Grain News

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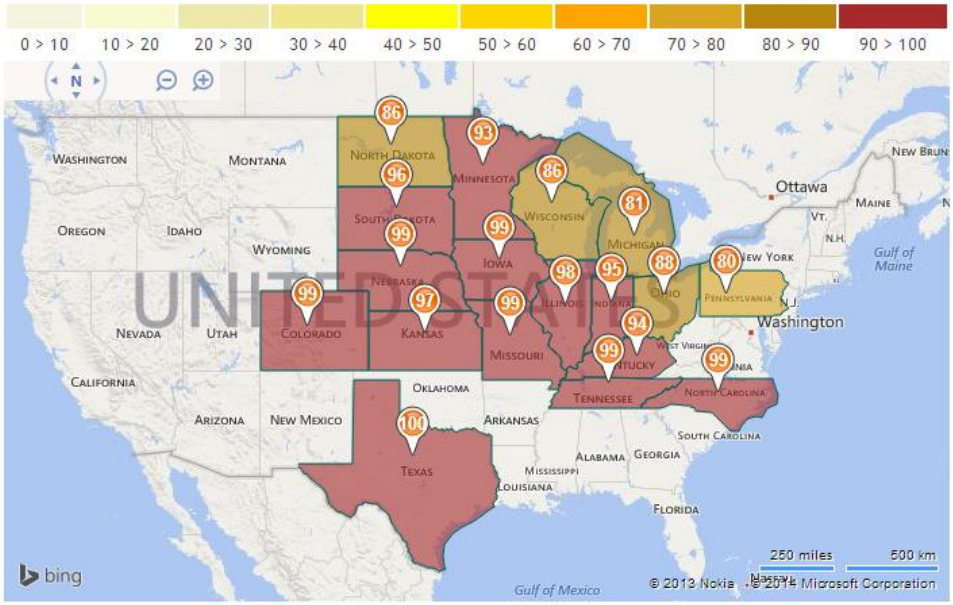
U.S. GRAINS COUNCIL

US Corn Planting Catches Up Thanks to Warmer Weather

INSIDE THIS EDITION:

Through April and early May, the United States saw planting delays in major corn-growing states because of a cool, wet spring. But, thanks to warmer weather over the last few weeks, farmers have made up for lost time and caught up to the five-year average. While a few of the northernmost states struggled with lingering weather, overall, planting progress in the United States has rebounded.

According to the U.S. Department of Agriculture, as of June 1, all of the top 18 corn-growing states have planted more than 80 percent of their acres, with 13 of the 18 at more than 90 percent. Currently, 95 percent of total U.S. corn planting is complete – a considerable improvement over the 29 percent that was planted at the beginning of May.



Source: AgWeb

The quick turnaround is due to modern technology.

"American farmers, with the capabilities we have these days, can plant a lot of corn in a hurry," said Nebraska farmer Dave Nielsen.

Reaching Final Planting Dates

The improving weather has been a welcome reprieve for most of these states. For most, final planting dates range from the end of May to the middle of June.

However, for some, there was little chance of making these deadlines. In North Dakota, where cold, wet weather lingered longer, several farmers missed final planting dates for long-season corn. These farmers faced a tough decision, as they had to determine if they were willing to accept lower yields expected with late-planted corn or switch their land to another crop that has a shorter maturity, such as soybeans.

Still Expecting a Strong Harvest

Fortunately, these issues are only affecting a small part of the total U.S. corn growing area. Projections for the 2014/2015 corn crop remain strong, as higher plant yields and improving growing conditions are expected to make up for any decreases in land planted.

*See **U.S. Corn Planting** page 2*

North Africa and Egypt Import US Corn Because of Good Prices and Strong

Major North African grains buyers have begun importing U.S. corn again thanks to better prices and facilitated by strong relationships maintained through the lean years with the U.S. Grains Council. After virtually no sales in the previous year, Egypt, Morocco and Tunisia purchased 2.1 million metric tons (82.7 million bushels) of corn this marketing year from September 2013 to May 2014.

Record Prices and Shipping Advantages

Following a record drought, the United States suffered from a shortened supply and high prices for the 2012/2013 corn crop. As conditions returned to normal this year, prices decreased to levels more competitive with Black Sea and South American corn producers, making U.S. corn an option again for many importers. The high prices in Ukrainian corn due to unrest in the country also factored into North African grain buyers' decision to return to U.S. corn.

