



# National Corn Growers Association

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Commodities: From Origin  
to Destination

*Importance of  
Transportation to Corn  
Growers*

Bob Dickey  
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# NCGA's Mission:

Create and Increase  
Opportunities for Corn  
Growers



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# Vision of the Future ... We Are Creating

- U.S. Agriculture – A Solution for U.S. Economic Challenges





# Transportation Priority for the Corn Industry

- Corn growers depend on reliable, cost-effective transportation - whether by barge, truck or rail - to deliver farm inputs to producers and to deliver harvested grain to markets.
- The U.S. enjoys a comparative advantage in corn production world wide, and the per-ton cost for transporting corn in the United States is lower than in other countries.
- Deterioration of the transportation infrastructure is hurting the United States.
- Our international competitiveness is in jeopardy unless our nation invests in major improvements to our aging transportation infrastructure.
- U.S. agriculture will pay the price for an outdated river transportation system.



# Water Resources Development Act

The legislation includes authorization for seven new 1,200-foot locks and authorizes an expansive ecosystem restoration program for the Mississippi River basin area. The bill also includes immediate implementation of small scale measures, such as guide-wall extensions and helper boats, to help alleviate congestion, as well as authorization for a major ecosystem restoration project.

- **House Action** – H.R. 2864 - passed the House by the overwhelming margin of 406-14.

## What's Next . . .

- **Senate Action** - S. 728 - introduced by Sens. Kit Bond (R-Mo.), James Inhofe (R-Okla.), John Warner (R-Va.), David Vitter (R-La.), Charles Grassley (R-Iowa), Tom Harkin (D-Iowa), Jim Talent (R-Mo.), Mary Landrieu (D-La.), George Voinovich (R-Ohio), Johnny Isakson (R-Ga.), John Cornyn (R-Texas), John Thune (R-S.D.), Lisa Murkowski (R-Ark.), Barack Obama (D-Ill.), and Pete Domenici (R-N.M.). – **Legislation has not been brought to the floor for debate or vote.**



# WRDA



- NCGA advocates for the replacement of the existing 600 foot locks with 1,200 foot lock chambers at Mississippi L&D 25, 24, 22, 21, 20 and LaGrange and Peoria on the Illinois River. In addition corn growers advocate guidewall extensions at Mississippi L&D 18, 17, 16, 15 and 14.
- Transportation is a key NCGA issue. Corn growers have actively laid the groundwork for Congress to authorize seven new locks and dams on the Upper Mississippi and Illinois River system. Along with coalition partners, such as the Carpenters Union, MARC2000, and environmental groups like the Audubon Society, we are actively advocating for Congress to pass this important piece of legislation.



# Large-Scale Measures

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Artist's Rendition



# Transportation Investment Means Jobs

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**Up to 6,000  
Construction  
Jobs/Year  
Created &  
Invested Back  
into Midwest  
Over 48 Million Man-  
Hours!**



# Alternate Transportation Mode Comparison



Barge	15-Barge Tow	Jumbo Hopper Car	100 Car Unit Train	Large Semi
1500 Ton	22,500 Ton	100 Ton	10,000 Ton	26 Ton
52,500 Bushels	767,500 Bushels	3,500 Bushels	350,000 Bushels	910 Bushels
453,000 Gallons	6,804,000 Gallons	30,240 Gallons	3,024,000 Gallons	7,865 Gallons

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# Evans Study Findings



- **River Transportation Costs Increase .17 cents/bushel**
  - .13 cents/bu export price increase
  - .03.6 cents/bu less earned to corn growers
  - .04 cents/bu in decreased margins to transportation & distribution facilities
- **\$562 Million Lost in Farm Income**
  - \$246 million lost reduced exports
    - Corn exports decrease 68 million bushels at projected price of 2.64/bu
    - Soybean exports decrease 10 million bushels at project price of \$6.60/bu
    - \$316 million lost from lower prices and decreased inter-state corn demand
- **Trade Deficit Widened by Additional \$245 Million**
- **\$600 Million Lost to Consumers**
  - 16% increase in rail rates=price markups passed on to consumers
  - Decreased demand = \$562 million lost income to producers
- **Additional \$1.5 billion lost in federal budget**
- **30,000 jobs lost**
  - 14,550 jobs lost in corn-growing states
    - State, local tax receipts decreased by \$185 million from 10,945 jobs lost
    - 3,605 jobs lost as a result of reduced disposable income from \$185 million in increased taxes to balance states' budgets
    - 5,625 jobs lost in nonfarm states
      - Increase in food prices=reduced disposable income, reduced employment
    - 9,375 + jobs lost from Federal budget surplus of \$1.5 billion
      - Higher consumer prices & interest rates, along with smaller budget surplus reduces GDP



