



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



OCTOBER 31, 2000

Farm Policy Changes Being Considered. Following 3 years of emergency payments to farmers, amounting to roughly \$25 billion, lawmakers and agriculture officials are beginning to weigh possible changes to the current farm policy. The so-called 1996 "Freedom to Farm" legislation essentially deregulated farming, allowing producers the flexibility to grow as much of whatever crops as they chose. However, this flexibility was accompanied by a decrease in the financial safety net provided to producers, as was realized after an overabundance of grain on the global market (along with other crucial world trade factors) resulted in low prices both in the United States and abroad. Although this legislation is scheduled to expire following the 2002 crop year, many contend that more immediate change is necessary. "We cannot sit around for the next two years and do nothing," according to the House Agriculture Chairman Larry Combest (R-Texas). Representative Combest added that the farm economy is "fragile" and that the amount of Government aid provided during the last several years "masked the severity of the problem," preventing large numbers of foreclosures, auctions, and fire sales. Among possible legislative changes, Combest mentioned higher price supports, restoring land set-asides, changing rates on "loan deficiency payments," an increase in guaranteed farm payments, a "flexible fallow" that offers a higher support price as farmers idle more land, expansion of conservation programs, and countercyclical plans, which would automatically increase spending when agriculture prices decrease. Senate Agriculture Chairman Richard Lugar (R-Indiana) also anticipates a busy year in weighing proposed changes to the 1996 farm law but plans to rewrite the law in 2002 when it expires. Although Representative Combest does not have a specific agenda for proposed changes to farm policy, he has stated that he would support hearings during the spring, allowing farm groups the opportunity to offer specific policy recommendations. Participation in the hearings would only be allowed if the groups had specific policy suggestions for a farm safety bill, instead of simply voicing their dissatisfaction with the current policy. Combest mentioned that he would give consideration to all farm policy proposals with the exception of mandatory acreage controls, which he feels are not effective. He also hoped that the revised legislation would be ready late in 2001 but added that Congress would need to be careful about modifying farm legislation during major crop years. Speaking recently in Illinois, U.S. Secretary of Agriculture, Dan Glickman, also offered ideas for the future farm legislation, including a crop insurance program that would include livestock and other commodities, as well as stronger conservation measures that would offer payments to farmers to leave the land untilled. According to Glickman, "I would have payments to farmers for land practices that would, in many cases, be as substantial as some of the payments on program crops." (*BridgeNews 10/25, AP 10/25, Reuters 10/25*)

