
Soy Transportation Coalition

Biomass Supply Chain & Logistics Update

Tuesday, February 19, 2008



The Transportation Challenge

- There is a growing concern in U.S. agriculture, in general, & the soybean industry, in particular, that we are losing our competitive advantage in both the domestic & international marketplace due to challenges in our domestic transportation system



Why Should the U.S. Soybean Industry & U.S. Agriculture Be Concerned About Transportation?

- Export markets are becoming less favorable for U.S. soybean products
- Reduced prices for farmers at original point of sale – increasingly due to domestic transportation costs
- Biodiesel – an industry already confronted by numerous challenges, is experiencing additional hardships due to transportation shortcomings (securing rail service for inputs & finished product, acquiring tank cars, rate increases)



Transportation Concerns:

- Infrastructure (all modes) is not keeping pace w/ the demands placed upon it (50-70% projected increase in demand over the next 10 years)
- Interior waterways – lack of public investment in lock & dam system over the past several decades
- Trucking – high fuel costs, driver shortages, limits on time behind the wheel, weight thresholds, limits on highway & road construction
 - Government Accountability Office (GAO) – Highway Trust Fund could have a negative balance as early as 2009.



Transportation Concerns:

- Rail infrastructure – becoming capacity constrained & results in rate & cost increases particularly among the Class I carriers (revenue > \$320 million)
 - Limits on trucking and barge transportation push additional traffic onto rail network.
 - Trade with China & Asia – increasing volume of goods to be shipped via rail from West Coast ports to rest of the country
 - High oil prices – greater use & transportation of coal
 - Rail network is privately financed. Investments in the infrastructure must forecast a positive return
- Lack of confidence among shippers in the Surface Transportation Board to provide a balanced playing field



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 (including the soy biodiesel industry) to benefit from a transportation system that delivers cost effective, reliable, & competitive service.**



Action Steps – To be a credible voice on the transportation debate, the STC needs to:

- Analyze - Wrap our arms around the issue/Be a respected source of information. Develop an expertise on transportation costs, service issues & how they ultimately impact farmers
- Educate soybean membership (especially farmers)
- Collaborate with other agricultural groups & industries (including transportation modes: rail, trucking, barge, etc.)
- Advocate - Develop relationships with Congress, Surface Transportation Board, USDA, etc. – ensuring that STC's positions & messages are increasingly penetrating the overall transportation debate



At the end of the day, the STC wants to ensure:

- The soybean industry's voice has a "seat at the table" - increasing the role of agriculture overall & the soybean industry specifically in shaping our nation's transportation policy
- Increased investment in our nation's transportation infrastructure & encourage more efficient & strategic spending of current transportation dollars
- Enhanced confidence by shippers in the government's railroad regulatory body (STB)



Working Together...

- Share with me your experiences & concerns re: transportation. What are the specific problems you are facing? The STC can be another voice promoting your interests. The transportation challenges are comprehensive & shared by many industries. Solutions will need to be promoted by many industries.



Final thought...

- Our political leaders, the national media, & the general public regularly articulate many goals & objectives that involve the soybean industry:
 - Decreasing reliance on Middle East oil
 - Decreasing our foreign trade imbalance
 - Revitalizing rural America
- Transportation is a linchpin to each of these goals. Without an coherent, integrated transportation system, these intentions will never become outcomes.
- The Soy Transportation Coalition can greatly assist this effort &, in the process, provide a valuable service to the industry & beyond.



Thank you!

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