October 2022

MGFA Newsletter

October 2022 Newsletter

MGFA Schedules Feed Mill Forum for December

The Minnesota Grain and Feed Association (MGFA) has scheduled a Feed Mill Forum for **Tuesday, December 13, 2022** at the **Best Western Plus Kelly Inn in St. Cloud**. This event will bring together our feed mill operators, owners and employees for a full day of industry specific education and networking opportunities. The registration fee is $95/person for members ($125/person for non-members), which includes hand-out materials, breaks & lunch. For lodging, please contact the Best Western Kelly Inn at 320-253-0606 where we have reserved a small block of rooms. Cancellations will be accepted up to 48 hours prior to the meeting.

MDA to Hold Free FSMA Training for Small and Very Small Firms

The Minnesota Department of Agriculture (MDA) Commercial Feed Program is holding a training on the Food Safety Modernization Act (FSMA) specifically for **small and very small firms**. Topics will include current Good Manufacturing Practices, preventative controls, hazard analysis, attestation, and food facility registration.

MDA is offering this one-day training opportunity to participants for **free** and lunch will be provided. This training will be held in Rochester on December 8. Space is limited, so please registered in advance! You can register here: **https://forms.office.com/g/iwFYhg1fha**. If you have questions or need help registering, please contact Erin Niehoff at **erin.r.niehoff@state.mn.us**.

WHO SHOULD PARTICIPATE? This training course is designed to cover FSMA and related topics for small feed facilities (average less than approximately 2.7 million dollars per year in sales of FDA regulated goods). Topics will include current Good Manufacturing Practices, preventative controls, hazard analysis, attestation, and food facility registration. *This training is not intended for large firms seeking to certify staff as Preventative Controls Qualified Individuals.*

WHY PARTICIPATE? Strong feed safety practices can help protect your business, help meet market requirements, and help keep our animal feed and our animals safe and healthy. State Regulators will be available to provide the training course and can note or respond to any questions or needs brought forward in the event(s).

No Relief in Sight for Inland Waterway Levels

Expanding drought into the Mississippi River region has led to near-record to record-low water levels along a stretch from Missouri to Mississippi, resulting in significant transportation disruptions and causing great concern in the U.S. feed and grain industries.

USDA chief meteorologist Brad Rippey reported this week that water levels in New Madrid, Mo., Caruthersville, Mo., Osceola, Ark., and Memphis, Tenn., are currently below records set during two historic droughts in 1988 and 2012. In Greenville, Miss., levels are below a record set in the winter of 1963/1964.

“That is obviously causing transportation disruptions,” he said. “Barge movement is somewhat limited during these times of low water. Loads have to be lightened; the number of barges being towed by boats is limited because of the depth and the width of the channel.”

Rippey said some of the greatest impacts are occurring just below where the Missouri and Ohio River merge into the Mississippi River.

Water levels are expected to continue to drop in some areas over the next few days and weeks, with no appreciable relief expected in the near future, USDA said. This could spell really bad news as some regions are nearing minimum operating levels. For example, the U.S. Geological Survey shows the river gage levels on the Mississippi River at Memphis was -9.33 ft. on Oct. 25, down from

1.46 ft. last year and nearing the minimum operating limit of -12 ft. To put this into perspective, the highest gage reading this year was in March 2022 at 30.71 ft.

Mike Steenhoek, executive director of the Soy Transportation Coalition, called the conditions along the inland waterway system "very concerning."

"The metaphor I routinely use – 'Attaching a garden hose to a fire hydrant' – continues to be very applicable," he said. "Farmers are continuing to harvest an overall strong crop, but the inland waterway system – especially the lower Mississippi River – does not currently possess the normal capacity to accommodate it."

The current state of the river particularly a challenge for the soybean industry, he explained, given how the September through February time period accounts for 80% of U.S. soybean exports. Over half of soybeans produced in the U.S. are exported. Sixty percent of all grain exported from the U.S. is shipped on the Mississippi River as well as 78% of the world's exports in feed grains and soybeans and most of the livestock and hogs produced nationally. Barge transportation is essential for connecting with international customers, Steenhoek said.

Depth restrictions of no greater than 9 ft. have been instituted on the Lower Mississippi River, a 24-30% decrease "For every one foot of decreased water depth, 5,000 fewer bushels of soybeans are loaded into each barge. Therefore, a two to three feet reduction will result in 10,000-15,000 fewer bushels," Steenhoek said.