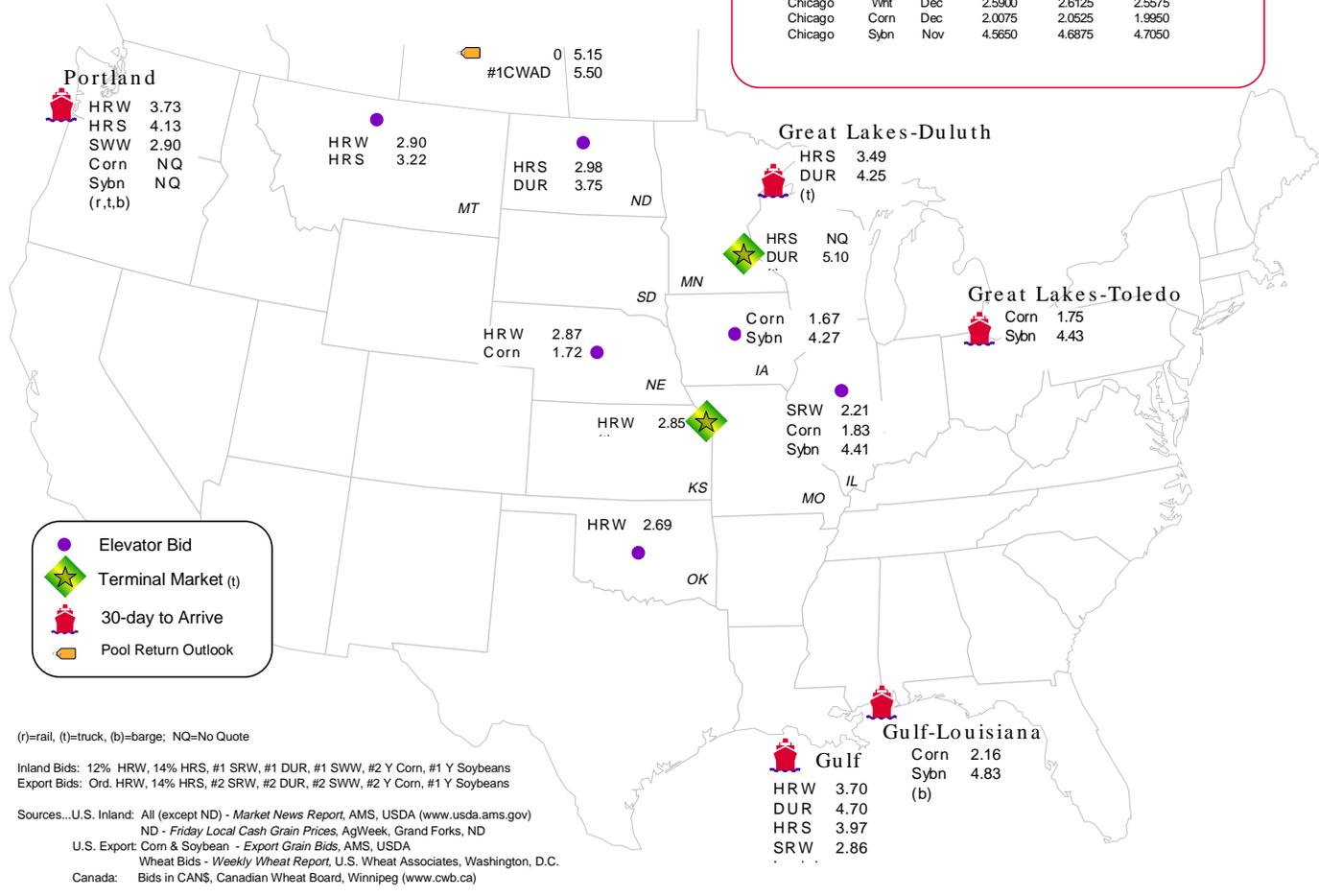
CWB Uneasy Over New CP Car Allocation. The Canadian Wheat Board (CWB) voiced dissatisfaction with the Canadian Pacific Railway's (CP or CPR) new car allocation system, "MaxTrax," stating that the change introduces uncertainty during a peak shipping period, critical for both farmers and shippers. "The CWB booked sales and vessels, but was not consulted on the program and now we have no idea if we can get car supply," said Adrian Measner, Executive Vice-President of Marketing for the CWB. Measner continued, "Among other things, this could result in difficulty meeting sales commitments and vessel lineups, both of which could cost farmers money." The CP touts "MaxTrax" as "an innovative logistics program designed to increase the efficiency, transparency and accountability of the Canadian export grain handling and transportation system." According to Ray Foot, CP's Assistant Vice-President of Grain, "The grain industry no longer agrees to continue with the ad hoc, voluntary grain car allocation process of the past. Given the lack of consensus within the industry, CPR was required to institute an alternative order fulfillment process that allows grain shippers to place car orders." The Wheat Board experienced problems last week when it submitted orders to CP for 2,800 railcars during the week of November 5 but was provided only 1,300 railcars. The CWB believes that there is a lack of clarity as to how CP allocates cars on any given week. "Introducing a new car allocation program without consultation in a peak shipping period is highly disruptive and doesn't serve farmers or our international customers," stated the Measner. He added, "The CWB and other shippers must be able to determine the system capacity that is available so they don't sell more grain than they have capacity to get to port. Although this program may be beneficial for CP, it needs work to measure up to the needs of farmers and grain shippers." CP's Ray Foot, however, states that the Canadian Pacific Railway has "worked hard and collaboratively during the last three years," hoping to achieve a "competitive, accountable grain logistics system." According to Foot, however, without this system, and because the industry has been unable to agree on how to proceed, CP's new program is "an attempt to fill the void and ensure that grain continues to move to market." The program includes ShuttleMax, an option allowing shippers to book CP grain cars 3 to 12 months in advance in 100-car blocks to be used in a continuous cycle; AdvanceMax, an option allowing shippers to gain commitment from CP for empty grain cars 2 to 8 weeks in advance for multicar blocks; and ReadyMax, for grain car order 1 week in advance of shipment date. The CWB has assured producers that it is "working with the grain industry and railways to ensure that transportation reform occurs with minimal disruption and cost to farmers." (<http://www.cwb.ca/publicat/nr/oct312000.htm>, <http://www2.cpr.ca/Corporate/General>)

