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# Soy Transportation Coalition

Missouri River Corps, Coast Guard, & Navigators Meeting  
February 13, 2013



# Why Should Farmers Care About Transportation?

...Because our international competitiveness depends on it.

Costs of transporting soybeans: U.S. vs. Brazil (per metric ton; 3<sup>rd</sup> quarter, 2012)

## Davenport, Iowa to Shanghai

Truck - \$13.51

Barge - \$24.86

Ocean - \$46.82

**Total Trans - \$85.19**

Farm Value - \$565.85

Customer Cost - \$651.04

T. as % of Cust. Cost – 13.09%

## North Mato Grosso, Brazil to Shanghai

Truck - \$109.73

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Ocean – \$32.00

**Total Trans - \$141.73**

Farm Value - \$570.66

Customer Cost - \$712.39

T. as % of Cust. Cost – 19.90%

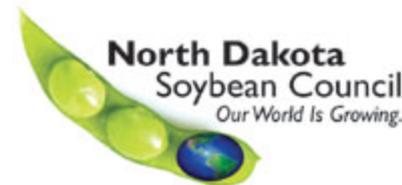
*Source: USDA*



**SOY TRANSPORTATION  
COALITION**

# 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.

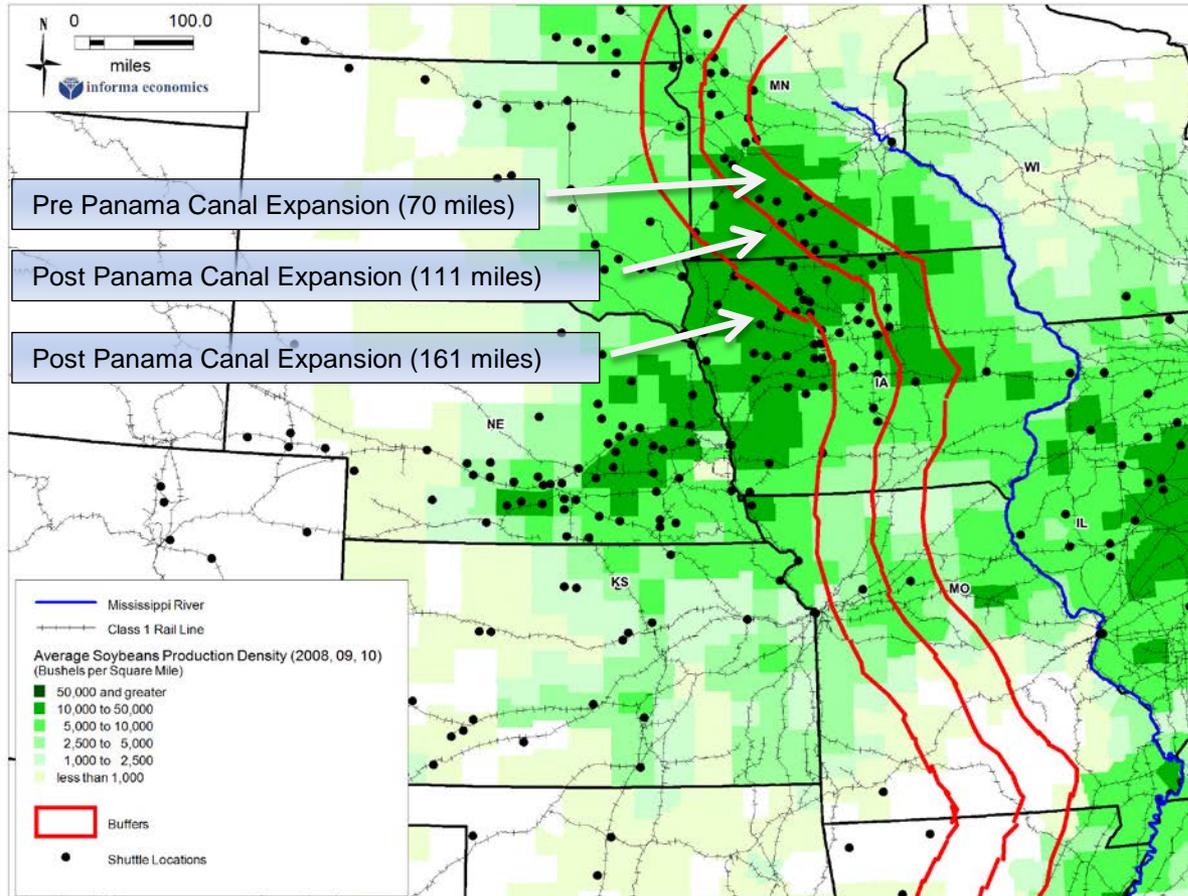


# Panama Canal Expansion – Opportunity for increased efficiency, or are we shifting the bottleneck?

- 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).



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# Thank You

## Soy Transportation Coalition

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