

NGFA/NAEGA Statement on Hurricane Katrina Recovery Friday, Sept. 16

*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 Friday, Sept. 16. **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. Considerable progress continues to be made in restoring U.S. export grain elevators and related infrastructure to operation as part of the recovery in the New Orleans, La., area following Hurricane Katrina. Assessments reported to the NGFA and North American Export Grain Association (NAEGA) of hurricane-affected facilities continue to detect relatively limited physical damage. While operating conditions at each of these facilities still is in the process of being restored to normal, progress continues to be made in addressing obstacles through round-the-clock efforts by grain exporters, allied industries (including inspection service providers, barge lines and rail carriers), and multiple U.S., state and local government entities. 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, with six reporting 24-hour-a-day operations.** One of the nine elevators was undergoing scheduled renovation prior to the hurricane and remains out of service; however, there are indications this facility – with a storage capacity of 2 million bushels – **may be restored to operation soon to bring more capacity on-line.** The eight remaining grain export elevators where power has been restored have resumed at least limited operations. These facilities 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.

Three floating rigs also have been restored to full or partial operation, with a loading capacity ranging from 30,000 to 60,000 bushels each.

In addition, the U.S. Department of Homeland Security and local parish authorities have assisted in enabling employees of export grain elevators to secure the necessary credentials to access facilities in the New Orleans area on a 24-hour-a-day, seven-day-a-week basis. Local authorities and law enforcement personnel are recognizing documentation issued by grain export companies to allow employees access in ways that are consistent with continuing curfews implemented in the region to maintain law-and-order.

The following are among the noted areas where significant progress in recovery at the Mississippi River/Center Gulf has been made during the last few days:

- **Continued Improvements in Navigation on Mississippi River:** The U.S. Coast Guard as of Sunday, Sept. 11 at 5 p.m., announced that the Captain of the Port of

New Orleans had expressed satisfaction that the Mississippi River below mile marker 116 is clear. But because of a lack of functioning aids to navigation (i.e., signal buoys) south of mile marker 104, the captain of the port has implemented a safety zone from the Southwest Pass to mile marker 104, restricting deep-draft vessel traffic to daylight hours only. The NGFA and NAEGA understand that daylight-only traffic may continue through the Southwest Pass until as long as Sept. 26, at which time damaged or destroyed aids to navigation should be replaced or repaired, and unrestricted navigation restored. However, this situation is fluid and night-time traffic may resume sooner. Above the safety zone, two-way, day-and-night traffic up to 47-foot drafts now is permitted, which continues to assist the process of unloading and loading barges. Some barges containing new-crop grain have been among the conveyances unloaded at export elevators in the region.

Vessels drafting up to 45-feet – which includes fully loaded Panamax-sized vessels used to transport U.S. grains and oilseeds – are transiting the Southwest Pass under daylight-only restrictions, and have not encountered any impediments in moving from anchorage to berth. Several grain vessels have been loaded and outbound shipments are resuming. In addition, dredging of the Southwest Pass began on the night of Sept. 12. The Southwest Pass is the channel used by ocean-going vessels to load and unload products, including U.S. grains and oilseeds.

2. Continuing improvements in infrastructure-related conditions have assisted grain export elevators in the region in restoring operations. However, this is a gradual process. Among the most significant infrastructure-related challenges that continue to remain are:
 - **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. There also are reports that there are insufficient living accommodations for the number of vessel pilots needed for 24-hour-a-day operations through the Southwest Pass.
 - **Relieving Congestion in Lower Mississippi River:** While conditions for discharge, loading and movement of vessels continue to improve, key points of congestion now include delays in discharge of vessels carrying imported dry bulk materials. These vessels are the same vessels scheduled to be cleaned and used to transport U.S. grain cargoes. In addition to the daylight-only navigation restrictions in the safety zone below New Orleans, which continues to slow inbound vessel traffic, some river pilots apparently are reluctant to operate vessels during night-time hours in some areas of the river because of curfew and security concerns. There also are towboat-allocation problems caused by labor shortages,

and additional “line boats” are needed to push empty barges northbound and bring larger grain-laden barge tows downstream. Resolving these issues will be important to easing this congestion, as well as to enable additional barge capacity to move north to transport newly harvested grain downriver to the New Orleans region for export.

- **Other Infrastructure Needs:** Full restoration of power at one grain export facility, as well as the availability of fuel, also are important to full resumption of operations. In addition, 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 – 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 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.