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# Soy Transportation Coalition

Tri State Summit  
October 5, 2011



**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; 4<sup>th</sup> quarter, 2010)

## Davenport to Shanghai

Truck - \$8.94

Barge - \$31.85

Ocean - \$55.46

**Total Trans - \$96.25**

Farm Value - \$399.16

Landed Cost - \$495.41

T. as % of Land. Cost – 19.43%

## Sioux Falls to Shanghai

Truck - \$8.94

Rail - \$50.31

Ocean - \$29.25

**Total Trans - \$88.50**

Farm Value - \$385.56

Landed Cost - \$474.06

T. as % of Land. Cost – 18.67%

## N. Mato Grosso to Shanghai

Truck - \$120.12

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Ocean - \$31.67

**Total Trans - \$151.79**

Farm Value - \$413.46

Landed Cost - \$565.25

T. as % of Land. Cost – 26.85%

Source: USDA



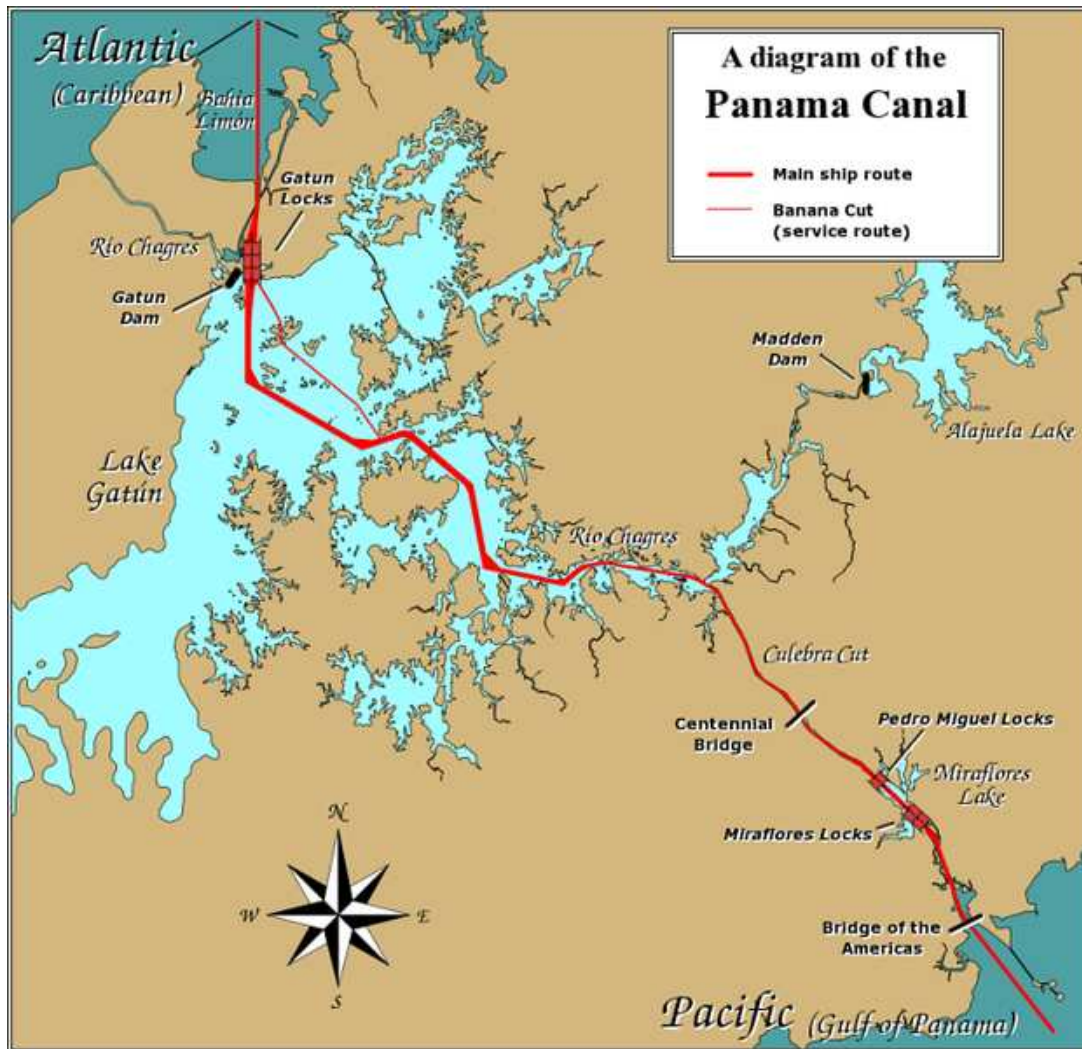
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# The Soy Transportation Coalition – Farmer funded & farmer led

- 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.



# Panama Canal: A critical link in the ag logistics chain



- Completed in 1914
  - 48 miles in length
  - Over 14,000 (40 per day) ships handled annually
  - 39.75 million metric tons (1.5 billion bushels) of U.S. grain transported through the Panama Canal in 2010
  - 42% of U.S. grain exports transit the Panama Canal
  - 540 million bushels of soybeans shipped through the canal in 2010 – #1 commodity
- Source: Panama Canal Authority



# Panama Canal Expansion – impact on U.S. infrastructure; Are we shifting the bottleneck?

- May 9<sup>th</sup> - MOU signed with Panama Canal Authority
- Soybean checkoff-funded study
  - Total grain & oilseeds transiting the canal will increase 30% by 2020/21
  - Increase the average draw area by 82 miles (70 miles to 152 miles); Impact on rail rates
  - Each vessel will accommodate 13,300 additional metric tons (488,642 bushels); \$6 million in additional value; 35 cents per bushel savings



## Specific concerns: Locks & Dams



- Nation's lock & dam inventory is underfunded
- Current financing system guarantees cost overruns & poor stewardship (Olmstead, Monongahela, e.g.)
- Gate failures – Markland Lock (September '09; Greenup Lock – February '09)



# Specific concerns: Highways & Road

- Freight demand by all modes of transportation will increase by 75% by 2035; Demand for trucking will increase by 77% by 2035 *Source: U.S. DOT*
- Since 1980, miles of public roadways have increased by only 4.5% *Source: U.S. DOT*
- Highway Trust Fund – an unsustainable funding mechanism; Gas tax decoupled from inflation in '93; Funding gaps: \$134 billion (maintain), \$262 billion (improve)
- Americans will spend, on average, \$316 each year in gasoline taxes (15,000 miles driven per year; average fuel efficiency 22.5 mpg; 47.4 cents per gallon)



# STC Study: Expanding Semi Weight Limits

- Is it a good idea to increase semi weight limits?  
Compared 5 axle, 80,000 lb semi vs. 6 axle, 97,000 lb semi
  - Motorist safety
  - Infrastructure wear & tear
  - Cost savings & efficiency gains for farmers
    - 183 additional bushels per load
    - Time savings: 1 day



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# Thank you

## Soy Transportation Coalition

1255 SW Prairie Trail Parkway

Ankeny, Iowa 50023

515-727-0665

515-251-8657 (fax)

[www.soytransportation.org](http://www.soytransportation.org)

Mike Steenhoek, Executive Director

[msteenhoek@soytransportation.org](mailto:msteenhoek@soytransportation.org)



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