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United States

U.S. railways to halt grain shipments ahead of potential shutdown - agriculture sources

By P.j. Huffstutter and Tom Polansek

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Don Nething, 62, radios to say he is having mechanical problems with his harvester while being used to harvest corn in Ravenna, Ohio, U.S., Oct 11, 2021. REUTERS/Dane Rhys/File Photo

CHICAGO, Sept 13 (Reuters) - Some U.S. railroads will start halting crop shipments on Thursday, a day ahead of a potential work stoppage, an agricultural association and sources at two grain cooperatives said on Tuesday, threatening exports and feed deliveries for livestock.

With farmers starting to harvest autumn crops that are shipped to meat and biofuels producers, the shipping disruptions could add to already high inflation. Farmers also plan to add fertilizer to fields after the harvest, and shipments of fertilizer are being delayed.

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Max Fisher, chief economist at the National Grain and Feed Association, which represents most U.S. grain handlers, said rail customers reported at least one railway would stop taking grain shipments on Thursday morning.

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Most major U.S. railways have already stopped accepting new shipments of ammonia fertilizer and other potentially hazardous materials, said Justin Louchheim, senior government affairs director at The Fertilizer Institute, an industry group.

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Louchheim said fertilizer producers are now evaluating how much storage they have for ammonia that cannot move by rail, and whether some can move by truck.

of the U.S. fertilizer supply is on a rail car at some point before arriving on a farm, he said.

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Railroads have until a minute after midnight on Friday to reach tentative deals with holdout unions representing about 60,000 workers. [read more](#)

Worries about service interruptions boosted prices for corn-based ethanol at several hubs and kept sellers out of the market, said Josh Pedrick, a managing editor for S&P Global Commodity Insights.

The Association of American Railways (AAR), which represents railroad companies, did not immediately respond to request for comment on grain transportation.

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The work stoppage would be keenly felt in states like North Dakota, South Dakota, Minnesota and Nebraska, from which grain is hauled via rail to ports in the Pacific Northwest for export, said Thomas Lahey, domestic freight manager at grain merchandiser Columbia Grain International. Grain elevators in the upper Midwest move soybeans to the PNW mostly via BNSF Railway, Canadian Pacific Railway ([CP.TO](#)) and Union Pacific ([UNP.N](#)), he said.

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U.S. Class 1 railroads transported nearly 1.5 million carloads of grain in 2020, including 691,000 carloads of corn, 340,000 carloads of soybeans and 248,000 carloads of processed soybeans like soymeal and soyoil, AAR said.

ENOUGH ANIMAL FEED?

U.S. chicken producers rely on about 27 million bushels of corn and 11 million bushels of soymeal every week to feed their birds, the National Chicken Council said. Much is moved by rail.

"Any disruption of service could negatively impact the welfare of the birds, and ultimately impact production at a time when Americans are already dealing with record food inflation," council spokesman Tom Super said.

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In North Carolina, a pork and poultry producer, local grain growers do not produce enough corn to feed all the farm animals, said Bob Ford, executive director of the North Carolina Poultry Federation.

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"We'd be in trouble if they went on strike for very long," Ford said. "We'd run out of corn."

during rail disruptions, spokesman Frank Singleton said.

The beginning of corn harvesting in the southern United States, a main poultry region, "will relieve some of the pressure" on feed supplies, he said.

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Some rail customers that feed livestock do not have enough soymeal, said Fisher, of the National Grain and Feed Association. In a worst case scenario, that could force some producers to cull animals.

Railroads also ship hexane, a chemical solvent that crushers use to extract oil from soybeans, said Mike Steenhoek, executive director of Soy Transportation Coalition.

"Any slowdown or stoppage of rail service – especially on the eve of harvest – would significantly impact farmers' ability to meet customer demand – both domestically and internationally," Steenhoek said.

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Ken Starr, the prosecutor whose investigation led to the impeachment of former U.S. President Bill Clinton in 1998, has died at age 76, his family said in a statement on Tuesday.

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