# \$562 Million Lost in Farm Income

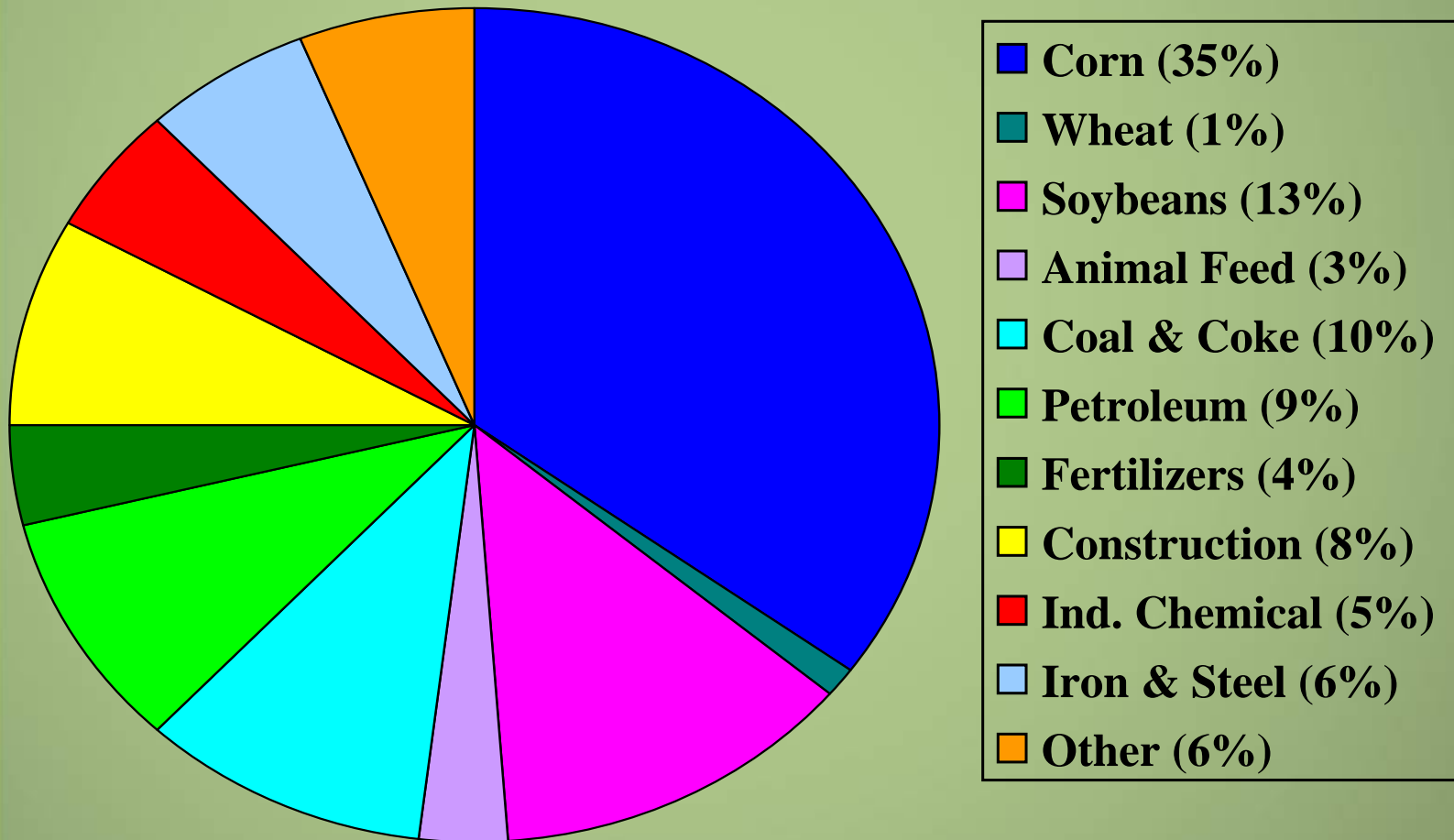
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# Commodities Shipped By Barge

UMR-IWW System, 1995-2000

Average Annual Movements: 81.9 million short tons



Source: US Army Corps of Engineers, *Lock Performance Monitoring System (LPMS)*





# Product Increase = Transportation Increases

- Ethanol production in 2005 reached a record high of 4 billion gallons - 14 percent of all corn use.
- USDA Projects ethanol production will account for 22 percent of corn use by 2010.
- To meet the mounting needs for ethanol and other products, we must have an efficient, viable and updated waterway infrastructure. Without the river, we lose our ability to ship efficiently.





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