
Soy Transportation Coalition

Iowa DOT Freight Advisory Council

May 15, 2013



**SOY TRANSPORTATION
COALITION**

Why Should Farmers Care About Transportation?

...Because our international competitiveness depends on it.

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

Davenport, Iowa to Shanghai

Truck – \$10.86

Barge – \$33.95

Ocean – \$43.69

Total Trans – \$88.50

Farm Value – \$522.99

Customer Cost – \$611.49

T. as % of Cust. Cost – 14.47%

North Mato Grosso, Brazil to Shanghai

Truck – \$109.80

Ocean – \$50.42

Total Trans – \$160.22

Farm Value – \$536.60

Customer Cost – \$696.82

T. as % of Cust. Cost – 22.99%

Source: USDA



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The Soy Transportation Coalition – Farmer funded & farmer led

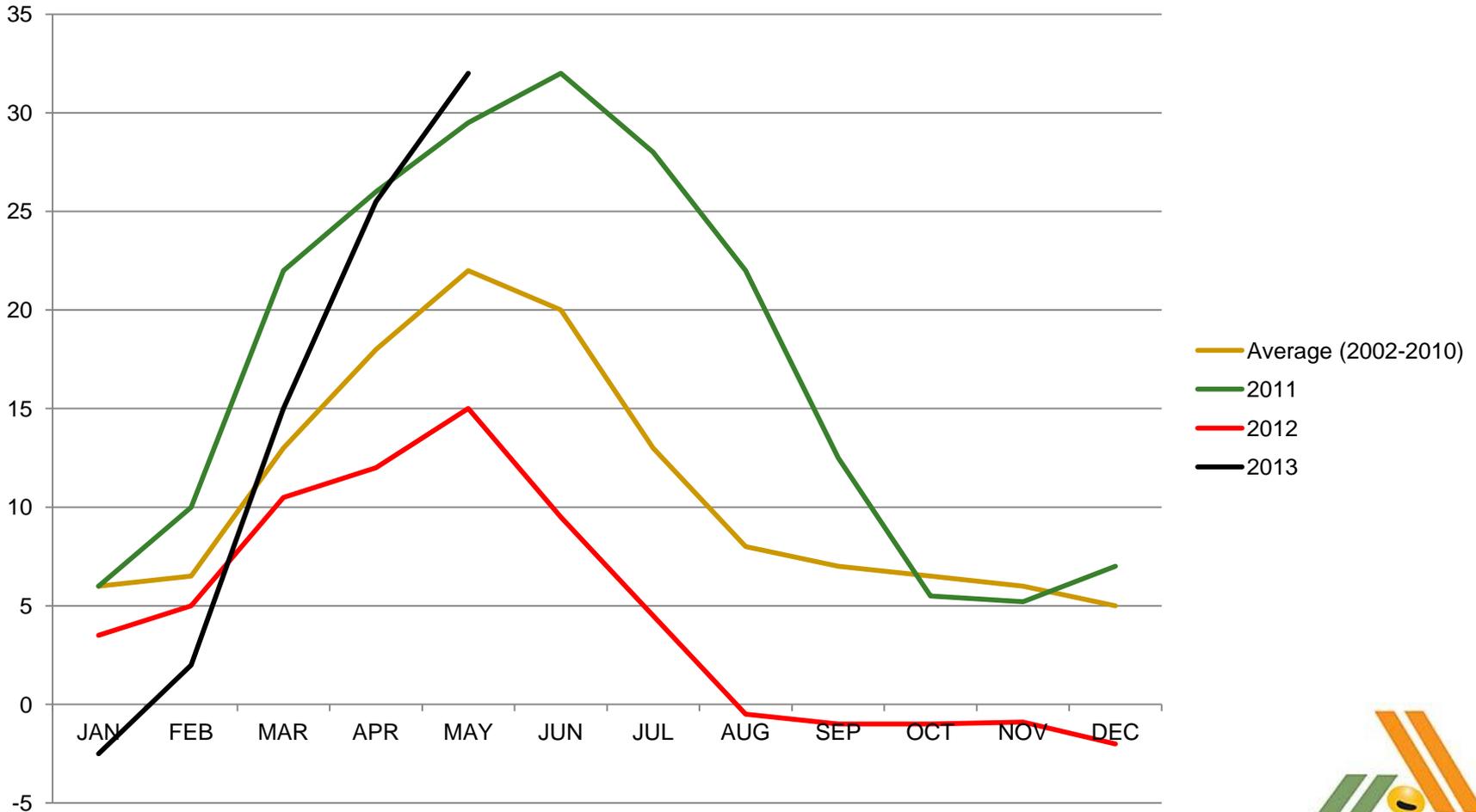
- Established in 2007. Comprised of 11 state soybean councils, the United Soybean Board, American Soybean Association. National Grain & Feed Association & National Oilseed Processors: ex-officio members.



