



March 2021 MGFA Newsletter



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WANTED: Member News Items & Your Cover Photos for the Spring MGFA Magazine

The MGFA member magazine, *Mill & Elevator News*, contains an entire section that highlights news from our members. As work begins on the Spring edition on the magazine, we need your help gathering that news. We are looking for any of the following news items: major announcements, management changes, new construction or expansion projects, mergers or consolidations, anniversaries/milestones, employee retirements, awards or industry recognition, or other company news you would like to share. If you have any news you'd like to contribute to the Spring magazine, please email it to the MGFA office at laura@mgfa.org by **March 26, 2021**.

The MGFA office is also looking for great photos for the cover of the Spring magazine. To keep our magazine member-centric, we invite all our member amateur photographers to submit your photos for the cover of the spring edition of the MGFA member magazine. We would love to see creative photos of your facility, your employees/co-workers or photos generally related to the grain and feed industry here in Minnesota.

If you plan to submit a photo, please note the following specs:

- Image size needs to be 8.75" x 11.25"
- Photos can be color or black & white
- Photo needs to be submitted by the original photographer
- Please provide a short write-up about your submitted photo
- We intend to give photo credit to the photographer, so we would appreciate a written note releasing your photo to be used on the cover of the MGFA magazine.
- Deadline to submit photos: **Friday, March 26, 2021**
- Submit photos to laura@mgfa.org in a .jpeg file format.

We look forward to seeing your photos, so please send them in today!



Applications Now Available for the MGFA Commitment to Agriculture Scholarship Program

In an effort to financially assist students pursuing agriculture degrees at institutions of higher learning, the Minnesota Grain and Feed Association established a scholarship program, which is funded by generous donations from industry members and friends. The MGFA annually awards up to three \$1,000 scholarships to successful applicants.

Applicants must be:

1. The child of an elevator or feed mill employee whose employer is a current MGFA member, in good standing with the Association, OR

2. An employee/intern of an elevator or feed mill whose employer is a current MGFA member, in good standing with the Association

The student must be pursuing a degree in agriculture (preference will be given to those pursuing a degree in agribusiness) and have a minimum GPA of 2.75. The application for the 2021-22 Commitment to Agriculture Scholarship is available [here](#). The deadline to submit an application is **April 23, 2021**.

If you know of a student who would be interested in receiving a scholarship, please share this information & encourage them to apply. Information can also be found on the MGFA website at www.mgfa.org.



MN-DOT Seeks Applicants for Minnesota Rail Service Improvement Program Grant Funding

St. Paul, MN – Railroads, rail users, cities and counties can apply for grant funding to improve freight rail service that supports economic development through the 2021 Minnesota Rail Service Improvement Program, the Minnesota Department of Transportation announced today. Applications are due March 31.

The \$4 million in general obligation bonds were approved during the 2020 special legislative session. MnDOT may provide additional funding for projects.

“This type of funding is crucial to businesses in the state that depend on rail transportation,” said Peter Dahlberg, Office of Freight and Commercial Vehicle Operations program manager. “Many times small railroads and businesses lack the capital to make necessary improvements on their own. This funding helps the smaller railroads and shippers continue to provide competitive options and efficient movement of goods.”

Examples of eligible projects include railroad tracks, roadbeds, turnouts, bridges, buildings and fixed loading/unloading equipment. Funding cannot be used for regular or recurring maintenance activities, incomplete or phased projects or engineering, design and right of way acquisition costs.

Applications and more information about the program are available at www.mndot.gov/ofrw/railroad/mrsi.html.

A MnDOT project selection team will review and score eligible applications. Award recipients will be notified once selections are made.

For questions about the application, contact Dahlberg at Peter.Dahlberg@state.mn.us.

The program has administered more than \$58 million in loans and grants for capital improvement projects since it was established in 1976 to strengthen the state’s shipping economy. The program

was given authority to issue grants for freight rail service improvements that support economic development in 2017.



COVID-19 Vaccinations Now Available for Agriculture Workers

Earlier this month, Governor Walz announced that Minnesota would expand COVID-19 vaccine eligibility to include a segment of Minnesota's food and agriculture sector. Vaccine eligibility has expanded to the **next two phases** which includes food processing plant workers (**Phase 1b Tier 2**) and other essential agriculture workers including employees in food production and food retail (**Phase 1b Tier 3**).

The Governor's announcement comes several weeks ahead of schedule after the state moved quickly to use more vaccine from the federal government.

