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Soy Transportation Coalition publishes study on rail transportation of soybeans

The Soy Transportation Coalition (STC) recently published, “Railroad Movement of Soybeans and Soy Products” – a comprehensive report that sheds light on the critical role railroads play in the entire journey from farm to dinner plate.

The study highlights – on both a national and individual state level – the volume of soybeans, soybean meal and soybean oil moved by the rail industry; the leading destinations for those products; and the revenue and rates associated with those movements. In particular, the analysis focuses on the volume of soybeans and soy products that are transported at potentially excessive rates, those states whose soybean industry is most dependent on rail, and those railroads that transport the highest volumes of soybeans and soy products.

Among the findings generated by the study:

- Revenue among the largest “Class I” railroads from transporting soybeans and soy products has nearly tripled over the last decade – from \$549 million in 1998 to \$1.505 billion in 2008.
- The largest destination area for railroad movement of soybeans is the Pacific Northwest (PNW) ports in Washington and Oregon. Forty-eight percent of soybeans loaded into a rail car are destined to the PNW – highlighting the strength of the Asian export market.
- Forty-two percent of rail movements of soybeans (9.2 million tons) are transported at rates the United States Surface Transportation Board would classify as potentially excessive – resulting in a potential overcharge of \$120 million in 2007.
- BNSF Railway transports the largest volume of soybeans – 8.8 million tons in 2008. Union Pacific Railroad is the largest originator of soybean meal (6.8 million tons) and soybean oil (3.1 million tons).

Ed Ulch, a soybean producer from Solon, Iowa, and board member of the Soy Transportation Coalition, explains the value of conducting the study.

"It's essential for an organization like the Soy Transportation Coalition to have an understanding of how much soybeans and soy products are moved by the rail industry as well as the costs of those movements. The report highlights the degree of service railroads provide to agriculture, in general, and the soybean industry, in particular. However, we are concerned with the sizable amount of soybeans and soy products that are transported at high rates. Iowa, for example, leads the nation in the amount of soybean meal and soybean oil that is moved at potentially excessive rail rates. When the transportation of agricultural products becomes more expensive, farmers disproportionately are the ones who pay the bill. Knowing the severity of this and other problems will allow us to appropriately focus our attention on potential solutions."

"The current and future vitality of agriculture is dependent upon a healthy, profitable rail industry," says Mike Steenhoek, executive director of the Soy Transportation Coalition. "It is important for railroads to generate the necessary returns on their investment to allow them to maintain and expand their network. However, we in the soybean industry are concerned with the volume of money - \$120 million – that is not being retained in rural America due to potentially excessive rail rates. There needs to be a way for railroads and the soybean industry to achieve a better balance so that one is not profiting at the expense of the other."

The STC study analysis can be accessed at the STC's Web site: www.soytransportation.org.

Established in 2007, the Soy Transportation Coalition is comprised of seven 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.