

NGFA/NAEGA Statement on Hurricane Katrina Recovery Thursday, Sept. 8

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 Thursday, Sept.8. Media should attribute this information to: Randy Gordon, vice president, communications and government relations, National Grain and Feed Association.

1. The U.S. grain export elevator industry and related infrastructures in the New Orleans, La., area continue to make gradual but steady progress in recovering from the aftereffects of Hurricane Katrina. The industry is working methodically around-the-clock to restore facilities to operating condition in the Mississippi River/Center Gulf. Assessments conducted to date have found that the elevator facilities sustained relatively limited physical damage. It is our understanding as of today that power has been restored to as many as eight of the 10 grain export elevators in the New Orleans area, and that several facilities have resumed unloading barges. Some vessel loadings of grain also have occurred. The NGFA and NAEGA also commend U.S. government agencies for their efforts to address critical infrastructure challenges that must be met so that these facilities may resume efficient operations. 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. As the adage goes, a chain is only as strong as its weakest link, and the critical infrastructures needed to support the grain export industry have been placed under unprecedented challenge.
2. Among the most critical infrastructure-related challenges confronting the grain export elevators in the region at this time are as follows:
 - **Shortage of labor needed to operate facilities and unload barges:** Multiple labor challenges continue to exist in the region. Among these are a shortage of boatswain mates – the trained personnel responsible for lashing and positioning barges for unloading. An adequate number of pilots to operate vessels in port also is needed. In addition, grain firms continue the process of locating their employees, and there is a critical need to provide housing and living accommodations, including food and water, near these facilities to enable them to operate on an around-the-clock basis. Finally, and extremely importantly, given curfews in the region to restore law-and-order, there is a need for local government authorities and law enforcement agencies to devise an acceptable system for allowing grain elevator employees to access and operate facilities on a 24/7 basis, including during night-time hours.

Efforts are underway within both the private sector and government in an attempt to address each of these critical needs.

- **Restoration of full navigation and unrestricted barge and vessel operations on the Mississippi River:** The river continues to be open only to shallow-draft traffic and to deep-draft vessels to 39-foot draft for daylight-only operations until aids to navigation (such as signal buoys) have been reestablished. Two-way traffic has been restored, but only for daylight operations. The U.S. Coast Guard has reported to the NGFA and NAEGA that it may be seven to 10 days before these navigation aids have been repaired or replaced. In addition, there continue to be obstructions in the bar channel at the mouth of the Southwest Pass that remain as obstacles to navigation, and which salvagers continue to try to remove today. But the U.S. Army Corps of Engineers does not have a schedule yet as to when this work will be completed. The Corps also indicates that survey work has found evidence of some shoaling in the Southwest Pass that may need to be addressed. It is the understanding of the NGFA and NAEGA that several vessels with 43-foot drafts still are awaiting permission to transit to unload cargo. The Southwest Pass is the channel used by ocean-going vessels to load and unloading products, including those transporting U.S. grains and oilseeds; the bar channel is a navigation passage dredged in open water that otherwise would be of insufficient depth to handle ocean-going vessels.

The NGFA and NAEGA are pleased that the U.S. Army Corps of Engineers continues to make restoration of navigation on the Mississippi River a top priority. It is essential to the grain export industry that unrestricted two-way navigation to normal river drafts of 48 feet be restored as soon as possible to allow for round-the-clock operations at these facilities to unload barges and load vessels. Congestion of barges and vessels in the region will remain an issue until full navigation is restored.

- Full restoration of power and communications.
- Securing adequate fuel to permit resumption of operations.

The grain export industry and the supporting transportation and related infrastructure affected by the disaster remain committed to resuming operations as soon as feasible. The grain export industry – indeed the entire grain industry – is committed to its human resources – our dedicated employees and all who serve U.S. agriculture in making this system operate who have been adversely affected by this tragedy.

3. Two essential services provided by the U.S. government to the U.S. grain export industry are official grain inspection and weighing, and issuance of phytosanitary certificates which 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. It is our understanding that both agencies have developed plans to provide needed service in the region.

4. Facilities located at West Coast, Texas Gulf, Great Lakes, as well as a few other ports, provide a viable alternative outlet for some quantities of export grain. Overland rail and truck routes also exist for grain, feed and ingredient exports to Canada and Mexico. However, these venues 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, and are not capable of assuming surge capacities from the Katrina-affected region. 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. 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 526 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.