

Wilmington Bulk to import soymeal, corn and feed wheat

In July 2002, Wilmington Bulk LLC opened an import-export grain terminal in Wilmington, NC giving swine and poultry producers in that area an alternative to transporting animal feed components into the area by way of rail. The concerns about rail transportation that led to the development of the port facility were cost and reliability. Presumably, large North Carolina growers felt such a facility would provide the leverage they needed to negotiate price and delivery schedules with domestic transporters.

Once the construction of the facility was announced, the concern of US corn, wheat, and soybean producers was the possibility that the terminal would be used, not to bring US grain from Great Lakes or other US ports, but to import these products from other countries. That concern was given credence last summer when Wilmington Bulk imported 180,000 metric tons of South American soymeal to coincide with the completion of the terminal.

As early as May of this year, rumors circulated in the grain trade about impending purchases of imported corn, wheat and soymeal by the North Carolina consortium. At that time, the National Corn Growers Association reported that Wilmington Bulk had not made a commitment to purchase corn from South America. At the same time, Richard Brock of *The Brock Report* quoted Reuters News Service in reporting that Wilmington Bulk President Jimmy Kissner “had just placed bids to buy 200,000 metric tons of corn, 200,000 metric tons of feed wheat and 75,000 metric tons of soymeal” from overseas.

On October 15, Reuters reported that Wilmington Bulk “said it was planning to import corn, feed wheat, and

soymeal into the United States because of high domestic prices.” Kissner indicated that the consortium current import needs amounted to 50,000-75,000 metric tons of soymeal, 100,000 metric tons of corn and 100,000 tons of feed wheat. Kissner was looking to Brazil for the soymeal but did not indicate the intended source of the corn and feed wheat. The current import intentions amount to 5% of the consortium’s annual soymeal needs, 3% of their corn needs, and 10% of their feed wheat needs.

Besides this announcement and last summer’s shipment of soymeal, Reuters reports that additional corn from Argentina and feed wheat from Great Britain had indeed already shipped to the facility.

Clearly the recent surge in corn, wheat, and especially soybean prices provides a convenient justification for importing livestock feed into the US via the spanking new Wilmington facility. At first, the reasons used to justify construction of the facility dealt with the twin problems of railroad near-monopolistic pricing and delivery schedule reliability. Regardless of these considerations, time will tell if imports are sporadic during domestic price run-ups or become more routine to ensure at least minimal utilization of the multimillion-dollar facility.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the Director of the UT’s Agricultural Policy Analysis Center. (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu; <http://agpolicy.org>.