
Soy Transportation Coalition

“Producer Perspectives”

NGFA Ag Transportation Symposium

May 12, 2009



**SOY TRANSPORTATION
COALITION**

Establishing the Soy Transportation Coalition

- Established in 2007 by 7 state soybean councils (63% of U.S. production), the United Soybean Board, American Soybean Association. **A farmer funded & farmer led organization.** National Grain & Feed Association & National Oilseed Processors: ex-officio members.



Establishing the Soy Transportation Coalition

- Goal of STC – **Position soybean industry stakeholders to benefit from a transportation system that delivers cost effective, reliable, & competitive service.**



The 30,000 ft. concern: Are we an investing nation?

- Our nation is poor at investing & prolific at spending
 - Invest – incurring an immediate cost for a future benefit that exceeds the immediate cost
 - Spend (U.S. model) – pursuing an immediate benefit in exchange for a future cost that may exceed the immediate benefit



The 10,000 ft. concern: Are we a nation that values transportation?

■ U.S. vs. China Economic Stimulus Plans and Percentage of Transportation and Infrastructure Spending:

	<u>U.S. Stimulus Plan</u>	<u>China Stimulus Plan</u>
Enacted:	February 2009	November 2008
Total Cost:	\$787 billion	\$586 billion
% for Trans/Infrastructure:	11% (\$85.3 billion)	38% (\$222.3 billion)

■ Transportation Projects (\$52.6 billion – 7% of total stimulus)

- \$27.5 billion – modernizing roads & bridges
- \$11 billion – electric power system upgrades
- \$8.4 billion – transit
- \$8 billion – high speed rail
- \$7.2 billion – broadband internet
- \$6 billion - clean drinking water projects
- \$4.6 billion – Army Corps of Engineers projects (including locks & dams)
- \$1.5 billion – surface transportation competitive grants
- \$1.3 billion – Amtrak
- \$1.3 billion - airports



The 2,000 ft. concern: Are we a nation that values the transport of ag products?

- Transportation Projects Potentially Benefitting Ag (4% of \$787 billion)
 - \$27.5 billion – modernizing roads & bridges
 - \$4.6 billion – Army Corps of Engineers projects – \$403.1 million allocated to inland waterway system lock and dam modernization projects
 - \$1.5 billion – surface transportation competitive grants
- How many times did you hear “rural infrastructure” or “delivering ag products” during the stimulus bill debate?



Immediate concerns: Rural Infrastructure – Initial Link in the Ag Logistics Chain

- Rural Infrastructure (including gravel roads & bridges) – In desperate need of repair & maintenance
 - Two challenging trends: 1.) Yield increases & 2.) Stagnant or declining revenue stream
- EPA Regulations – Will local governments be able to maintain gravel roads? Rural areas kept to same standards as urban areas for “course particulate matter” – impacting harvest dust, feedlot dust, & dust generated by gravel roads
 - “When counties reach ‘non-attainment’ levels, it becomes the state’s responsibility to bring the county back into acceptable levels.” (“EPA says farmers must keep dust down” – Cedar Rapids Gazette: 2-28-09)
- STC – Working with land grant universities & local governments to explore new opportunities to address this challenge. If farmers are not willing to engage, who will?



Immediate concerns: Highways & Trucking

- Highway Trust Fund – an unsustainable funding mechanism; Will next funding mechanism place inordinate burden on ag shippers?
- Potential repeal of ag exemption to hours of service
- H.R. 1618 – Would freeze truck size & weight limits on the 161,000 mile National Highway System; Would prohibit states from enacting new laws allowing trucks larger than 53 feet
- STC – working with other groups to make sure the farmer's perspective is incorporated into the debate & our interests preserved



Immediate concerns: Short Line & Regional Railroads

- Play an essential role in providing service to rural America
- Short line investment tax credit (expires Dec. 31, 2009) needs to be extended
- RRIF program – needs greater support within the administration; needs to be more fully utilized
- STC – Working to highlight the importance of short line railroads to garner greater support for the industry



