To ARC Membership,

The following is a news release from the Soy Transportation Coalition concerning a study of soybean rail transportation. It shows the pricing power of the railroads in dictating excessive rate increases to consumers. Also, there is links to various parts of the study.

I thank the Soy Transportation Coalition in doing the study and allowing us to help distribute its results.

Mike Snovitch
Executive Director ARC

SOY TRANSPORTATION COALITION

NEWS RELEASE

1255 SW Prairie Trail Parkway ・Ankeny, Iowa 50023
800-383-1423 ・www.soytransportation.org
Funded by the soybean checkoff

Date: September 23, 2009
Contact: Mike Steenhoek,
Executive Director

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).

Dean Campbell, a soybean producer from Coulterville, Ill., and Chair of the Soy Transportation Coalition, explains the value of conducting the study.

"Agriculture and the railroad industry have a long and, at times, contentious relationship. On one hand, railroads allow soybeans and other agricultural products to be marketed in an increasingly global economy. On the other hand, when rail transportation becomes too expensive or service becomes unreliable, market opportunities will diminish. It's important for an organization like the Soy Transportation Coalition to have its finger on the pulse of how soybeans are transported. This will allow us to monitor when problems occur and will assist in developing 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.