



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



MARCH 8, 1999

Shippers Seek Rate Control. Several shippers' groups are seeking to have Congress reregulate rail rates, claiming that they are paying high shipping costs while receiving poor service. One Washington, DC-based group, the Alliance for Rail Competition, states that the situation is especially problematic for so-called "captive" customers, those with no alternative means of transportation. The alliance claims that rates for captive shippers are 30 percent higher than for those with transportation options, field crops being considered one of the five leading captive commodity groups. According to Diane Duff, executive director of the alliance, one reason for the increased rates is that the railroads are now charging extra for services and equipment that were once included as part of the agreement. Rail officials, on the other hand, stating that an increase in rail traffic has meant higher profits, are claiming that, since 1981, freight rates have dropped an average of 25 percent, and 55 percent with cost adjusted for inflation. Other shippers' groups, such as the Consumers United for Rail Equity, would like railroads to be required to permit competitor lines access to their privately owned tracks. An industry spokesman, however, states that the railroads believe this to be "unnecessary and unfair." In other rail news, the National Grain and Feed Association (NGFA), during a recent Senate hearing, proposed to include additional railroad service-related accountability issues in their rail arbitration policy. These additions deal with issues such as reasonableness of rail tariffs, damages incurred by shippers when a carrier fails to provide service as promised, failure to pull cars in a reasonable time, and issues related to *force majeure* (acts of God) situations. Kendall Keith, NGFA president, noted several instances, such as demurrage being levied despite loading delays due to such factors as harsh weather; or wage, time, and possible contract-related costs incurred by a shipper when a railroad fails to deliver cars as scheduled. Keith admits, however, that the accountability issue should go both ways, stating that "there are times when shippers should be more accountable too." Steve Bobb, vice president of agricultural commodities for Burlington Northern Santa Fe Railway agrees, stating that the proposal is not unreasonable. "If we don't show up within an agreed-upon time, they can file arbitration for lost crew wages," said Bobb, emphasizing that arbitration should remain a "two-way street." (*Roanoke Times* 3/7, *Traffic World*, 3/8)

More Farm Aid Sought. Several Democratic senators sent a letter to Senate Budget Committee Chairman, Pete Domenici (R-NM), late last week, requesting at least \$6 billion to help U.S. agricultural producers survive continued low commodity prices and weak export demand. The letter stated that it will likely be necessary to provide "an amount similar to, or perhaps larger than, last fall's emergency package." Secretary of Agriculture, Dan Glickman, expected Congress to approve the proposed funding. Approval, however, would mean two consecutive years that "Freedom to Farm" has been overridden by lawmakers. The farm deregulating legislation, in part, placed a ceiling on annual farm subsidy allotments. Meanwhile, Canadian farmers, suffering the same negative market forces as their U.S. counterparts, are calling the Canadian government's \$1.5 billion aid package inadequate. In 1998, farm income fell 70 percent in Saskatchewan and 50 percent in Manitoba, compared to 1997. "This is a poor, poor program," stated one agriculture critic, "The only thing good about it is the recognition of a problem." (*AP* 3/6)

World Trade Issues. Late last week, USDA reinstated Pakistan into the GSM-102 program, after its suspension for much of 1999 for late payments to the Commodity Credit Corp. With the GSM-102 program, USDA guarantees payments due from foreign banks under credit terms of 90 days to 3 years. The reinstatement should help the U.S. compete with Australia for 300,000 metric tons of wheat, which Pakistan is expected to purchase. Brazil, suffering its worst recession in years, is relying on agriculture to provide economic stability. A currency devaluation is causing several Asian countries, such as China, Malaysia, and Thailand, to look to discounted soybean shipments from Brazil instead of the U.S. Japan is expected to purchase U.S. soybeans for April-May shipment and South American soybeans for May-June shipment. Lastly, increased exports have led to massive bottlenecks at the Ukrainian ports of Odessa, Kherson, and Mykolayiv, causing commodities to begin to deteriorate. Ukrainian officials are hoping the problem will be alleviated within a month. (*Reuters* 3/8, *Reuters* 3/5, *Bridge News* 3/8, *Bridge* 3/4, *USDA*)

