



**SOY TRANSPORTATION  
COALITION**

# NEWS RELEASE

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*Funded by the soybean checkoff*

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## **Transportation Challenges Could Erode U.S. Farmer Competitiveness**

Ankeny, Iowa – As the U.S. soybean industry continues to broaden its customer base, the overall profitability of soybean farmers will depend not only on the volume and quality of production or stimulating demand for that production. Profitability will increasingly depend upon the ability to connect supply and demand. A recent study funded by the soybean checkoff offers warning that underinvestment in the U.S. transportation infrastructure, coupled with increased investment among our competitors, could significantly erode our competitive advantage in the international marketplace.

“U.S. agriculture can accurately be described as ‘attaching a garden hose to a fire hydrant’,” explains Mike Steenhoek, executive director of the Soy Transportation Coalition. “The good news is that U.S. farmers are increasingly productive, and we have a growing base of customers around the world. However, if we do not have a transportation system that can accommodate this increased production and deliver it to these customers in a cost effective manner, farmer profitability will be diminished.”

The study, “Farm to Market – A Soybean’s Journey,” was commissioned to develop a more precise understanding of how U.S. soybeans – both nationally and on a state by state basis – are transported to customers and the obstacles to efficiency and profitability that these transportation challenges may present.

According to the study, between now and the year 2020/2021, U.S. soybean planted acreage is projected to increase 11.5 million acres and yield an additional 1.1 billion bushels. Over the same period, China is expected to double its volume of soybean imports from 1.9 billion to 3.9 billion bushels. As a result, demand for rail carloadings of U.S. soybeans is projected to increase by 36 percent and barge loadings is expected to increase by 55 percent.

“U.S. soybean farmers have been presented with a challenge and an opportunity,” says Dale Profit, a soybean farmer from Van Wert, Ohio, and United Soybean Board (USB) director. “While we are confident that we can help satisfy this growing demand, we are concerned our transportation system will not be able to rise to the occasion.”

The study highlights many of the inadequacies of the transportation infrastructure that serves U.S. agriculture. America’s locks and dams are increasingly dilapidated and in need of major repair. Significant dredging of our ports and

shipping channels must occur to maintain our ability to export. Railroads, an increasingly critical mode of transportation for agriculture, will likely not keep pace with the needs of expanding soybean production. Finally, America continues to devote minimal resources to upgrading our highways and bridges to a standard that 21<sup>st</sup> century agriculture requires.

The study examines the impact on the U.S. economy if needed investments are made to the transportation infrastructure that serves agriculture. According to the research, the recommended transportation improvements would result in an average annual impact of 8,113 additional jobs, more than \$409 million in personal income, more than \$1.2 billion in economic output, and over \$630 million in value added to the U.S. economy.

“There is a lot of discussion in this country regarding how we can invigorate the U.S. economy,” says Profit. “Our analysis clearly shows that investing in the transportation infrastructure that serves agriculture will provide benefit well beyond farming. So many industries in this country directly benefit from a healthy agricultural sector. Vibrant agriculture will help produce a vibrant economy.”

The study highlights how the transportation of soybeans in Brazil – the major competitor to the U.S. – is continuing to increase in efficiency. The study further predicts that future planned infrastructure investments in Brazil have the potential to reduce freight costs between \$1.00 - \$1.63 per bushel (\$40 - \$60 per metric ton), which would significantly erode the competitive advantage the U.S. currently possesses in the international marketplace.

The concept for the study was originally advanced at CONNECTIONS – the biannual meeting hosted by the United Soybean Board at which a broad spectrum of soy industry leaders convene to discuss the issues and challenges that present the greatest impact on the future success of soybean farming. At the most recent CONNECTIONS meeting in December of 2010, the general session encouraged the soybean checkoff to initiate and complete a comprehensive farm to market study.

“The United Soybean Board is in the process of instituting a strategic realignment of our organization to better ensure we are positioned to advance soybean production in this increasingly complex and dynamic marketplace,” says Dwain Ford, a soybean farmer from Kinmundy, Illinois, and USB director. “To be able to effectively promote the industry, we need to develop a more thorough understanding of the various challenges in the journey from the farm to the customer. This study helps us understand where we are going and some of the obstacles we need to overcome.”

The full results of the study can be accessed at [www.soytransportation.org](http://www.soytransportation.org) or [www.unitedsoybean.org](http://www.unitedsoybean.org).

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*Established in 2007, the Soy Transportation Coalition is comprised of eleven state soybean boards, the American Soybean Association, and the United Soybean Board. The goal of the organization is to position the soybean industry to benefit from a transportation system that delivers cost effective, reliable, and competitive service.*