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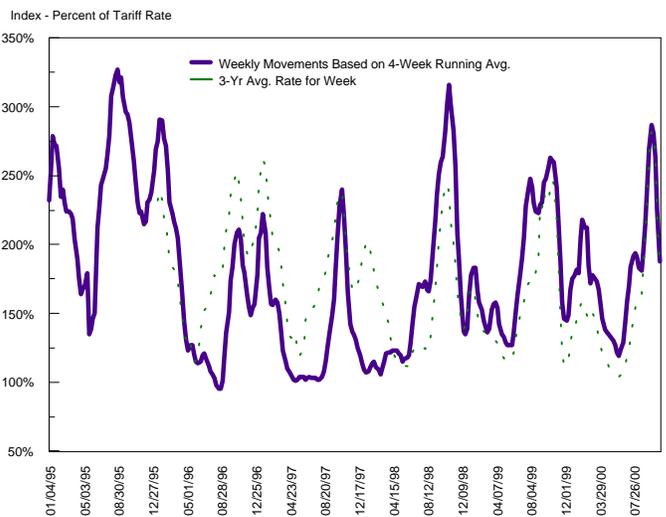
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Grain Bid Summary

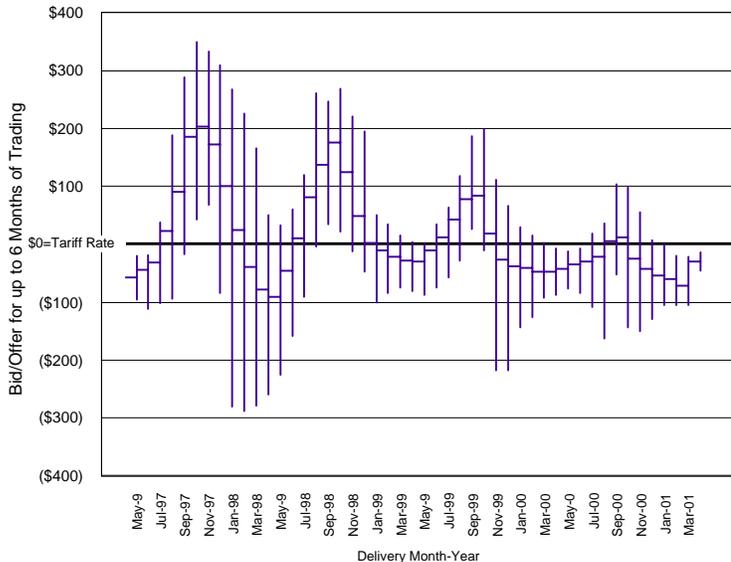
Futures:			10/27/00	Week Ago 10/20/00	Year Ago 10/29/99
Kansas City	Wht	Dec	3.0975	3.0900	2.7700
Minneapolis	Wht	Dec	3.2200	3.2475	3.2750
Minneapolis	Dur	Dec	4.4000	4.3500	n.a.
Chicago	Wht	Dec	2.5900	2.6125	2.5575
Chicago	Corn	Dec	2.0075	2.0525	1.9950
Chicago	Sybn	Nov	4.5650	4.6875	4.7050



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Nov-00		Jan-01	
	Offered	% Sold	Offered	% Sold
BNSF-COT	12,540	33%	12,141	4%
UP-GCAS	5,400	2%	No Offer	

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			
	Nov-00	Dec-00	Jan-01	Feb-01
BNSF-GF	\$55	\$(23)	\$(21)	\$(21)
UP-Pool	\$(82)	\$(84)	\$(73)	\$(73)

