

INDUSTRY STAKEHOLDER MEETING RECORD

INDUSTRY GROUP: Agricultural Shippers

DATE: August 16, 2011

LOCATION: North Carolina Department of Agriculture, Raleigh, NC

PARTICIPANTS: See attached sign in list

Maritime Strategy Team
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The NC Maritime Strategy team met with representatives from the agricultural industry on August 16, 2011 at 1:00 PM at the Department of Agriculture Building. The purpose of the meeting was to solicit input for the NC Maritime Strategy. In addition to other input, attendees were asked what factors influenced their selection of ports for export. The following are notes from the meeting.

Primary ports used for export of agricultural products from North Carolina:

- Norfolk VA, Elizabeth City VA and Wilmington
- Need good highway access
- From Western NC it is more viable to use ports in surrounding states

Major export destinations:

- Indonesia, Vietnam, China (soy)
- China, Russia, and Mexico (poultry)
- Prediction: 50 years from now, India will be like China today

Unique considerations and requirement for various agricultural commodities:

Soybeans

- May be exported crushed or whole
- Primary export destinations: Indonesia, Vietnam, China (25%)
- Potential growth in export to China; use in Indonesian food products
- Most NC production is within 90 mile radius of NC Ports;
- If bulk facilities were available in North Carolina, these would be used
- Today's NC exports (limited) are by containers
- Container shipments are a steady, growing business
- Volumes could be ramped up to 50 times the current tonnage
- Landside costs can be high

Wheat and Corn:

- US Wheat works with overseas customers
- NC production is 250 miles max from ports
- No bulk facility available for export use in NC
- Mid west production centers are 1,000 to 1,500 miles away
- North Carolina has a grain deficit – importing more from midwest than exporting from the state; annually import 580 bushels of corn to support livestock industry.
- US Wheat does not want to use containers; all shipments are by bulk
- Prices realized for grain varies by origin
- Need a bulk facility on the coast at the end of a railroad line so that it could be served by train
- At Morehead City, this could be accomplished by dedicated train service at night

Poultry

- Needs refrigeration, cold storage warehouse is needed; there is no cold storage at NC Ports
- If refrigerated warehouse available – could be a driver
- Market is fragmented as to who ships what/where; certain plants are cleared for export to specific countries
- Poultry plant in Monroe is dedicated to WalMart exclusively

Lumber:

- Small lumber (wood chips) – move 8 car loads/week
- Growing bioenergy industry (wood pellets)
- Pellets need dry storage with air flow

Sweet potatoes:

- Time to market is important for products with short shelf life
- Containers avoid damage caused by handling

Maritime transport concerns and needs:

Landside transportation:

- Landside share of total transportation cost for soybeans is about \$300/container (approx 90 bushels)
- Very high grain charges west of Greensboro
- Shipping cost is half the cost of inland freight

Railroad service concerns:

- Current rail rates are ten times trucking charges
- Cheaper rail service to Norfolk than to Morehead City

Highway needs:

- 40 stoplights in Kinston; all stoplights are put on flashing red between 2-4am, making it feasible to truck to Port. Port then must be open and available to receive at that time + customs
- Proposed Kinston bypass (North side)
- What about increasing weight limitations?? Currently 84,000 – up to 90,000; with public concerns about safety and tearing up the roads, this would need additional study.

At-Port needs:

- Bulk grain facility; would it be more cost-effective to build infrastructure at Morehead City vs. ongoing dredging at Wilmington?
- Refrigerated warehousing at or near the port
- Need distribution centers – invite companies to freight, warehouse; this would provide back-haul opportunities for trucks
- Container service requires adequate water depth and more frequent containership calls
- Barge service could be attractive; Maersk used to provide this service

Agriculture Workshop 8.16.11 Raleigh, NC

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