

NGFA/NAEGA Statement on Hurricane Katrina Assessment for Tuesday, Sept. 6

Note: The National Grain and Feed Association and North American Grain Association are issuing periodic statements providing an assessment of conditions affecting the grain export industry at the Mississippi/Center Gulf region following Hurricane Katrina. This is the update for Tuesday, Sept. 6.

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1. The NGFA and NAEGA commend federal, state and local government agencies for their continuing efforts to conduct search and rescue operations to save lives and provide humanitarian assistance in the region in the aftermath of Hurricane Katrina. The NGFA and NAEGA also continue to communicate to the U.S. government and others the critical importance of the restoration and recovery of the logistical capacity of the Mississippi River/Center Gulf to U.S. agriculture. Doing so is essential to keep U.S. agriculture -- particularly corn, soybean and soft red winter wheat -- positioned and able to competitively serve global markets.

2. Each of the companies that operate export grain export facilities at the Mississippi/Center Gulf region report that they have been able to access their facilities and perform initial assessments of their condition. These facilities are essential to U.S. grain and oilseed export competitiveness, and to U.S. agriculture's positive contribution to the national economy. Reports received thus far on the physical condition of these facilities have been encouraging, with limited damage reported. Additional assessments are underway to completely define the overall challenges to recovery. At least one facility has resumed partial operations and was able to unload barges and load a vessel over the weekend. Another vessel-loading was planned for today. Several other facilities in the region indicate that a gradual restoration of operations is anticipated once power is restored and housing and other essentials are provided for employees displaced by the hurricane. An additional important consideration is to develop acceptable procedures in concert with local government and law enforcement agencies to allow grain elevator employees to gain access to their facilities on a 24/7 basis given curfews in place in the region, while not adversely affecting the restoration of security and law-and-order that are essential to safe operating conditions. Securing adequate fuel to permit resumption of operations also is a consideration. The NGFA and NAEGA have conveyed each of these concerns to the U.S. Department of Homeland Security and other relevant government agencies.

The grain export industry and the supporting transportation and related infrastructure affected by the disaster remain committed to resuming operations as soon as feasible.

3. 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. The Corps informed us that salvagers today were scheduled to remove two unidentified obstructions in the bar channel at the mouth of Southwest Pass of the Mississippi River that were detected by the National Oceanic and Atmospheric Administration (NOAA) during surveys of the river. Once the obstructions are removed, the Southwest Pass

would be restored to maximum drafts for ocean-going vessels. 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. NOAA continues to conduct surveys of the Mississippi River to verify centerline channel depth results previously determined by the Corps, as well as the shoreline depths.

As for deep-draft vessel traffic, the Mississippi River remains open to vessels up to 39-foot draft, restricted to daylight-only navigation until aids to navigation signals are reestablished to permit safe night-time operations. Once these steps have been taken, we've been informed that two-way deep-draft traffic will be allowed to resume 24 hours a day on the river. All three river pilot groups on the lower Mississippi River recommended reopening the river to two-way traffic. Currently, only one-way traffic is permitted.

4. 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 is developing plans for securing personnel to restore official grain inspection and weighing services in the region. In addition, USDA's Animal and Plant Health Inspection Service -- which issues phytosanitary certificates -- also is developing plans for restoration of service.

5. 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.

6. 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.

7. 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.