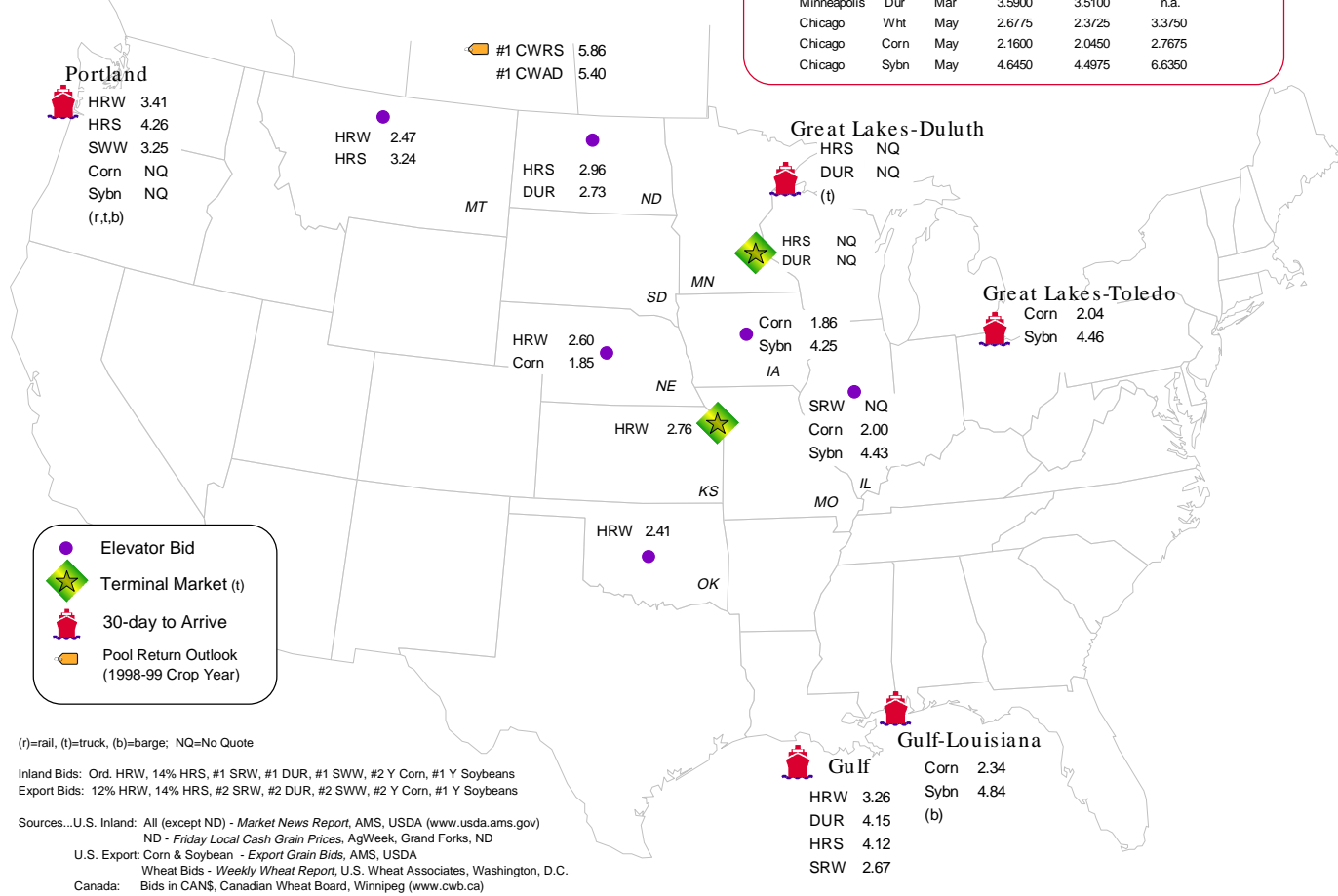
Correction: The USDA & AgOTC Shipping Act Workshop being held in Atlanta, GA will take place on March 19, and not March 16, as was stated in last weeks list of upcoming events.

