



Postcard from Minnesota

AgTC Ag Shipper Workshop
Thursday, December 1st, 2016



High export volumes in a sparsely populated region

Exporters from Minnesota, Wisconsin, North Dakota, and Iowa gathered to discuss the unique challenges their region faces. They were joined by discussion leaders from the Port of Virginia and NW Seaport Alliance, the President North America of MOL steamship line, and the Director of International Marketing for BNSF Railroad.

These exporters of grain, soybeans, pulses, dairy, corn, animal feed, and meat ship high volumes out of the West, East, and Gulf Coast ports. The small population size of the region makes container and equipment availability for exporters a persistent problem, since there is significantly greater demand for outbound containers than there are containers entering the market. The cost of repositioning containers is expensive and can be unreliable depending on demand in other regions of the country. Discussion revolved around the methods exporters use to reach the ports, detailed below.

U.S. rail capacity much more favorable for ag today

BNSF reported a peak in industry volumes in 2014, a result of the energy boom in the Bakken region, which resulted in less capacity for agriculture and forest products. With the energy market in a current state of decline, capacity has opened up once more for exporters, particularly those traveling West on BNSF's Northern Tier.

Often products are sent via hopper car and then transloaded into ocean containers on the coasts, in order to avoid intermodal container availability issues inland.

With increased rail capacity for agriculture, we are hearing that some of the transload facilities and terminals are becoming congested due to the additional rail cargo ready for export.

Canadian rail- quicker route, with additional regulations

Exporters in this region have long used Canadian railroads and ports because the westbound rail service has less stops than its United States counterparts.

However, with the enactment of Safety of Life at Sea Verified Gross Mass container weight documentation requirements, using Canadian ports present a challenge.

While the United States weighs the containers at the terminal, in Canada the exporter must supply the weight of the fully loaded container and certify it's accuracy before the container reaches the terminal. Many exporters do not wish to be held liable for the weight of a container they do not own, nor do they wish to submit additional documentation.

Trucking to rail load-points and to coastal ports

Whether driving thousands of miles to a port terminal or draying a hundred miles to a rail ramp, trucking is critical to the export process.

Truck weight limits, and the desire to increase these at either a state or national level, was discussed. Agriculture and forest products are high volume, low margin and exporters save both time and money when they are permitted to drive heavier trucks, using specialized heavy weight equipment and extra axles.

States have a piecemeal network of regulations to sometimes allow loads heavier than the national average of 80,000 lbs but often these provisions do not extend across state lines. Exporters cross state boundaries to reach ports and rail ramps.