Many in the North Africa region purchased U.S. corn again because of the availability of shipping from the U.S. East Coast. Shipments out of Norfolk, Virginia, (instead of New Orleans, Louisiana) gave these countries a more direct route, retaining quality and reducing shipping time.

Source: Port of Virginia

Maintaining Relationships and a High Level of Service

Prices are only one factor in the decision to return to U.S. grains, however. Strong relationships forged over many years also brought importers back to U.S. corn, as most who purchased the crop this past year have participated in Council programs for more than a decade. In Egypt, the service and quality offered by the United States made them want to buy U.S. corn again this year. From January through April, Egyptian buyers purchased 40 percent of their total corn imports from the United States, a close second to the 43 percent purchased from the Ukraine.

*See **U.S. Corn to North Africa** page 3*

US Corn Planting … *from page 1*

"In the springtime when it's cold, that's the least important growing time for corn," stated Paul Jeschke, a farmer from Mazon, Ill., "The summer weather is the big factor. A warmer June, July or August could put us on schedule for a normal harvest."

As warmer weather rolled in, U.S. farmers pushed to recover from a late start to planting, getting back on track for a robust 2014 corn crop.

To watch a short YouTube video on this year's U.S. corn planting, please visit the following url: https://www.youtube.com/watch?v=PEj2JENtgLU&feature=youtu.be.♦

US Corn to North Africa … *from page 2*

"U.S. corn is considered the standard for Egypt key importers, processors and consumers," said Hesham Hassanein, USGC marketing manager in Egypt, "They prefer the quality, trust the consistency, reliability, and transparent pricing mechanism, and have confidence in FGIS (Federal Grain Inspection Service) quality and grading certification. Add to the above the unmatched service by both the U.S. trade and by trade associations such as the Council, and you are looking at a premium commodity."

Keeping customers informed about the quality of U.S. corn allowed them to make an informed buying decision. The Corn Harvest Quality Report and Corn Export Cargo Quality Report issued by the Council gave buyers in the region a convenient way to evaluate the quality of corn in the United States from harvest to shipment.

"We've been using these reports and presenting the information on a regular basis to the major customers across North Africa, including Egypt, to make sure that they understand that the U.S. does have very good corn quality this year," said Cary Sifferath, USGC regional director for the Middle East and Africa. "That has definitely brought some confidence in the buyers back to United States."

Buying corn from the United States once again became an option for grains importers in North Africa and Egypt because of the competitive pricing, quality and service offered to customers. The Council sought to maintain the strong relationships it has developed in the region over the years, keeping these countries informed about the benefits of U.S. corn. ♦

USGC Launches Tanzania Food for Progress Program to Promote Poultry

This spring, the U.S. Grains Council launched the Tanzanian Food for Progress program, building on its success in other livestock and feed improvement programs throughout the world. The program has three goals:

- Promote quality feed formulations for poultry
- Develop self-sufficient industry associations for poultry producers and feed manufacturers
- Improve broiler (poultry raised for meat) and layer (poultry raised for eggs) production through training seminars

Investing in Feed Quality Testing

Efforts toward improving feed quality start with updating the government feed quality laboratory in the region. The lab will be outfitted with modern equipment to streamline the process of testing the quality of ingredients going into feed. Along with infrastructure, the Council will help train the staff running the lab on the new equipment and feed quality practices. Set to be fully operational in four years, the lab will allow poultry producers throughout the region to be confident in their feed quality.

To reach this goal, the Council has begun work with local and regional consultants to create an official plan to get the lab up and running in the four-year time frame. Once completed, the lab should be able to operate on its own with the ongoing support from the Tanzania Ministry of Livestock and Fisheries.

Expanding the Role of Industry Associations

Industry associations will also play a key role in growing the poultry and feed manufacturing industries in Tanzania. The Tanzania Poultry Breeders Association and Tanzania Feed Manufactures Association will serve

their members by offering educational seminars and programs, and working with the local government to promote policies and regulations that benefit the poultry and feed industries.

*See **Tanzania Food for Progress** page 5*

Railroad Delays Interrupt US Grains Shipments in the Northern Plains

In spite of a record corn crop, some American grain farmers are struggling to get their crops to market due to railroad delays. Farmers in states such as North Dakota, South Dakota and Montana are sitting on millions of tons of grains, waiting for rail cars that are over a month late to arrive and haul their crops to grain elevators and ports in the Pacific Northwest.