This report is prepared by Karl Hacker and Karla Martin, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. You can retrieve this document from our Automatic Fax System by using the handset on your fax machine and dialing (202) 690-1707. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments to Nick_Marathon@USDA.gov.

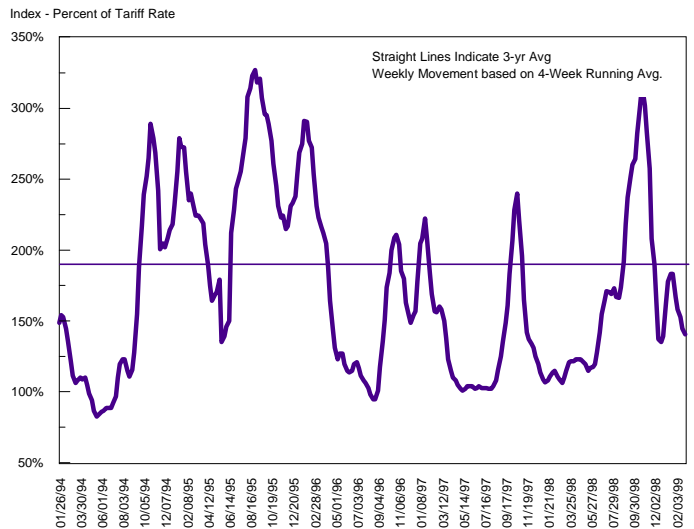
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Grain Bid Summary

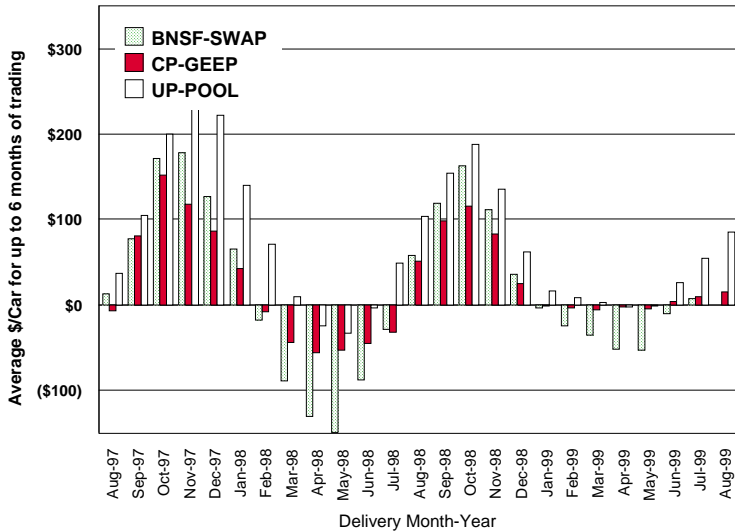
Futures:			03/05/99	Week Ago 02/26/99	Year Ago 03/06/98
Kansas City	Wht	May	2.9600	2.7125	3.5000
Minneapolis	Wht	May	3.4200	3.1375	3.7950
Minneapolis	Dur	Mar	3.5900	3.5100	n.a.
Chicago	Wht	May	2.6775	2.3725	3.3750
Chicago	Corn	May	2.1600	2.0450	2.7675
Chicago	Sybn	May	4.6450	4.4975	6.6350



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Rail Car 'Auction' Offerings				
Delivery for:	Mar-99		Apr-99	
	Offered	% Sold	Offered	% Sold
BNSF-COT	5,764	13%	5,400	5%
UP-GCAS	5,000	21%	5,400	2%

