Why Should Farmers Care About Transportation? 
…Because our international competitiveness depends on it.

Costs of transporting soybeans: U.S. vs. Brazil (per metric ton; 4th quarter, 2013)

<table>
<thead>
<tr>
<th></th>
<th>Davenport, Iowa to Shanghai</th>
<th>North Mato Grosso, Brazil to Shanghai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Truck</td>
<td>$12.42</td>
<td>$109.29</td>
</tr>
<tr>
<td>Barge</td>
<td>$33.90</td>
<td>---------</td>
</tr>
<tr>
<td>Ocean</td>
<td>$54.13</td>
<td>Ocean – $42.50</td>
</tr>
<tr>
<td><strong>Total Trans</strong></td>
<td><strong>$100.45</strong></td>
<td><strong>Total Trans – $151.79</strong></td>
</tr>
<tr>
<td>Farm Value</td>
<td>$466.64</td>
<td>$445.27</td>
</tr>
<tr>
<td>Customer Cost</td>
<td>$567.09</td>
<td>Customer Cost – $597.06</td>
</tr>
<tr>
<td>T. as % of Cust. Cost</td>
<td>17.71%</td>
<td>T. as % of Cust. Cost – 25.42%</td>
</tr>
</tbody>
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*Source: USDA*
Railroad Concerns

- Rail service a significant concern – particularly between North Dakota, South Dakota, Minnesota, etc. & Pacific Northwest export terminals
  - Severe winter in 2013/2014
  - Demand from crude oil & coal; 2009: 11,000 carloads of crude oil, 2013: 400,000 carloads of crude oil
  - Sizable 2013 harvest

- 2014 harvest: “Attaching a garden hose to a fire hydrant?”
  - Standard performance: 3 turns per month; early 2014: 2 turns per month
Panama Canal Expansion – Opportunity for increased efficiency, or are we shifting the bottleneck?

- Soybean industry 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); $6-8 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?
Public-Private Partnerships: A long awaited solution?

- Just because you open the door for private investment does not mean private investment will walk through the door.
- Why would private sector want to invest in inland waterways?
  - Revenue generating opportunities?
  - Cost reduction opportunities?
Revenue generating opportunities?

- User fees?
- Beneficiaries that could/should contribute?
- Enhanced hydropower development?
- Commercial development?
Cost reduction opportunities?

- Reduction of service?
- Process streamlining? Eliminate regulations?
- Up front or predictable funding? – How we allocate money is just as important as how much money we allocate.
- Maintenance vs. new construction? – A predictably good inland waterway system is better than a hypothetically great one.
- Challenging cost estimates?
Thank You

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