"Food and agriculture workers have been essential throughout the pandemic keeping food on our tables and I commend Governor Walz for prioritizing food processing, food production, retail food employees, and farmers in this next vaccination phase. I encourage these critical workers to get vaccinated to protect themselves and their families," said MN Ag Commissioner Thom Peterson.

More than 1.8 million Minnesotans are currently eligible to receive the vaccine:

- **Phase 1b Tier 2 populations, including:**
 - Minnesotans with specific underlying health conditions: Sickle cell disease, Down syndrome, those in cancer treatment or immunocompromised from organ transplant, oxygen-dependent chronic lung and heart conditions (COPD & CHF)
 - Targeted essential workers: Food processing plant workers
 - Minnesotans with rare conditions or disabilities that put them at higher risk of severe illness
- **Phase 1b Tier 3 populations, including:**
 - Minnesotans age 45 years and older with one or more **underlying medical conditions identified by the CDC**
 - Minnesotans age 16 years and older with two or more underlying medical conditions*
 - Minnesotans age 50 years and older in multi-generational housing
- **Essential frontline workers: agricultural (farmers), food production, food retail, food service** as well as other sectors including airport staff, additional child care workers not previously eligible, correctional settings, first responders, judicial system workers, manufacturing, public health workers, public transit, and U.S. Postal Service workers

All Minnesotans who have not received a vaccine should sign up for the **COVID-19 Vaccine Connector** to get regular updates on vaccine availability and eligibility. In some cases, health care providers or employers will have more information for patients or employees on vaccine availability.

Source: MDA



Walz Releases Updated Budget Proposal

Last week, Governor Walz released his updated budget proposal for the next biennium. Walz's initial budget was based on the November forecast of a \$1.27 billion state deficit. The February forecast now offers a much more optimistic outlook showing a \$1.6 billion surplus.

Much of the attention on the Governor's budget has been around his proposed tax increases. In his new proposal, Walz removes the requested tax increases on cigarettes and the estate tax, but increases in the corporate tax and income tax on high earners remain.

"Since the state now projects a budget surplus, we no longer need to use rainy day funds to balance the budget," Minnesota Management and Budget Commissioner Jim Schowalter said. "Our budget reserve gave us time to withstand dire projections created by the COVID-19 pandemic, gather information on real impacts, and respond without making unnecessary or drastic cuts."

Republican leaders disagreed with the idea that the state still needs to increase taxes.

"Why raise taxes at all? We just don't need to do it," said Senate Majority Leader Paul Gazelka. "Now there's so much more money available, why are we even thinking about raising taxes?"

Most importantly is that Governor Walz now includes some tax conformity on PPP loan forgiveness. Minnesota is one of few states that taxes those forgiven loans from the federal government. Walz does, however, propose to limit the amount that will not be taxed at \$350,000. MPPA supports full tax conformity on this issue. House Minority Leader Kurt Daudt weighed in on the Governor's purposed PPP partial conformity.

"Taking money from struggling businesses is indefensible when state government is flush with cash," Daudt said. "We have billions of dollars available to fully protect workers and businesses from unnecessary tax hikes, and ensure that government is not profiting off relief dollars intended to help Minnesotans."

Senate Republican Leaders released their budget targets last week. It includes full conformity on PPP loans and no tax increases. It also calls for a 5% spending reduction across all state agencies. House DFL Leadership is expected to release their budget targets Tuesday, March 23.

Source: MN Pork Producers Assn.



Welcome, Spring! Upper Mississippi River Opens for Business

The Motor vessel R. Clayton McWhorter, originating from the Quad Cities in Iowa and Illinois, and pushing 12 barges en route to St. Paul, Minnesota, was locked through Lock and Dam 3, near Welch, Minnesota on March 19, marking the unofficial start of the 2021 navigation season, reported the United States Army Corps of Engineers (USACE) St. Paul District. This year, a second tow, motor vessel Neil N. Diehl, followed right behind and reached St. Paul on the evening of March 19.



Motor vessel R. Clayton McWhorter was welcomed with open arms as the first tow to reach St. Paul to start the 2021 navigation season. The tow made its trek through Lake Pepin on March 19, the last major barrier for vessels reaching the head of the navigation channel in St. Paul, Minnesota.