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:	Dec-00	Jan-01	Feb-01
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
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	
			Bid	Offer
10/31/00	St. Louis	twk	150	155
		nwk	155	165
		Nov.-Mar.	145	150
	Illinois River	nwk	155	160*
		Nov.	150	160
		Dec.	165	170
	Mid Miss.	twk.	160	165*
		Nov.	165	170
	Twin Cities	twk-closing	175	180*
	Lower Ohio	twk	215	215
	Ohio	Nov.	165	170*

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

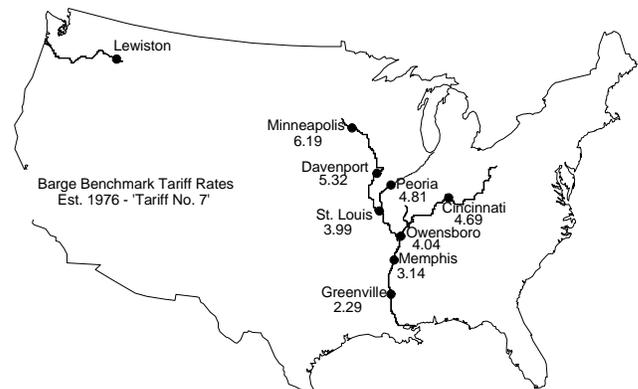
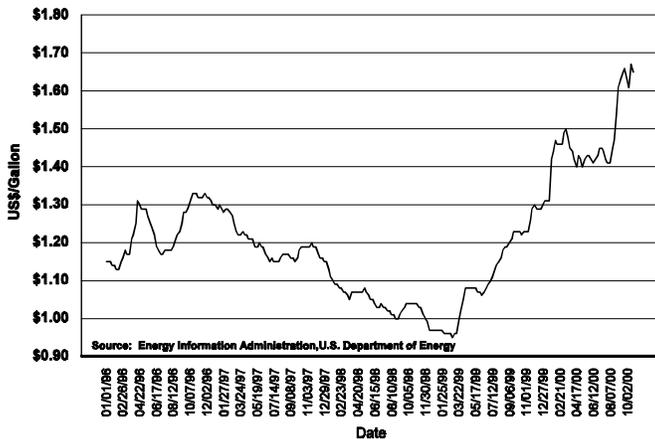
*Traded rates

Southbound Barge Freight Spot Rates

	10/25/00	10/18/00	Nov. '00	Jan. '00
Twin Cities	166	187	170	0
Mid-Mississippi	158	182	165	0
Illinois River	154	174	161	191
St. Louis	141	153	140	139
Lower Ohio	164	188	153	146
Cairo-Memphis	131	147	133	134

Source: Transportation & Marketing /AMS/USDA
 nq=no quote;

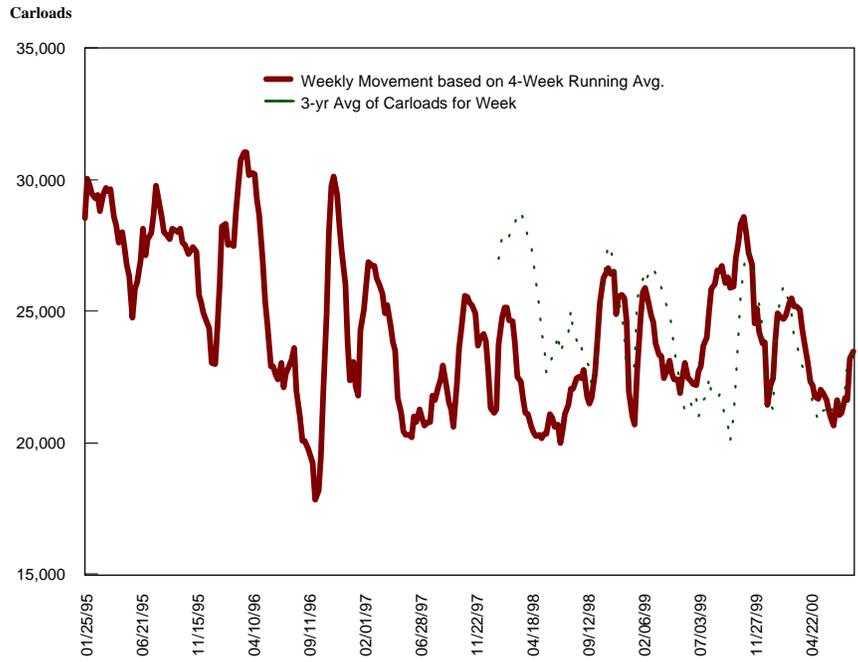
Weekly Retail Diesel (Road) Prices (Including Taxes)



Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
10/07/00	25,220
10/14/00	25,047
10/21/00	23,588
Year to Date - 2000	982,492
Year to Date - 1999	1,030,311
Total 1999	1,269,741
Total 1998	1,186,117

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

			<u>East</u>		<u>West</u>			<u>Canada</u>	
	<u>Conrail</u>	<u>CSXT</u>	<u>IC</u>	<u>NS</u>	<u>BNSF</u>	<u>KCS</u>	<u>UP</u>	<u>CN</u>	<u>CP</u>
10/21/00	0	4,342	0	3,699	9,018	526	6,003	4,428	5,307
This Week Last Year	0	3,720	2,370	2,595	10,415	784	8,656	2,339	4,716
2000 YTD	0	116,060	70,155	123,613	343,451	22,832	306,381	117,092	195,039
1999 YTD	15,522	103,934	72,746	110,437	373,382	27,884	327,406	92,044	166,745
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328
1998 Total	40,192	126,128	77,811	131,158	431,459	34,503	342,609	113,568	215,005

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

October 2000

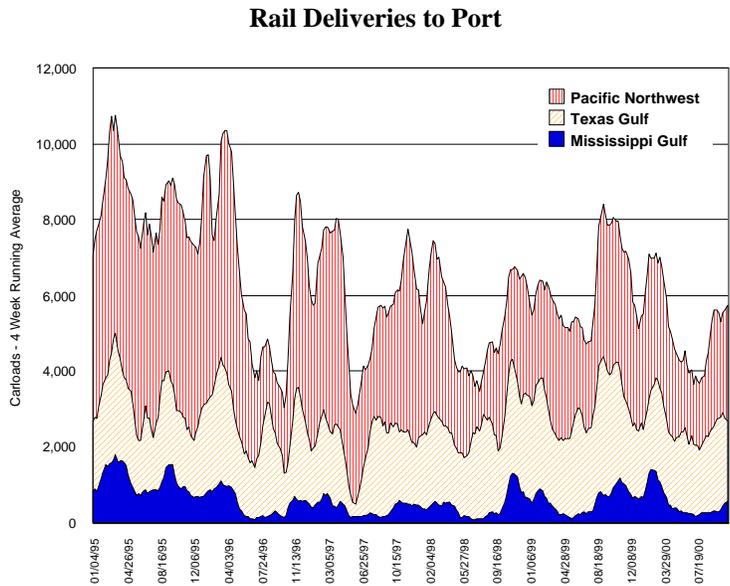
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
10/09/00	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
10/09/00	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
10/09/00	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
10/09/00	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
10/09/00	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
10/09/00	31040	Corn	Minneapolis, MN	Portland, OR	\$2,900	\$31.97	\$0.81
10/09/00	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
10/09/00	31040	Corn	Omaha, NE	Portland, OR	\$2,700	\$29.76	\$0.76
10/09/00	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,680	\$29.54	\$0.80
10/09/00	61180	Soybean	Omaha, NE	Portland, OR	\$2,430	\$26.79	\$0.73
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