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market				
Average Premium/Discount to Tariff, \$/Car - Last Week				
	Delivery Period			
	Mar-99	Apr-99	May-99	Jun-09
BNSF-GF	\$0	\$(71)	\$(64)	\$(23)
CP-GEEP	\$(16)	\$(18)	\$(18)	\$2
UP-Pool	\$0	\$(5)	\$5	\$(3)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results			
Average Premium/Discount to Tariff, \$/Car - Last Auction			
Delivery for:	Mar-99	Apr-99	May-99
COT/N. Grain	no offer	no offer	no offer
COT/S. Grain	no offer	no offer	no offer
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com. (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal Values*
 Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
3/4/99	Illinois River	twk	142.5
		twk	115
	St. Louis	wks.3/21&28	110
		twk	155
		nwk	150
	Mid Miss.	30 day open	145
		May/June/Jul	135
Lower Ohio River	twk	125	
	nwk	120	

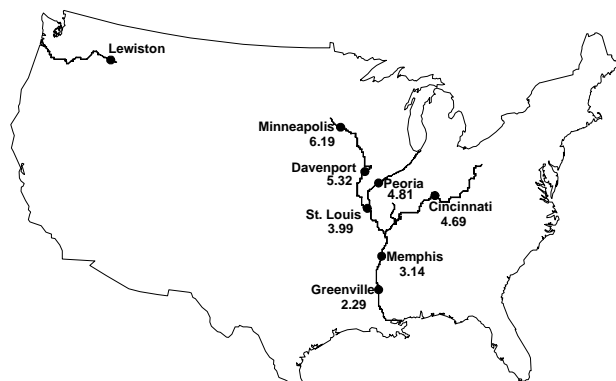
Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week
 nwk=next week

Southbound Barge Freight Spot Rates				
	3/3/99	2/17/99	April '99	June '99
Twin Cities	nq	nq	177	168
Mid-Mississippi	155	nq	144	140
Illinois River	140	127	135	130
St. Louis-Cairo	119	117	110	107
Lower Ohio	125	120	117	113
Cairo-Memphis	114	110	107	105

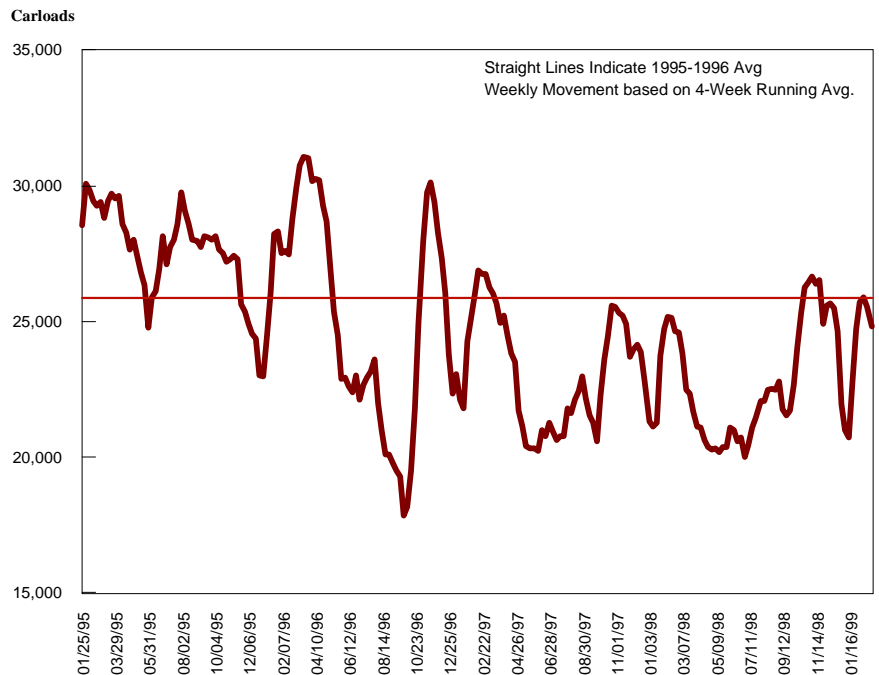
Source: Transportation & Marketing /AMS/USDA
 nq- no quote

Barge Benchmark Tariff Rates
 Est. 1976 - 'Tariff No. 7'



Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
2/13/99	25,542
2/20/99	24,275
2/27/99	23,212
Year to Date - 1999	198,323
Year to Date - 1998**	197,439
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: American Association of Railroads	



**1998 - 52 weeks
* 1997 - 53 weeks

Class I Rail Carrier Grain Car Bulletin

Carloads

	Conrail		East		BNSF	West		Canada	
	CSXT	IC	NS	KCS		UP	CN	CP	
02/27/99	980	3,037	1,642	2,370	7,361	660	7,162	2,138	3,510
This Week Last Year	782	2,431	1,485	2,251	9,128	984	7,054	2,569	4,157
1999 YTD	6,188	21,195	12,081	21,558	67,947	5,896	63,458	15,362	23,954
1998 YTD*	6,492	20,726	10,433	20,935	75,668	5,969	57,216	22,674	33,698
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: American Association of Railroads

**1998 - 52 weeks
* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

March 1999

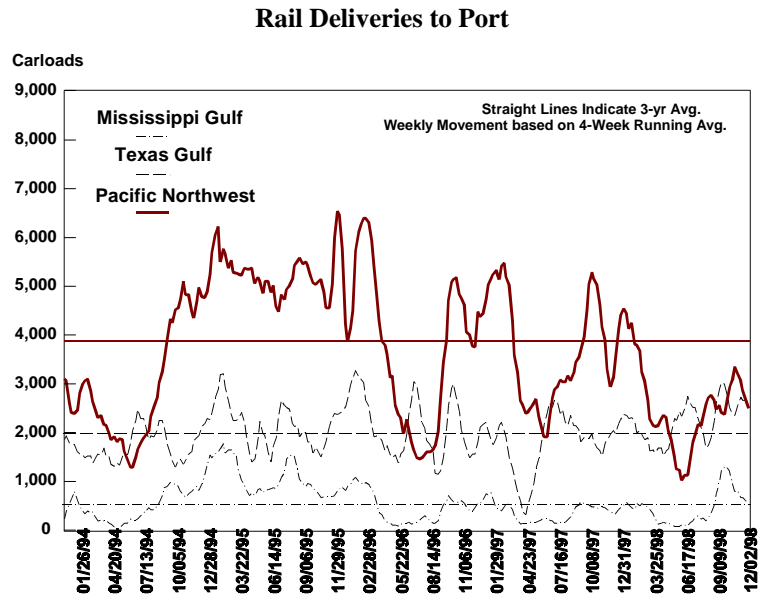
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
03/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,150	\$19.51	\$0.65
03/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,442	\$40.31	\$1.33
03/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,850	\$16.79	\$0.56
03/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,226	\$38.35	\$1.27
03/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$4,205	\$38.16	\$1.26
03/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
03/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$24.74	\$0.87
03/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
03/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,330	\$30.22	\$1.00
03/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$3,030	\$27.50	\$0.91
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

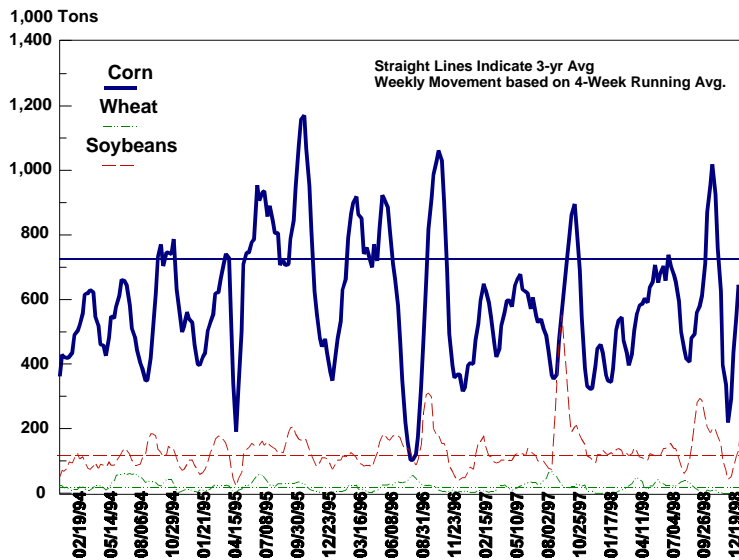
Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
01/20/99	840	2,990	2,533	589
01/27/99	1,055	3,069	2,607	682
02/03/99	776	2,623	2,121	421
02/10/99	898	2,906	2,298	291
02/17/99	673	3,298	2,248	375
02/24/99	462	2,564	2,558	580
YTD 1999	5,910	22,709	19,259	3,320
YTD 1998	3,632	17,436	31,802	3,267
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation & Marketing/AMS/USDA