Located between the Minnesota cities of Red Wing and Wabasha, Lake Pepin is the last part of the river to break up ice, because the river is wider and subsequently the current is slower there than it is at other reaches of the river, noted the USACE website. Once a tow can make it through Lake Pepin, it can make it all the way to St. Paul. The 2020 navigation season started March 18, when the motor vessel Miss Doris locked through Lock and Dam 2, near Hastings, Minnesota, heading to St. Paul.

The start of navigation is an exciting time for the region and a welcomed sign of spring in the far Upper Mississippi River. The other good news is that Lock and Dam 25 near Winfield, Missouri, opened during the weekend after expectations that the winter maintenance and repairs might last until the end of March.

This means that more tows will head up to St. Paul with more barges -- some possibly filled with fertilizer or sand and gravel, and others empty for loading out grain to head to the Gulf.

The St. Paul District maintains a 9-foot navigation channel and operates 12 locks and dams to support navigation from Minneapolis to Guttenberg, Iowa. Keeping this system open is vital to the nation's economy. On average, agricultural producers save around \$1 per bushel on corn and soybeans by using the river to ship their commodities rather than other transportation methods, noted USACE. The commercial navigation industry estimates an annual average savings of nearly \$400 million by using the inland waterways instead of overland shipping methods. In addition to the economic savings, navigation reduces the stress on roads and bridges.

2020 SHIPPING SEASON A SUCCESS

The USACE, St. Paul District, released its 2020 navigation statistics for the Upper Mississippi River on Feb. 8, and said lockages for the year through the last lock and dam operated by the district were above the 10-year average.

During the 2020 season, USACE supported 2,620 commercial navigation lockages at Lock and Dam 10, near Guttenberg, Iowa, which was above the 10-year average of 2,164 lockages. The 2020 lockages supported 16,974,594 tons of commodities by the navigation industry. During the 2019 season, USACE supported 1,750 commercial lockages and the movement of 11,575,625 tons of commodities, stated the report. The 2020 navigation season unofficially came to a close on Nov. 30 after the motor vessel Colonel departed St. Paul. Navigation statistics fluctuate from year to year, depending on the weather, river flows and the length of the navigation season.

According to the Mississippi National River and Recreation Area, St. Paul, grain accounts for the vast majority of downbound tonnage from there. Approximately 8 million tons of Minnesota's corn, soybeans and wheat is shipped annually by barge to New Orleans for export to destinations around the world.

Liquid asphalt for roads and roofing is shipped downriver from Twin City oil refineries. Canadian potash is transferred from rail to barge and carried to locations where it is distributed for use as fertilizer. Other downbound commodities include petroleum coke for power generation, scrap metal for reprocessing, petroleum oil, sunflower oil, molasses and fly ash.

Source: DTN



U.S. and Canada Develop Trade Protocol as ASF Spreads



domestic swine.

As African swine fever (ASF) continues to spread and reemerge in countries overseas, the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service (APHIS) and the Canadian Food Inspection Agency (CFIA) announced March 16 that they have developed a protocol to help ensure bilateral trade will continue if ASF is detected in feral swine in either country, while still absent from

The protocol intends to protect swine populations in both countries during an outbreak of ASF in feral swine while minimizing impacts on the trade of live swine, swine products, and other swine commodities. Upon an ASF feral swine detection, all trade between both countries would initially stop. Then, according to the protocol, trade would resume in three, progressive phases with increasingly reduced restrictions on live swine, swine germplasm, and untreated swine commodities.

"Continuing trade with Canada in the event of a feral African swine fever detection is important to our stakeholders, and this trade protocol provides the necessary guidance to minimize the impact to the swine industry," said USDA Chief Veterinarian Dr. Burke Healey. "This collaborative effort uses a science-based approach to ensure trade between both countries resumes as quickly as possible."

How quickly the U.S. and Canada establish initial control areas, initiate surveillance/case findings and removal in feral swine, and start surveillance in captive swine, will determine when they enter phase two of the protocol. During the third and final phase, trade restrictions are reduced to the boundaries of the established control area.

APHIS and CFIA are continuing to work with industry and other stakeholders to ensure that both countries have the processes and procedures in place to fully implement the protocol.

USDA continues to work with a wide range of partners including the swine industry, U.S producers, other government agencies and neighboring countries to keep ASF out of North America. At the same time, it has response plans in place and incident management teams ready to deploy in case ASF does reach the United States.

ASF actively influencing markets

Meanwhile, Rabobank said this week that ASF is actively influencing pork markets around the world, adding that the implications of the disease for world pork trade are a major swing factor in global pork markets.

