Bunge-Ergon To Close Vicksburg Ethanol Plant

Jeff Amy, Associated Press

JACKSON, Miss. (AP) — Bunge-Ergon will suspend ethanol production at its Vicksburg plant by the end of November, saying high corn prices make it impossible to profitably make ethanol.

Ergon spokesman Jim Temple said Bunge-Ergon would reassess market conditions and decide whether to resume operations in 2013.

"In the current market environment, the value of the ethanol produced at (Bunge-Ergon) is not keeping pace with the cost of the corn to make it," Temple wrote in an email.

The Vicksburg Post reports the plant's roughly 40 employees will be laid off.

The plant is a joint venture of the Dutch-based Bunge Group and privately-held Ergon, based in Flowood, Miss. Ergon, with $3.8 billion a year in revenues, operates refineries and other businesses and is controlled by the Lampton family. Ergon also operates an asphalt and lubricant oil refinery in Vicksburg and has a towboat company based there, with about 250 other employees.

A drought in the Midwest combined with high demand pushed up partly by ethanol production has raised corn prices. Corn futures fell 2.7 percent Friday after jumping Thursday on U.S. Department of Agriculture forecasts of tighter supply.

Geoff Cooper, vice president of research and analysis for the Renewable Fuels Association, says 25 of 211 ethanol plants nationwide are idle, about 12 percent. Cooper said it's hard for an ethanol refinery to pay $7 or $7.50 per bushel for corn but only be able to sell ethanol for $2.40 per gallon. But shutdowns could tighten the market for ethanol, reducing a current glut.

"We expect the surplus of ethanol on the market currently to get worked off by the end of the year and supply and demand to come back into better balance," Cooper said. "That should help the industry out."

The Vicksburg plant opened in 2008 at a cost of more than $100 million and is one of only five corn-to-ethanol refineries south of the Ohio River, according to Renewable Fuels Association records.

Some observers had attributed part of an increase in corn production in Mississippi's Delta region to the proximity of the Vicksburg facility, though acreage levels dipped this year. Cooper said that Bunge-Ergon was still bringing corn from other regions, making its transportation costs higher than facilities in the Midwest.

In 2010, the company received a property tax break from Vicksburg and Warren

County, according to The Vicksburg Post. The lower tax rate, approved after the Bunge-Ergon said it produced about 54 million gallons of ethanol in its first year, had the company paying a third of the facility's assessed value.

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