Mississippi Water Levels: An era of extremes

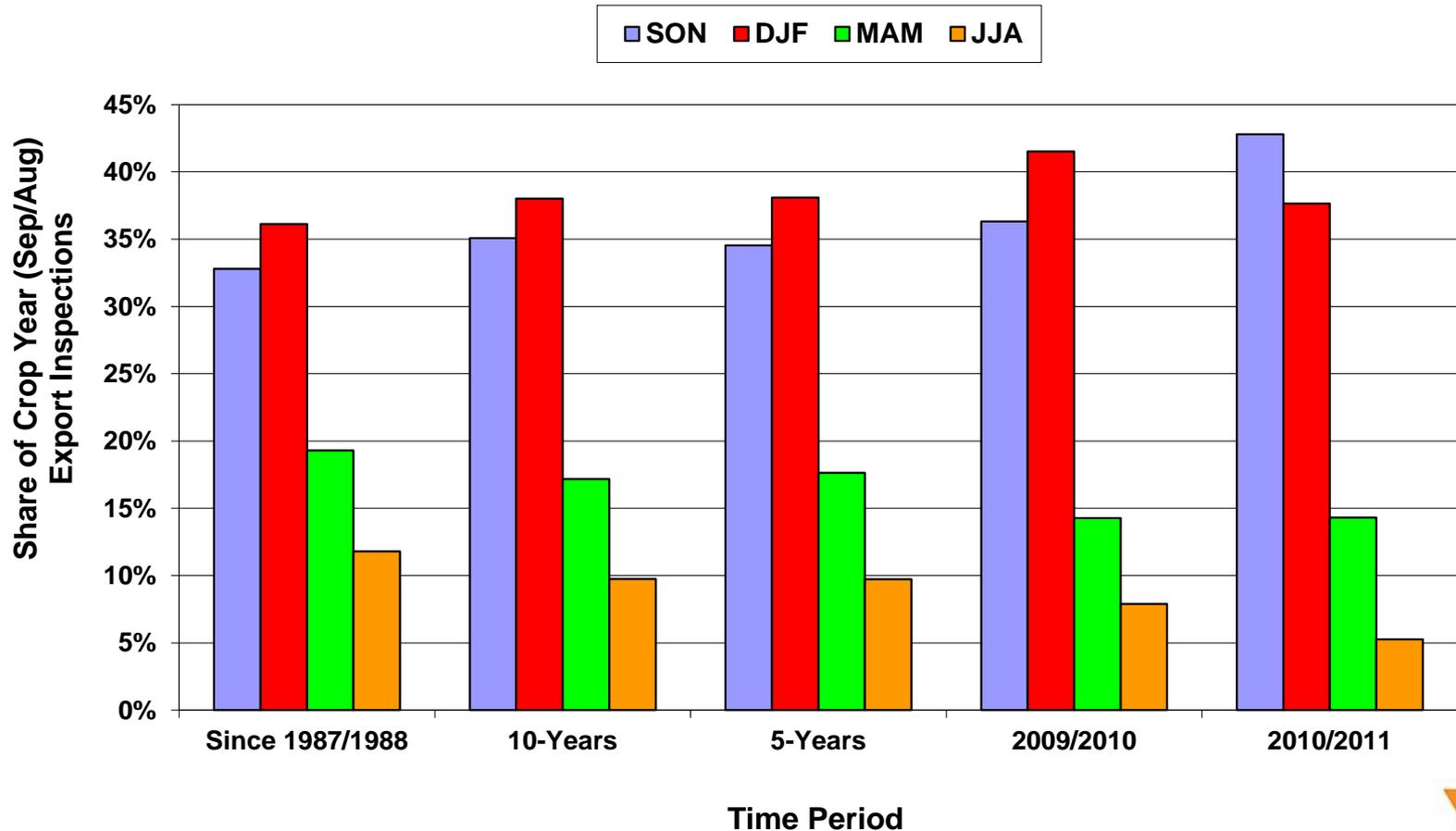
St. Louis Mississippi River Level (Gage Feet): May 6, 2013