While China had previously reported it had a handle on the disease, its spread over winter highlights the challenges of managing the disease, Rabobank noted.

“ASF is creating significant uncertainty in key areas, such as China’s herd numbers and the outlook for 2021, especially for the sow population, but also on China’s pork production and pork prices,” explained Justin Sherrard, global strategist of animal protein for Rabobank.

A recent Global Agriculture Information Network (GAIN) report from the USDA’s Foreign Agricultural Service provided some insight into some of the latest developments. According to the report, media reports in late January noted that unapproved ASF vaccines may have contributed to the development of new ASF strains in China. But, ASF strains unrelated to the unauthorized vaccine strains have also emerged. These strains, while less deadly, are harder to detect and effectively increase the exposure of ASF in China’s hog herd, USDA relayed.

Also concerning was news in February from Hong Kong, the largest export market for live hogs from China, that the first case of ASF in over a year and a half had been discovered.

While Rabobank believes China’s pig supply will generally increase in 2021, prices are expected to fluctuate due to the uncertainties of disease development, restocking interests, feed costs, and import policies.

“Our view is that average hog prices in 2021 will be lower than in 2020 and subject to strong ups and downs during the year,” said Sherrard.

While China’s booming import demand for pork and other species was a major demand driver in global animal protein markets in 2020, Rabobank anticipates China’s pork imports will decline in 2021.

“At the same time, we see all exporting countries looking to maintain trade with China. Price will be one major factor that determines which countries will maintain high pork trade flows to China in 2021, along with availability and geopolitical considerations,” said Sherrard.

In another region, Rabobank said the ongoing pressure from ASF’s spread in Germany is also significant. Progress has been made in containing the disease, but more work is needed. Additionally, the situation in Germany has implications for other parts of Europe.

“After the ASF outbreak in Germany was confirmed in September 2020, ten countries imposed import bans on German pork, including China, Japan, and Vietnam, leaving about an extra 70,000 metric tons of pork on the EU market each month,” Sherrard explained.

Although several countries recently relaxed import bans on German pork, Rabobank said the import ban by China will likely remain in place for 1H 2021 at a minimum, as the situation is still evolving.

Source: Feedstuffs



Canadian Pacific, Kansas City Southern Will Merge into “The First USMCA Railroad,” CPKC

Canadian Pacific Railway Ltd. (CP) will acquire Kansas City Southern (KCS) in a cash and stock transaction worth US\$29 billion, the two Class I railroads have announced. The combined entity will be named Canadian Pacific Kansas City (CPKC).



CP and KCS described the US\$29 billion as “enterprise value” that includes the assumption of \$3.8 billion of outstanding KCS debt. The transaction, which has the unanimous support of both boards of directors, values KCS at \$275 per share, representing a 23% premium, based on the CP and KCS closing prices on March 19, 2021 (and \$270 per share, representing a 26% premium, based on the respective CP and KCS 30-day volume weighted average prices (VWAP).

Read more at: https://www.railwayage.com/freight/class-i/canadian-pacific-kansas-city-southern-will-merge-into-the-first-usmca-railroad-cpkc/?utm_source=&utm_medium=email&utm_campaign=23503



Ocean Carrier Companies Refusing to Ship U.S. Exports Due to Booming Ecommerce



Since July 2020, import cargo has been flooding into the U.S. in unprecedented volumes, the result of purchases being made from people being homebound during the COVID-19 pandemic. According to the Agriculture Transportation Coalition (AgTC), the import volumes have overwhelmed marine terminals at U.S. ports, particularly on the West Coast. However, a more critical issue has been occurring as

ocean carriers are now choosing to refuse return shipments of U.S. products in order to return overseas quicker.

According to AgTC, the number of ocean carrier companies available to carry containerized U.S. imports and exports across the Pacific has declined sharply over the last 25 years, down from 20-plus to just nine companies. In the past, some of the companies were U.S.-owned, but this is no longer the case.

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“U.S. exporters do not have many choices, they are completely dependent on these foreign carriers to deliver our ag and forest products to overseas customers,” AgTC explained.

Read more at: https://www.feedstuffs.com/markets/ocean-carrier-export-crisis-escalating?NL=FP-006&Issue=FP-006_20210316_FP-006_261&sfvc4enews=42&cl=article_1_b&utm_rid=CPG02000003719851&utm_campaign=57799&utm_medium=email&elq2=8ec9193d49524dc1bf9bcfc9cdda060b

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