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Farmers Lead Export Charge

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Farmers may have to lead the way to achieving President Barack Obama’s goal of doubling exports by 2015.

The factors needed to support rapid growth in agricultural exports are already in place: an increasingly affluent market in Asia with an affinity for U.S. grain products, a highly-productive agricultural sector in the U.S. and an efficient transportation system to ship commodities to the Far East.

The northern tier states from Illinois to the Pacific Coast will play a central role in this effort. Agricultural interests in the upper Midwest are leaders in the production of grain products for human and animal consumption.

The railroads are adding capacity to their intermodal and bulk operations that serve ports in Oregon and Washington state. Transloaders and bulk terminals are expanding capacity to serve the growing demand for these products in North Asia and Southeast Asia.

Tom Sexter, merchandising manager and at Louis Dreyfus Commodities, told the annual conference of the Midwest Shippers Association that grain export capacity in Oregon and Washington will increase by 25 percent by 2015. The increased capacity will include bulk facilities such as the new EGT terminal in Longview, Wash., as well as facilities that transload grain products to marine containers.

American farmers are some of the most productive in the world, Sexter noted. Exports of grain products such as wheat, corn, soybeans and distiller’s dried grain, a by-product of ethanol production that is used in animal feed, are poised for rapid growth.

Moving those commodities to Pacific Northwest ports, which are the natural gateways for exports from the upper Midwest, requires an expanded rail network. BNSF Railway will invest $1 billion over the next five years to increase its capacity in the northern corridor, said Greg Guthrie, director of marketing for agricultural products.

Inland ports served on the corridor include transload facilities near BNSF’s Logistics Park Chicago in Joliet, Ill, and a new bulk facility at Minot, N.D.

Grain shippers in Illinois have access to empty containers generated at import distribution centers at the Joliet hub, and Minot receives eastbound containers carrying fracking sand from

China for oil operations in North Dakota. Those container are unloaded and provide capacity for grain exporters in the region.

While China remains the top destination in Asia, Southeast Asia, with a population of 600 million, is growing rapidly as a destination for U.S. grain products, said John Lindblom, regional director for Southeast Asia at the U.S. Soybean Export Council.

Animal feed grains such as DDG will be an important part of this trade as Southeast Asia is a large producer and consumer of pork and chicken. U.S. DDG exports to the region now total 1 million tons a year, up from 100,000 tons five years ago.

Southeast Asia ports generally do not have the capacity to handle large bulk shipments, so the U.S. grain trade moves mostly in containers. Shipping in containers allows carriers to match supply with demand, and importers in Southeast Asia appreciate the efficiency and sanitary standards inherent in the container trade, Lindblom said.

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