*Note: Data prior to 12/30/98 has been revised. More recent data has been estimated.

Barge Movements - Locks 27



Barge Grain Movements

for week ending 02/27/99

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	0	0	0	0
Alton, IL (L26)	445	3	93	540
Granite City, IL (L27)	493	16	105	614
Illinois River (L8)	392	3	77	472
Ohio (L52)	82	6	22	211
Arkansas (L1)	0	24	4	28
1999 YTD	3,378	143	1,255	5,592
1998 YTD	3,500	200	958	5,638
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
 Miss/25 closed for rehabilitation (12/15/98-3/2/99).
 Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	HRW	SRW	HRS	Wheat		All	Corn	Soybean	Total
				SWW	DUR				
<u>Unshipped Exports-Crop Year</u>									
02/25/99	1,440	630	825	761	214	3,870	8,620	3,103	15,593
This Week Year Ago	1,554	233	872	610	172	3,441	6,933	2,731	13,105
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	8,041	1,471	4,979	4,360	676	19,526	22,189	14,239	55,954
97/98 YTD	7,516	4,418	4,661	4,396	1,013	22,004	18,685	17,713	58,402
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	Pacific Region			Mississippi Gulf			Texas Gulf		
	Wheat	Corn	Soybean	Wheat	Corn	Soybean	Wheat	Corn	Soybean
03/04/99	262	193	0	233	891	375	75	21	39
1999 YTD	1,902	1,161	61	934	5,862	3,471	1,383	73	499
1998 YTD *	1,733	1,366	215	1,261	4,751	4,371	1,097	6	419
% of Last Year	18%	27%	9%	19%	19%	23%	19%	13%	36%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

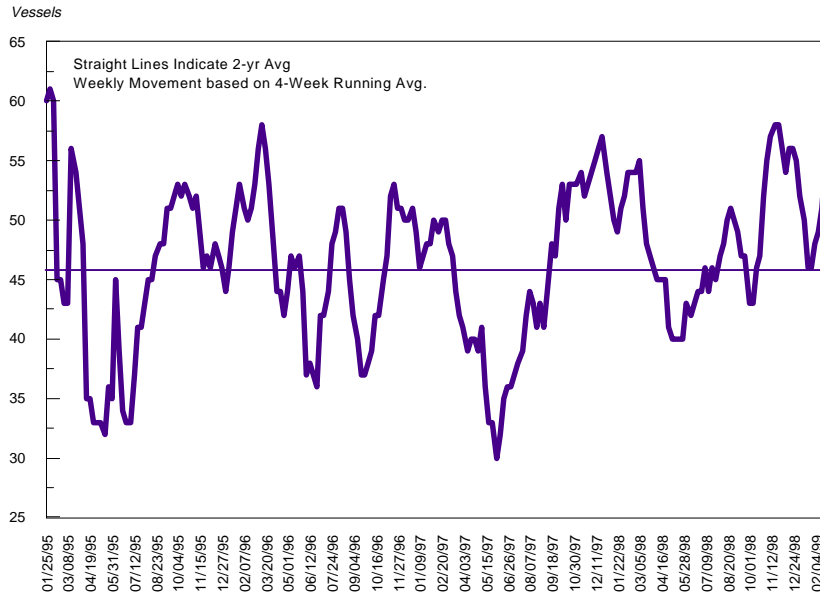
Source: Federal Grain Inspection Service * YTD-Year-to-Date ('98 = 53 week period)

