with the Grain Elevator and Processing Society and Pet Food Institute.

NAEGA, established in 1912, is a not-for-profit trade association comprised of private and publicly owned companies and farmer-owned cooperatives involved in and providing services to the bulk grain and oilseed exporting industry. NAEGA-member companies

ship virtually all of the bulk grains and oilseeds exported each year from the United States.

The NGFA and NAEGA are headquartered in Washington, D.C.