Barges on the Lower Mississippi River are often loaded with 57,000 bushels and Upper Mississippi River barges will be loaded with 50,000 – 52,000 bushels due to the minimum 9 ft. navigation channel.

"The barge industry continues to maintain a maximum of 25 barges connected together along the Lower Mississippi River compared to 30, 35, or even 40 barges under normal conditions."

Barge freight rates have fallen, but this is still 130% higher than the same period in 2021, Steenhoek said. USDA reported transporting a ton of soybeans – loaded in St. Louis – cost $72.58 per ton during the week of Oct. 18, down from $105.85 per ton during the week of Oct. 11. According to USDA, this decline in prices is due to softened demand as grain shippers are delaying deliveries until later in the year.

Steenhoek noted that farmers are also altering plans, including choosing to store their crops, delivering to a rail loading facility or delivering to processors.

Source: Feedstuffs

Barge Rates on the Rise Again

For the week of October 25, the St. Louis barge spot rate increased almost 22 percent from last week to $88.46 per ton. However, this rate is lower than the all-time peak of $105.85 per ton for the week of October 11. Because of low water levels on the Mississippi River System (MRS), barge

companies have little capacity in the spot market as they struggle to meet current commitments. Future rates are also higher than normal: the current low barge availability, combined with new export sales of soybeans have spurred demand for barges in November, December and early next year. The St. Louis 1-month-rate (for November) reached $58.61 per ton, 384 percent higher than last year and 439 percent higher than the 5-year average. The St. Louis 3-month-rate (for January) reached $33.99 per ton, 265 percent higher than last year and 270 percent higher than the 5-year average. In the near term, barge challenges and draft restrictions are likely to continue. However, by mid-November, the slightly above-normal rain forecast may begin to provide relief and help stabilize some portions of the MRS.

Source: USDA Grain Transportation Report

Threat of Rail Work Stoppage Growing

The Brotherhood of Railroad Signalmen (BRS) on Oct. 26 became the second of 12 rail unions to reject a tentative agreement amending wages, benefits and work rules on most Class I railroads and many smaller ones.

More than 60% of signalmen voted to reject the agreement, mirroring the 57% rejection rate of the Brotherhood of Maintenance of Way Employees Division of the Teamsters Union whose votes were announced Oct. 10.

All 12 unions and the railroads previously agreed to maintain a status quo until “early December,” meaning no strike or management lockout until all 12 rail labor unions have completed the contract vote ratification process and made one last attempt to avert a strike or lockout.

Unless carriers agree for a third time to offer deal sweeteners, a nationwide rail shutdown—the first since 1992—is looming, as a strike by even one union likely will cause picket lines to be honored by employees of all other unions. Carriers also could lockout the workforce at the end of this mutually agreed to status quo period, as it did in 1992 when just CSX was struck.

Another alternative is for Congress to pass preemptive legislation ordering carriers and all 12 unions to accept either the tentative agreement rejected so far by the BRS and BMWED, or less generous recommendations made in August by a neutral Presidential Emergency Board (PEB). Both sides also could agree to binding arbitration to settle this round of negotiations, or labor chiefs could override their members’ “no” votes (as has occurred in the past).

Congressional action to end a nationwide rail shutdown, no matter its impact on the national economy and national defense, is iffy, even though preemptive legislation has been drafted by Sen. Richard Burr of North Carolina—the senior Republican on the Senate Labor Committee. The draft is being circulated for comment among Republicans and Democrats in the House and Senate. Other draft bills are likely to surface.

Former Biden Administration Labor Adviser Seth Harris recently warned, “Congress could legislate a resolution, but the hyper-partisanship that surrounds labor policy in the U.S. Congress makes

finding 60 votes for any solution in an evenly divided Senate a long shot, at best." The 60-vote threshold is to avoid a filibuster—an event of greater likelihood during lame-duck sessions of Congress as will occur following Nov. 8 elections.

The rejecting BMWED and BRS represent some 25% of rail unionized employees affected by the tentative deal. Six rail labor unions have voted to ratify, representing about 19% of affected employees.

Four other unions, including the two largest—the Brotherhood of Locomotive Engineers and Trainmen (BLET, a Teamsters affiliate as is the BMWED) and the Transportation Division of the International Association of Sheet Metal, Air, Rail and Transportation Workers (SMART-TD), together representing almost half of unionized rail workers—will release vote results Nov. 17.