Immediate concerns: Class I Railroads

- Rail rates & revenues
 - Railroad revenues from soybeans & soy products have more than doubled over the past decade: \$549 million in 1998 vs. \$1.28 billion in 2007
 - Railroad rates on soybeans & soy products have increased by 75% over the past 5 years. The average Class I railroad rate per ton of soybeans increased from \$16.74 per ton in 2002 to \$29.52 per ton in 2007.
- Origin states with soybeans & soy products with railroad traffic at R/VC's > 300%

Soybeans

N. Dakota: 371,858 tons

Indiana: 191,988 tons

Nebraska: 164,934 tons

Ohio: 153,520 tons

Soybean Meal

Iowa: 73,364 tons

Ohio: 42,644 tons

Illinois: 42,268 tons

Minnesota: 22,549 tons

Soybean Oil

Iowa: 419,528 tons

Ohio: 67,316 tons

Illinois: 35,872 tons

Kansas: 27,768 tons

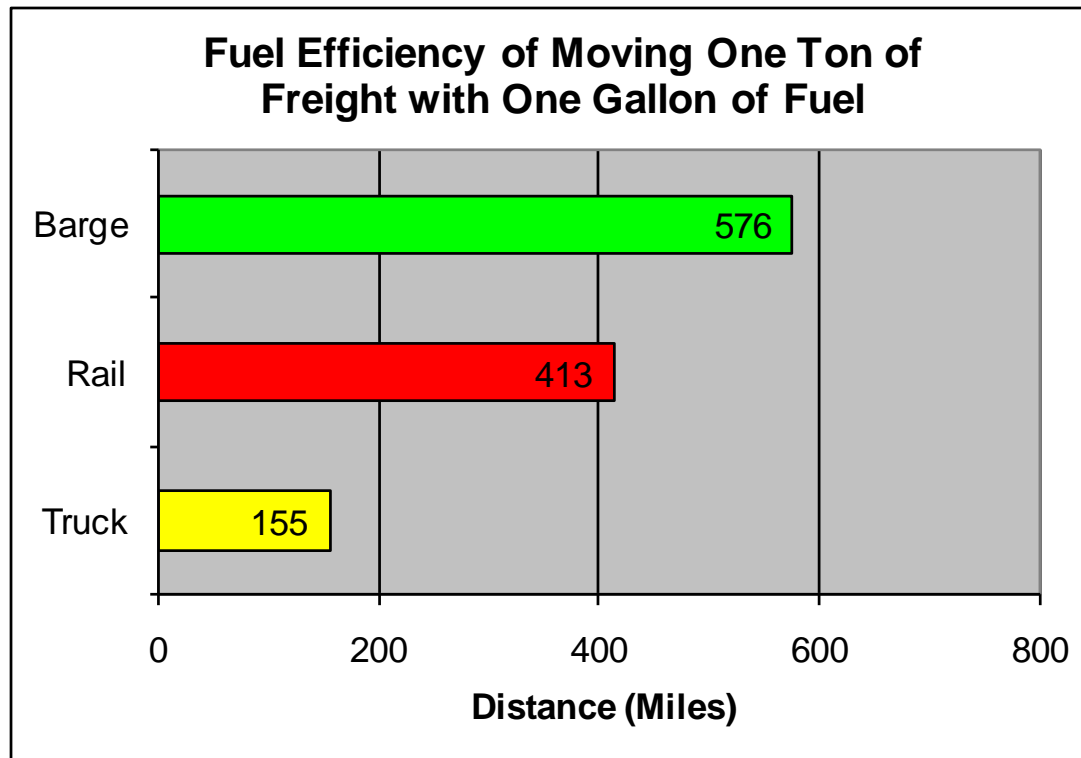


Immediate concerns: Class I Railroads

- STC – working with other ag groups to promote a rail rate dispute process that is more accessible



Immediate concerns: Locks & Dams



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- More than half of the 240 operational Army Corps of Engineers-funded lock chambers are over 50 years old – exceeding their economic design lives.
- Replacement value of locks & dams - \$125 billion (vs. \$403.1 million)



2009 Priorities

- Moving the ball forward on rural infrastructure challenges
- Helping trucks remain a viable transportation alternative for ag shippers
- Helping short line railroads continue providing service to rural America
- More accessible rail rate relief procedure
- Lock & dam investment



Thank you!

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