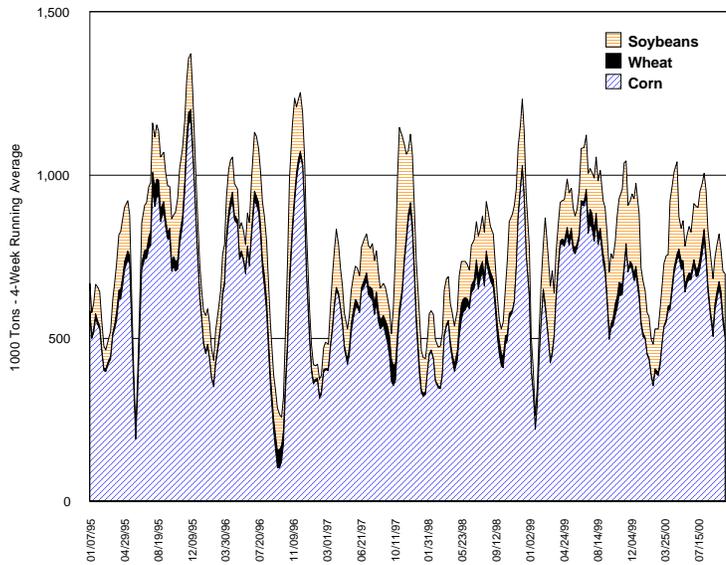
Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
09/20/00	319*	2,667	2,092	219
09/27/00	349*	2,498	2,539	296
10/04/00	493*	2,172	2,392	367
10/11/00	655*	2,534	3,501	632
10/18/00	600*	1,730	2,964	389
10/25/00	558*	2,029*	3,339	633
YTD 2000	23,125*	89,903*	112,061	11,485
YTD 1999	22,838	113,879	130,608	12,125
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



(*) Incomplete Data

Barge Movements - Locks 27



Barge Grain Movements

for week ending 10/21/00

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	206	3	135	355
Winfield, MO (L25)	313	3	203	519
Alton, IL (L26)	477	12	280	771
Granite City, IL (L27)	462	14	265	742
Illinois River (L8)	160	14	42	217
Ohio (L52)	78	5	58	165
Arkansas (L1)	0	14	7	21
2000 YTD	26,918	2,073	7,788	38,171
1999 YTD	29,593	2,484	7,057	41,357
Total 1999	36,711	2,883	9,771	51,887
Total 1998	31,001	2,401	8,674	45,134

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers; n/a=not available

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

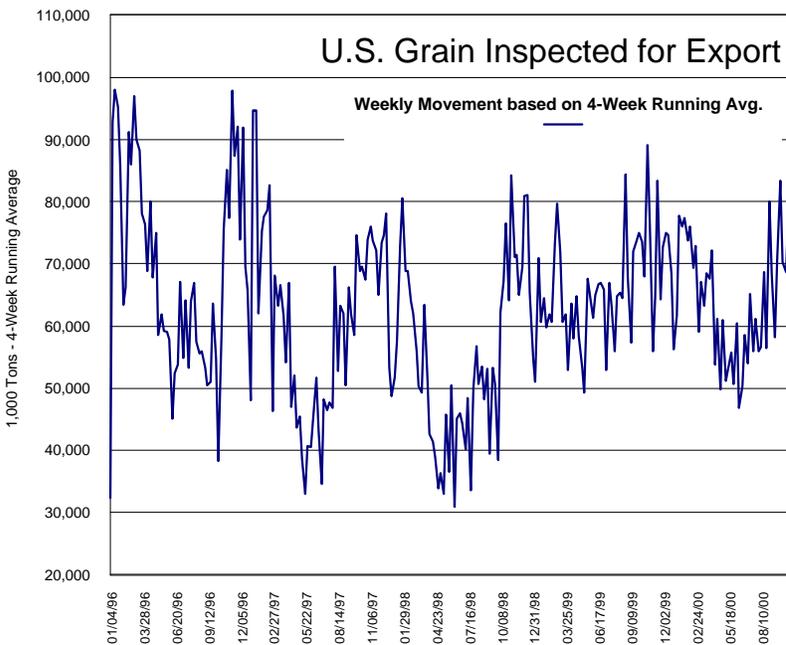
	HRW	SRW	HRS	Wheat		DUR	All	Corn	Soybean	Total
				SWW						
Unshipped Exports-Crop Year										
10/19/00	1,175	339	801	746		193	3,253	6,923	6,224	16,400
This Week Year Ago	1,338	328	971	766		231	3,634	8,270	5,680	17,584
Cumulative Exports-Crop Year										
99/00 YTD	4,033	2,159	2,150	1,926		486	10,754	7,413	3,563	21,730
98/99 YTD	5,384	1,646	2,130	1,406		363	10,929	7,455	17,713	36,097
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