In announcing the negative vote tally, BRS President Michael Baldwin said, "For the first time that I can remember, the BRS members voted not to ratify a National Agreement, and with the highest participation rate in BRS history."

Although Baldwin negotiated the tentative deal on behalf of the BRS, and signed his name to it, he said, "I have expressed my disappointment throughout the process in the lack of good-faith bargaining on the part of the NCCC (National Carriers Conference Committee), as well as the part PEB 250 played in denying BRS members the basic right of paid time off for illness. The NCCC and PEB also both failed to recognize the safety-sensitive and highly stressful job BRS members perform each day to keep the railroad running and supply chain flowing."

Unions that have voted to ratify include the American Train Dispatchers Association, Brotherhood Railway Carmen, International Brotherhood of Electrical Workers, Mechanical Division of SMART, National Conference of Firemen and Oilers, and Transportation Communications Workers.

The two other unions in addition to BLET and SMART-TD yet to announce voting results are Division 19 of the International Association of Machinists (Nov. 5) and the International Brotherhood of Boilermakers, Iron Ship Builders, Forgers and Helpers (Nov. 11).

Source: Railway Age

FMCSA Ends Hours-of-Service Waiver for Feed and Fuel

The Federal Motor Carrier Safety Administration (FMCSA) has canceled its waiver on hours-of-service (HOS) requirements for trucks transporting feed, fuel, propane, and ethanol. After the waiver was first issued in 2020 to help address the national COVID-19 emergency, FMCSA extended the waiver more than 10 times, sometimes modifying it. Based on comments received during the most recent extension period through October 15, FMCSA decided to let the waiver expire.

Source: USDA Grain Transportation Report

Iowa Soy Processor Files for Bankruptcy

An Iowa-based processor of non-GMO and organic soybeans has filed for Chapter 11 bankruptcy after losing its licenses to operate in Iowa and Nebraska.

Global Processing Inc., based in Kanawha, Iowa, filed for bankruptcy on Monday in the U.S. District Court for Northern Iowa.

Global has been focused on marketing identity-preserved non-GMO food-grade soybeans and using its Iowa facility to clean, bag and ship soybeans both domestically and to Asia.

In May 2021, Global Processing announced a partnership with the Missouri Soybean Merchandising Council to license and market SOYLEIC high-oleic soybeans with farmers in Iowa, Kansas, Kentucky, Missouri and Nebraska. The agreement allowed Global Processing to combine SOYLEIC with other soybean traits for both farmers and end users.

Global Processing's website also lists locations in Monticello, Illinois, as well.
In May this year, Global Processing also issued a news release that the company had entered into an agreement to buy a soy processing facility in Hope, Minnesota (the former Pipeline Foods location). Global Processing had stated the company expected the facility in Hope to be fully operational by December.

Then the Iowa Department of Agriculture and Land Stewardship announced on Oct. 7 the state had suspended Global Processing warehouse and grain dealer licenses "based on the company's failure to have sufficient funds to cover producer grain checks and failure to file monthly financial statements" in accordance with Iowa code.

On Oct. 12, the Nebraska Public Service Commission (PSC) announced Global Processing had surrendered its grain dealer license in Nebraska for facilities in Haigler and Lexington, Nebraska, following an audit by the PSC Grain Department also showing Global Processing did not have sufficient funds to cover its grain purchases in Nebraska.

In its bankruptcy filing, Global Processing listed both its assets and estimated liabilities ranging from $10 million to $50 million. An attorney for Global Processing declined to comment on the record about the bankruptcy filing other than the company will restructure its debts.

Last January, Global Processing Inc. was ordered by the U.S. Bankruptcy Court in Delaware to pay Pipeline Foods $1.6 million for 1,000 metric tons of organic soybeans that Global Processing had agreed to buy from Pipeline a year ago.

David M. Wilcox was listed as president of Global Processing Inc. on the bankruptcy filing. Wilcox had pleaded guilty in U.S. District Court in Minnesota in 2016 to making false statements on a Small Business Administration (SBA) loan application over litigation involving Global Processing and another related business, Verified Grains. The original indictment included charges of bank fraud and making false statements, but those charges were dismissed. Wilcox was sentenced in 2018 to three years' probation and $1.347 million in restitution to SBA and a Minnesota bank.

Source: DTN

Address:
1407 1st St. NE
New Prague, MN 56071
Ph: 952.758.3999
Fax: 952.758.3997

E-mail Us Now