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Bottlenecks Slow Grain Transfer

Outdated Systems Delay Shipping

By Christopher Leonard and Catherine Tsai The Associated Press

Across the country, from grain elevator to grain elevator, golden wheat and corn are piled in towering mounds, waiting for a rail car to haul them to market.

Some grain can sit for a month or more on the ground, exposed to wind, rain and rats.

It's the dark side of the booming global demand for U.S. corn, wheat and soybeans. The surge in exports is revealing inefficiencies in the country's railways, highways and rivers that carry the grain that helps feed the world. And those bottlenecks are costing farmers, shippers and ultimately consumers millions of dollars a year.

Some agribusiness groups worry the bottlenecks could hurt the United States' standing as a global food provider as other nations, such as Brazil and Argentina, compete for a lucrative share of the market.

In years past, bountiful harvests meant millions of bushels were stored outside overstuffed grain silos, waiting for shipment. Commodities loaded on barges faced long waits at outdated locks and dams on the Mississippi River, adding days and dollars to their transportation.

The barge delays alone added an average \$72.6 million annually to cost of shipping goods down the Mississippi and Illinois rivers, according to a new Army Corps of Engineers analysis provided to The Associated Press.

Rail delays are costly as well. In 2006, an estimated 1 billion bushels of grain was stored outside or in improvised shelters in Iowa, Illinois and Indiana, adding an estimated \$107 million to \$160 million that year to the cost of transporting it, according to USDA figures. That's about 1 percent of the combined \$13.8 billion value of corn and soybean exports in 2006.

"We're way, way behind in our infrastructure investment, both in the private sector and publicly," said Peter Friedmann, executive director of the Agriculture Transportation Coalition, a trade group representing grain exporters. "And we need to move a lot on that or we will see other countries supplant us as they get greater investment in their infrastructure."

Congress authorized the Army Corps last year to update locks and dams along the Mississippi. But Congress must approve funding for the project, which is estimated to cost \$2.21 billion over more than 20 years.

Over the years, exporters have increasingly shipped grain by renting empty containers that brought consumer goods to the United States from overseas markets like China. But as those imports have fallen, exports are having to wait longer, and pay more, to find space on outward-bound vessels, said Jansky, the grain trader in Portland.

Jansky said the cost of renting a 20-foot container has more than doubled to \$1,700 in the last 10

months alone.

“All of the sudden, grains are starting to have to pave their own way,” he said. “All of the sudden, we’re grabbing for vessels now.”



AP FILE A tugboat and its barges are shown in the channel at Lock and Dam 25 at Winfield, Mo. The surge in exports is revealing inefficiencies in the country’s railways, highways and rivers.