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

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
10/26/00	225	160	84	119	621	446	126	12	0
2000 YTD	7,943	5,285	1,184	5,694	29,736	13,640	5,912	404	956
1999 YTD *	8,174	7,314	778	5,825	29,524	11,042	7,357	539	1,087
% of Last Year	73%	121%	182%	113%	95%	91%	81%	72%	69%
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)

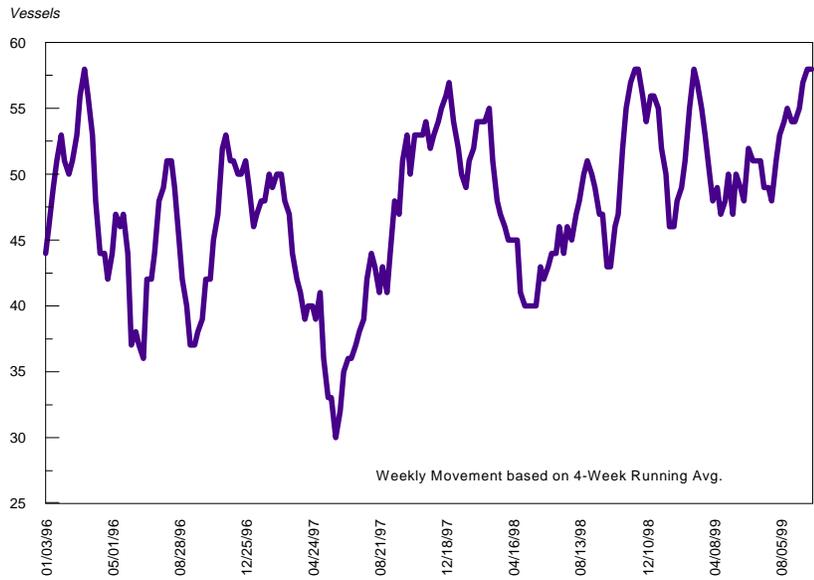


Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	Wheat	Durum	Barley
Week Ended: 9/26/00			
Vancouver	1,807	122	173
Prince Rupert	28		0
Prairie Direct	231	56	43
Thunder Bay	344	104	3
St. Lawrence	861	530	0
2000 YTD Exports	3,271	812	235
1999 YTD Exports	2,425	960	222
% of Last Year	135%	85%	106%

Source: Canadian Grains Commission
YTD-Year-to-Date Crop Year 8/1-7/31



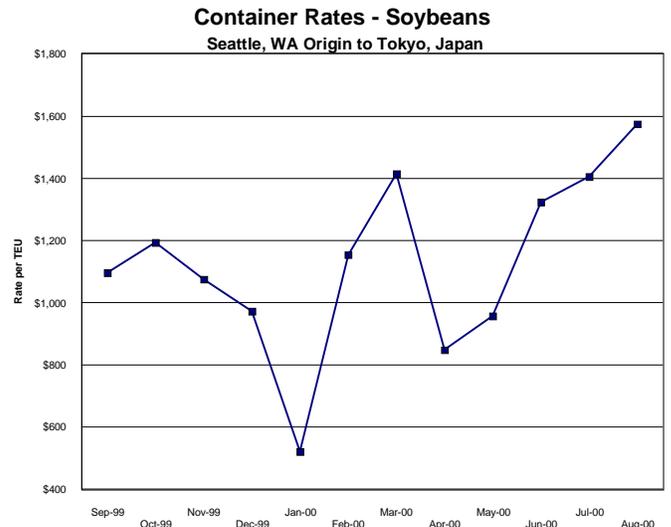
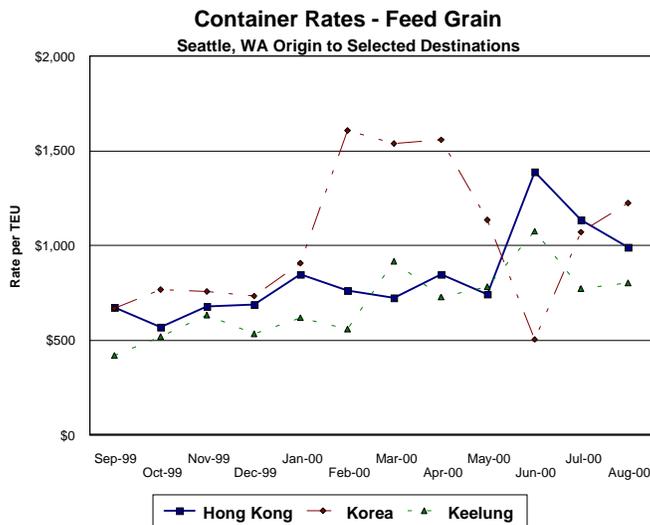
**Gulf Region
Vessels Loaded
- Past 7 Days-**