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	Wheat	Durum	Barley
Week Ended: 03/04/99			
Vancouver	2,606	533	248
Prince Rupert	1,124	7	0
Prairie Direct	515	265	131
Thunder Bay	295	93	144
St. Lawrence	1,142	1,075	0
1999 YTD Exports	5,991	1,982	522
1998 YTD Exports	10,608	2,436	1,435
% of Last Year	56%	81%	36%

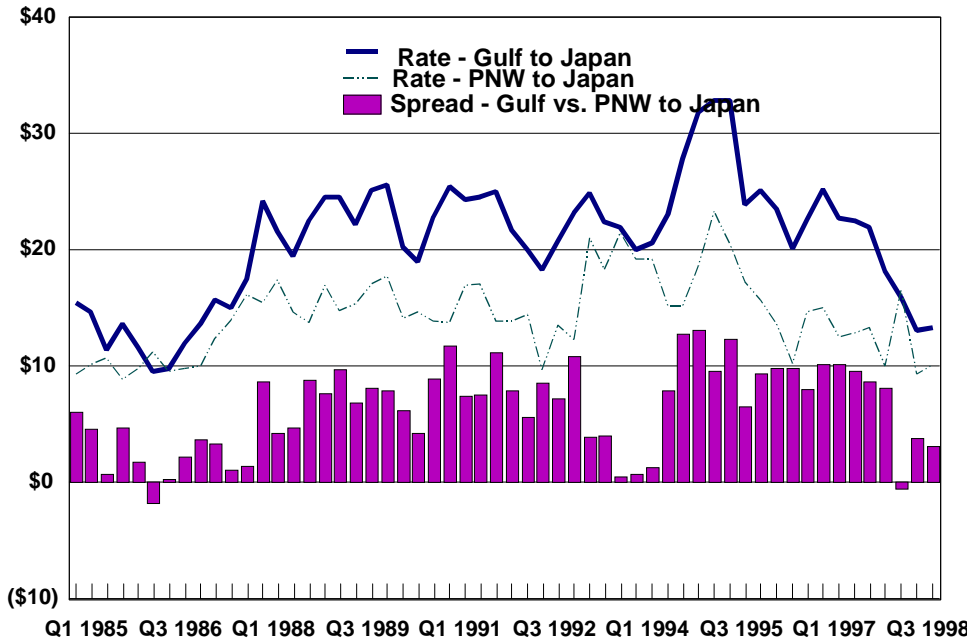
Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



**Gulf Region
Vessels Loaded
- Past 7 Days-**

Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
02/25/99	46	64	61	16			14	10	4
03/04/99	32	61	67	10			11	8	3
1998 Range	(19..62)	(34..64)	(40..93)						
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1998 4 th Qtr	1997 4 th Qtr	% Change		1998 4 th Qtr	1997 4 th Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$13.33	\$22.01	-39%	Japan	\$10.17	\$13.34	-24%
Mexico	\$14.41	\$13.97	3%	Red Sea/ Arabian Sea		\$20.18	
Venezuela	\$10.87	\$13.59	-20%				
N. Europe	\$8.81	\$11.34	-22%	Argentina to			
N. Africa	\$15.26	\$14.80	3%	N. Europe	\$12.56	\$16.12	-22%
				Japan		\$23.23	

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 03/06/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Venezuela	Grains	Prompt	35,000	\$14.00
Gulf	Cyprus	Wheat	March	18,000	\$19.00
Gulf	Morocco	Heavy Grain	Prompt	29,500	\$15.75
Gulf	Japan	Heavy Grain	March	40,000	\$16.35
Mobile	Japan	Heavy Grain	March	40,000	\$18.00
River Plate	Portugal	Heavy Grain	March	25,000	\$17.50
River Plate	Spain	Meals	Prompt	30,000	\$18.00
River Plate	So. Africa	Grains	March	15,500	\$24.00
R. Plate & Bahia Blanca	Sri Lanka	Wheat	March	50,000	\$20.50

Source: Maritime Research Inc.