

NGFA/NAEGA Statement on Hurricane Katrina Recovery Monday, Sept. 12

Note: The National Grain and Feed Association and North American Grain Association 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 Monday, Sept. 12. Media should attribute this information to: Randy Gordon, vice president, communications and government relations, National Grain and Feed Association.

1. While much work remains to be done, considerable progress has been made over the past three days in restoring U.S. export grain elevators and related infrastructure to limited operations as part of the recovery in the New Orleans, La., area following Hurricane Katrina. While operating conditions at these facilities has not been restored to normal, many of the obstacles are being addressed successfully. Grain exporters, allied industries (including inspection service providers, barge lines and rail carriers), and multiple U.S., state and local government entities continue to work around-the-clock under very challenging conditions to restore operations in the Mississippi River/Center Gulf. The following are among the noted areas where substantial progress has been made since Sept. 9:

- **Restoration of Limited Operations at Grain Export Facilities:** Nine of the 10 grain export elevators in the New Orleans region have had power restored. Eight of those facilities have resumed operations to varying degrees. One of the nine elevators was undergoing scheduled renovation prior to the hurricane and remains out of service. The eight grain export elevators that have resumed at least limited operations have a combined storage capacity of approximately 44.1 million bushels of the approximate 52.6 million bushel total capacity in the New Orleans region. Assessments reported to the NGFA and NAEGA of hurricane-affected facilities conducted to date continue to detect relatively limited physical damage.
- **Improved Navigation on Upper Mississippi River:** The U.S. Coast Guard as of Friday, Sept. 9 at 9 p.m., lifted all restrictions to navigation above mile marker 116 on the lower Mississippi River above New Orleans. This has allowed two-way, day-and-night traffic up to 47-foot drafts to resume and has assisted in the unloading and loading of barges; some barges containing new-crop grain have been among the conveyances unloaded at export elevators in the region.

Further, as of 5 p.m. on Sept. 11, the U.S. Coast Guard began permitting Panamax-sized vessels (which when fully loaded require a draft of 45 feet) to move from anchorage to berth at several facilities. Several vessels have been loaded or have completed loading. For the most part, these vessels were at berth and were in the process of being loaded prior to the hurricane.

In addition, a contract has been awarded by the U.S. Army Corps of Engineers to dredge the Southwest Pass. The Southwest Pass is the channel used by ocean-going vessels to load and unload products, including U.S. grains and oilseeds.

- **Securing Permission for Employees to Access Grain Export Facilities During Curfew Hours:** In addition, with the assistance of the U.S. Department of Homeland Security and local parish authorities in the New Orleans area, employees necessary to operate export elevators on a 24-hour-a-day, seven-day-a-week basis generally have been allowed to gain access to these facilities. Local authorities and law enforcement personnel are recognizing credentials issued by grain export companies to allow employees access that are compatible with continuing curfews implemented in the region to maintain law-and-order.
2. The NGFA and NAEGA's assessment is that the aforementioned improvements will assist grain export facilities in the ongoing recovery and restoration of operations. Among the most significant infrastructure-related challenges that remain are:

- **Securing Adequate Housing and Living Accommodations at Several Facility Locations to Support Employees and Their Families:** There continues to be a challenge at several grain export elevators in the region to secure approved housing and the appropriate infrastructure (such as electricity, food and water, and wastewater services) needed to support living accommodations for employees and other support personnel necessary to operations. Several companies also still are in the process of locating some of their employees who have not been accounted for yet.

There are indications that housing and living accommodations also will be required for employees of businesses serving export grain facilities, as well as U.S. government personnel who officially inspect and weigh U.S. grain exports and those who issue phytosanitary certificates that attest that U.S. commodities meet international standards for purity. The U.S. Department of Agriculture's Federal Grain Inspection Service performs official grain inspection and weighing services in the region. In addition, USDA's Animal and Plant Health Inspection Service issues phytosanitary certificates.

- **Navigation Improvements Still Needed on Lower Mississippi River:** Below New Orleans (below river mile marker 116), vessels still face daylight-only navigation restrictions because of a lack of functioning aids to navigation (such as signal buoys). A safety zone from the Southwest Pass to mile marker 104 has been established the Captain of the Port of New Orleans. The U.S. Coast Guard has informed the NGFA and NAEGA that while full replacement of the damaged or missing aids to navigation will take several weeks, the most critical ones are to be repaired in a few days. Daily discussions continue between the Coast Guard and the U.S. Army Corps of Engineers on the efforts and timelines for removing these navigation restrictions on the lower Mississippi River. During the interim, there continues to be a backlog of vessels waiting outside the Port of New Orleans

to access the Mississippi River to unload existing cargo before being loaded with grain and other products.

The net result is continuing congestion caused by vessels waiting to be unloaded and barges waiting to be loaded with products before being released for northbound movements. Easing this congestion also will be critical to freeing up additional barge capacity to transport newly harvested grain downriver to the New Orleans region for export.

- Full restoration of power and communications, as well as the availability of fuel, also are important to full resumption of operations.
3. The NGFA and NAEGA commend U.S. government agencies, as well as state and local authorities, for their tireless efforts to address infrastructure challenges that are critical to the efficient operations of 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.
 4. The Mississippi/Center Gulf 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. Of the 50.2 million metric tons exported from U.S. ports thus far in 2005 (as of Aug. 18, the latest data available), 29.7 million metric tons -- or 59 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 (26.2 million metric tons) is corn and soybeans.

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.

5. 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.