	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
10/19/00	36	55	61	11			20	10	6
10/26/00	25	52	56	13			20	9	5
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

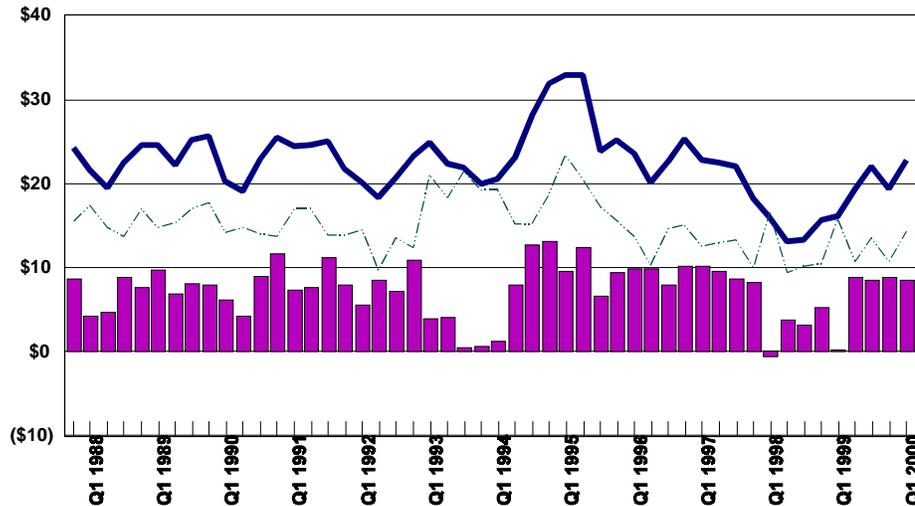
Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



— Rate - Gulf to Japan
- - - Rate - PNW to Japan
■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

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

	2000 2 nd Qtr	1999 2 nd Qtr	% Change		2000 2 nd Qtr	1999 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$22.84	\$16.08	42%	Japan	\$14.37	\$15.83	-9%
Mexico	\$16.58	\$22.45	-26%	Red Sea/ Arabian Sea	\$33.46	\$45.80	-27%
Venezuela	\$11.34	\$13.91	-18%				
N. Europe	\$15.50	\$12.28	26%	Argentina to			
N. Africa	\$20.91	\$17.80	17%	N. Europe	\$18.96	\$23.92	-21%
				Japan	\$26.57	\$20.82	28%

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 10/28/00

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Columbia	Corn & Meals	Spot	21,300/3,000	\$19.00
Gulf	Ireland	Grains	Spot	20,000	\$20.75
Gulf	Amsterdam	Heavy Grain	Oct.23/27	60,000	\$14.40
Gulf	Egypt	Heavy Grain	Prompt	55,000	\$15.75
PNW	China	Heavy Grain	Oct.20/Nov.10	55,000	\$15.75
Rotterdam	Saudi Arabia	Barely	Spot	55,000	\$14.90
Ukraine	Saudi Red Sea	Barley	Oct.28/Nov.4	55,000	\$15.00
South Africa	Japan (2pts.)	Corn	Nov.15/25	25,000	\$26.00

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option