Why Should Farmers Care About Transportation?  
…Because our international competitiveness depends on it.

Costs of transporting soybeans: U.S. vs. Brazil (per metric ton; 4\textsuperscript{th} quarter, 2012)

<table>
<thead>
<tr>
<th>Destination</th>
<th>Truck</th>
<th>Barge</th>
<th>Ocean</th>
<th>Total Trans</th>
<th>Farm Value</th>
<th>Customer Cost</th>
<th>T. as % of Cust. Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davenport, Iowa to Shanghai</td>
<td>$10.86</td>
<td>$33.95</td>
<td>$43.69</td>
<td>$88.50</td>
<td>$522.99</td>
<td>$611.49</td>
<td>14.47%</td>
</tr>
<tr>
<td>North Mato Grosso, Brazil to Shanghai</td>
<td>$109.80</td>
<td>$50.42</td>
<td>$50.42</td>
<td>$160.22</td>
<td>$536.60</td>
<td>$696.82</td>
<td>22.99%</td>
</tr>
</tbody>
</table>

Source: USDA
The Soy Transportation Coalition – Farmer funded & farmer led

Mississippi Water Levels: An era of extremes

St. Louis Mississippi River Level (Gage Feet): May 6, 2013
Source: Army Corps of Engineers
Quarterly Share of Export Inspections of Soybeans

Source: “Farm to Market: A Soybean’s Journey”
Quarterly Share of Export Inspections of Corn

Source: “Farm to Market: A Soybean’s Journey”
Panama Canal Expansion – Opportunity for increased efficiency, or are we shifting the bottleneck?

- Soybean checkoff-funded study
  - Total grain & oilseeds transiting the canal will increase 30% by 2020/21
  - Each vessel will accommodate up to 13,300 additional metric tons (488,642 bushels); $6-7 million in additional value; 35 cents per bushel savings
  - Increase the average draw area by 91 miles (70 miles to 161 miles); Impact on rail rates
Panama Canal Expansion – Opportunity for increased efficiency, or are we shifting the bottleneck?
Locks & Dams: Frustration is up; Optimism is down

Argument #1: **How we allocate money is just as important as how much money we allocate.**

- Comparison: U.S. lock & dam projects vs. foreign examples (Panama Canal, Deurganck Lock)
  - Olmsted Lock & Dam ($775 million → $3.1 billion)
  - McAlpine Lock & Dam – received 61% of capable funding → 38% cost overrun, 6 ½ years added to project

- Describe alternative funding mechanisms that provide: 1.) Money up front & 2.) Greater certainty
- Explore potential for foreign investment
Locks & Dams: Frustration is up; Optimism is down

- Argument #2: *A predictably good inland waterway system is better than a hypothetically great one.*
  - Should we transition from a “build & expand” approach to a “preserve & maintain” approach? Viability? What would that look like? Cost savings?
  - Cost of 1 lock construction project ($376.8 million) is approximately equal to the cost of 9 major rehabilitation projects ($40.7 million).
Devil’s advocate questions

- Are we waving the white flag? Is this a capitulation?
- What’s the harm in abiding by the same strategy?
- Aren’t many locks 50-80 years old & past their design lives? Is a “preserve & maintain” approach even a viable option?
- When we have a catastrophic failure, policymakers will finally be motivated to provide funding. When that happens, we need to be ready with an aggressive request.
- It’s an issue of fairness. All of the locks on the Ohio River are 1,200 ft. with auxiliary chambers, while the Mississippi & Illinois river locks are antiquated.
- It’s our job to simply tell policymakers what we want. It’s their job to figure out how to do it.
Thank You

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