With no commercially navigable rivers nearby, these farmers have few alternatives to rail for cost-effective transport, but a harsh winter and an increase in energy commodities have significantly delayed shipments in affected areas.

Oil Transportation and a Harsh Winter Cause Delays well into Spring

Freezing, icy weather slowed rail transportation through much of the winter season, causing backups in excess of 20 days. Even with the arrival of warmer weather this spring, delays continued to be a problem and worsened in many cases. In May, wait times for rail cars increased to more than 25 days in North Dakota and more than 32 days in Montana. For the two states combined, more than 10,000 cars are past due.

New oil production has also contributed to the rail transportation bottleneck. The amount of crude oil shipped on rail lines in this region has doubled in the last year, with little new infrastructure built to handle the increase. Transporting oil via rail also decreases rail speeds, as the dangers of a spill or explosion mandate slower travel.

Source: Reuters/Shannon Stapleton

“Due to poor weather and safety concerns of crude oil transport, rail car speeds have fallen from a year ago,” said Mark Gross, director of the South Dakota Corn Growers Association, at a meeting with the U.S. Surface Transportation Board. “The BNSF (Burlington Northern Santa Fe Railway Company)— South Dakota’s largest rail carrier — has experienced the largest noted speed reduction in the country of 15.1 percent. These slow speeds have made bids for grain in South Dakota far less competitive than a year ago.”

As Grains Pile Up on Farms, Growers Demand Change

As the issues persisted through the spring, grains ready for transport remained in storage longer than expected, taking up much needed storage space. By early March, farmers in South Dakota still had 6.7 million metric tons (265 million bushels) of corn stored on their farms, a 61 percent increase from last year, and 3.9 million tons (154 million bushels) of corn in off-farm storage, up 40 percent from the previous year.

With the 2014 winter wheat and corn harvests quickly approaching, farmers have to decide what to do with grain still in on-farm storage. Some are incurring higher costs by trucking their grain to far-away rail stations that have cars available, and some farmers are changing their spring crops to those with lower yields. Declines in quality due to longer storage times have also become a serious concern for farmers in the area, who wish to maintain the reputation for high quality U.S. grains.

After waiting months for rail delays to improve, farmers in the northern U.S. Plains are petitioning industry associations and government representatives that steps need to be taken by rail companies to make more cars available for grains. Concerned that the growth in oil production will continue to worsen delays, farmers want to see investment in new infrastructure, so that they can continue to deliver a high quality, reliable supply of grains to their customers. ♦

Tanzania Food for Progress … *from page 3*

In order to better serve both the poultry and feed manufacturing industries, the two respective associations will be further developed by USGC employees and their consultants in the region. They will model these associations after other successful programs in Africa, particularly in Morocco and South Africa.

Source: U.S. Grains Council

"There are quite a few connections of some of our past projects in other African countries that we'll be using as examples in our efforts in Tanzania," said Cary Sifferath, USGC regional director for the Middle East and Africa.

Based on these examples, the Council will aid the associations at the Tanzania Poultry Expo in October by raising awareness of the advantages of membership. In the future, the Council will work to have the associations host the Expo so they can develop the funding necessary to continue their programs throughout the year.

"We'd like to have these associations be self-sustaining so they can always continue training, relationship building and pushing the industry to require quality, tested feed," Sifferath stated.

Teaching Techniques for Better Poultry Production

Along with work on the feed laboratory and industry associations, the Council will conduct training seminars for poultry producers and feed manufacturers as part of the Tanzania Food for Progress program. The purpose of these programs, scheduled to start in the middle of June, is to educate local producers on the benefits of quality feed and introduce them to best practices for their industries. As part of the goal of self-sufficiency, the Council will host these seminars with the industry associations, so they can continue to offer training for their members in the future.

Through these seminars, poultry producers will learn feeding, housing and sanitation practices, among others, to help improve their production. In doing so, the Council aims to increase consumer confidence in the quality and safety of poultry, leading to more consumption.

Through the Food for Progress program in Tanzania, the Council hopes to develop a strong, self-sufficient poultry and feed manufacturing industry. By ensuring quality feed ingredients through the government feed quality laboratory and developing industry associations that help producers utilize quality feed to its fullest potential, the Council's program will help poultry producers improve their operations and increase the confidence of consumers in the quality of poultry from Tanzania. ♦