Source: Army Corps of Engineers



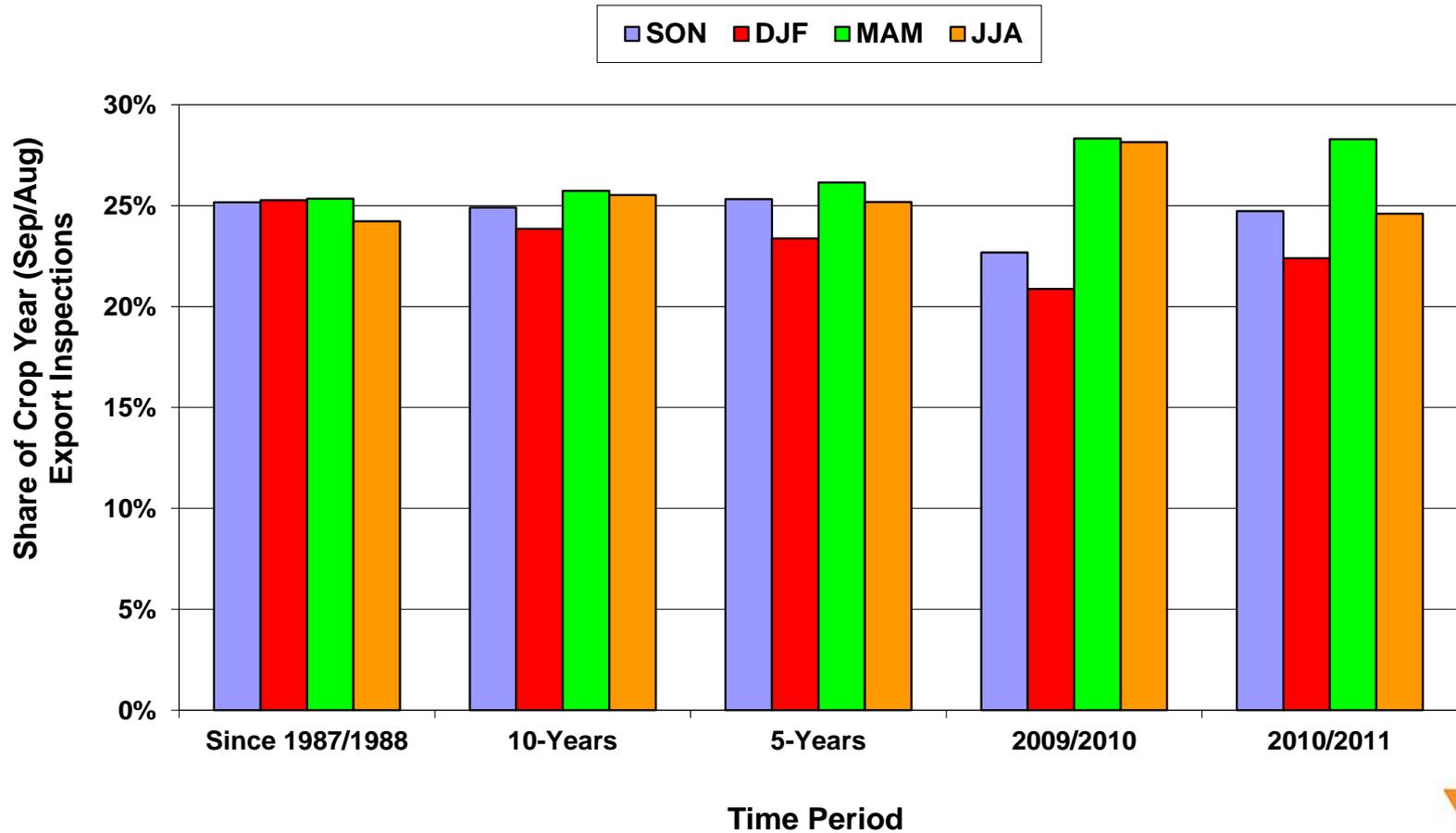
Quarterly Share of Export Inspections of Soybeans

Source: "Farm to Market: A Soybean's Journey"



Quarterly Share of Export Inspections of Corn

Source: "Farm to Market: A Soybean's Journey"



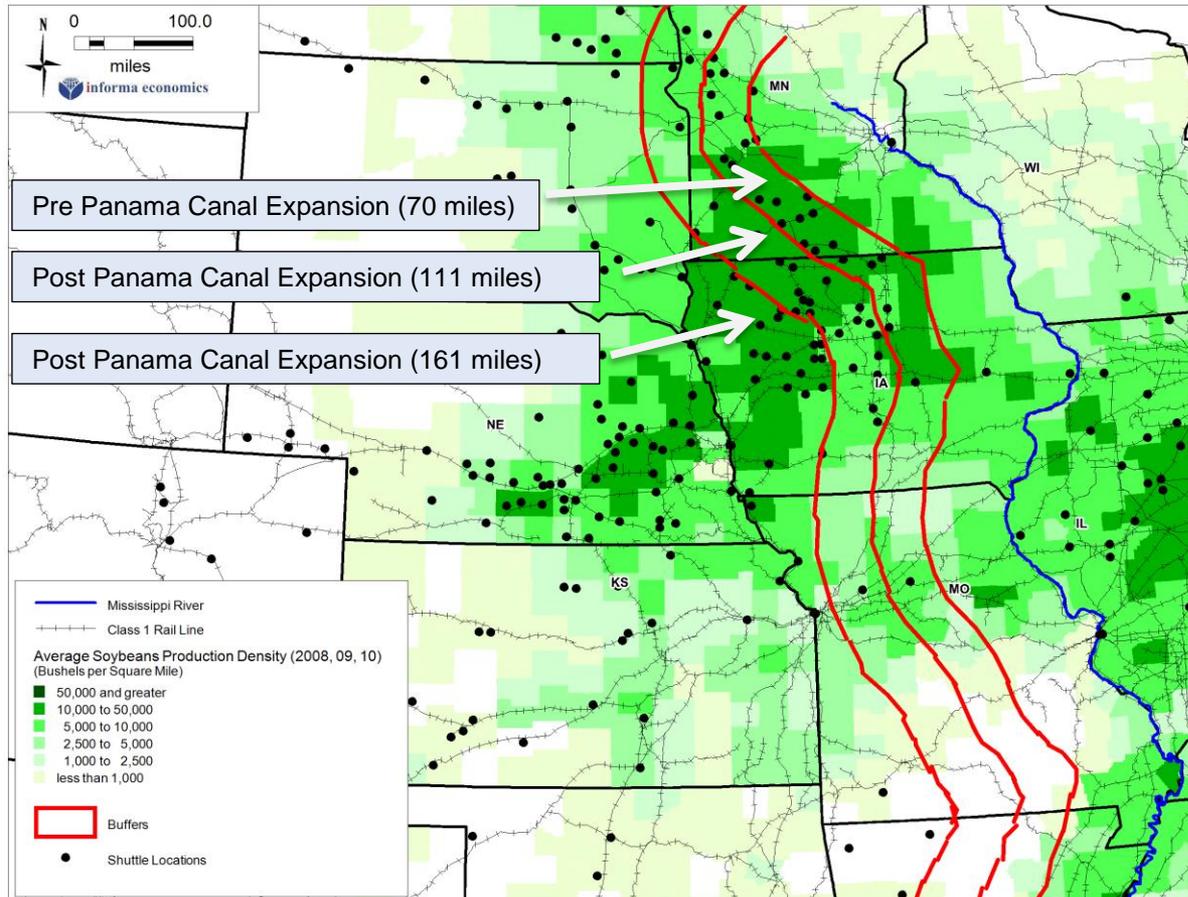
Panama Canal Expansion – Opportunity for increased efficiency, or are we shifting the bottleneck?

■ 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

Soy Transportation Coalition

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