



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



OCTOBER 9, 2001

Domestic Ethanol Production Meets California Demand. According to a final report from the California Energy Commission (CEC), ethanol production is expected to reach over 4 billion gallons per year by 2003 and 4.4 billion gallons by 2005 under current regulatory and demand conditions. This, the report stated, should provide ample supply to meet California's needs. To handle this capacity, operators of barges, U.S. flag oceangoing vessels, railroads, and California gasoline terminals have provided their assurance that there will be ample transportation and storage capacity to move ethanol from the Midwest to California markets. Operators have promised to meet the need with the 2,300 double-hulled tank barges currently on inland waterways. The Burlington Northern Santa Fe and Union Pacific railways have vowed to work closely with ethanol manufacturers and monitor and adjust rail movements to provide adequate service. Ample U.S. flag tonnage will also be available. U.S. ethanol production will be further encouraged by a 10 cents per gallon tax credit (for up to 15 million gallons of production) for smaller ethanol producers (those with annual production of 30 million gallons or less).

"The ethanol industry can produce more than enough ethanol to meet demand in California. The transportation industry can haul the product to California. And California terminals will easily be ready to receive ethanol for blending," according to Bob Dinneen, president of the Washington, DC-based Renewable Fuels Association. (*Reuters 9/20, Renewable Fuels Association, www.ethanolrfa.org, USDA*)

Brazil Exporters Seek U.S. Ethanol Market. Bolstered by a U.S. Federal law requiring California to use ethanol as a fuel additive, Brazilian exporters are hoping for a sharp increase in sugar-based ethanol exports into the United States during 2002-03 (May/April). Exporters are hopeful that a substantial increase in demand will lead to a demand for their Brazilian sugar-based ethanol in addition to the traditional corn-based ethanol supplied by U.S. producers. "There's a lot of talk about (ethanol) exports, but the big market is the U.S., and it has a prohibitive tariff," said Pedro de Camargo Neto, head of Brazil's Agriculture Ministry's Production and Trade Department. Though Brazil leads the world in sugar-based ethanol production, exports are prohibitive due to a U.S. import tariff of 54 cents per gallon.

Brazilian exporters expect a supply increase of 10 percent during 2002/03 to result in a substantial sugar surplus unless more cane is processed into ethanol. A drop in the price of raw sugar makes this an even more attractive option for millers. The Brazilian government and ethanol distributors, however, are concerned over domestic ethanol shortages. The country has become relatively dependent upon the alternative fuel, with approximately 40 percent of Brazil's automobiles operating on 100 percent ethanol. The remainder operate on 22 percent ethanol (78 percent gasoline), although some millers would like to make this figure 24 percent. The country consumes approximately 4 billion gallons of fuel ethanol annually. By comparison, the United States annually produces more than 1.5 billion gallons of ethanol from corn, milo, waste starches, and other agricultural products and, at least in the United States, more cost effectively than sugar-based ethanol. However, only 12 percent of the fuel in the United States uses ethanol, mostly a blend of 10 percent ethanol and 90 percent gasoline. (*Reuters 9/20, Renewable Fuels Association, www.ethanolrfa.org, USDA*)

Increase For Maritime War-Risk Insurance. Shipbrokers recently reported increases in war-risk insurance for ships heading into a broad war-risk zone around the Middle East. The additional premiums would be based on the ship's hull value (or insured value); that is, an insured value as determined by the ship's owner. Throughout the region, ships calling on Iraq would pay .5 percent of the hull value, those calling on Iran would pay .25 percent, and those calling on Saudi Arabia and the United Arab Emirates would pay .175 percent. Ships calling on Israel would be charged .2 percent of the hull value, while those passing through the Suez Canal or Red Sea would have to pay .1-.15 percent. Shipping sources have indicated that Iraq and Pakistan would likely have the highest war-risk surcharges--ships calling on the Pakistani ports of Karachi and Muhammad bin Qasim having to pay an additional war-risk premium of up to .4 percent of the ship's insured value.

A Panamax vessel of 55,000-80,000 metric tons, typically used to carry grain, for example, would pay a \$100,000 surcharge for a 7-day port of call. If the vessel was delayed beyond 7 days, that rate would double. Older vessels would be more economical to operate in this region, largely due to their higher rate of depreciation.

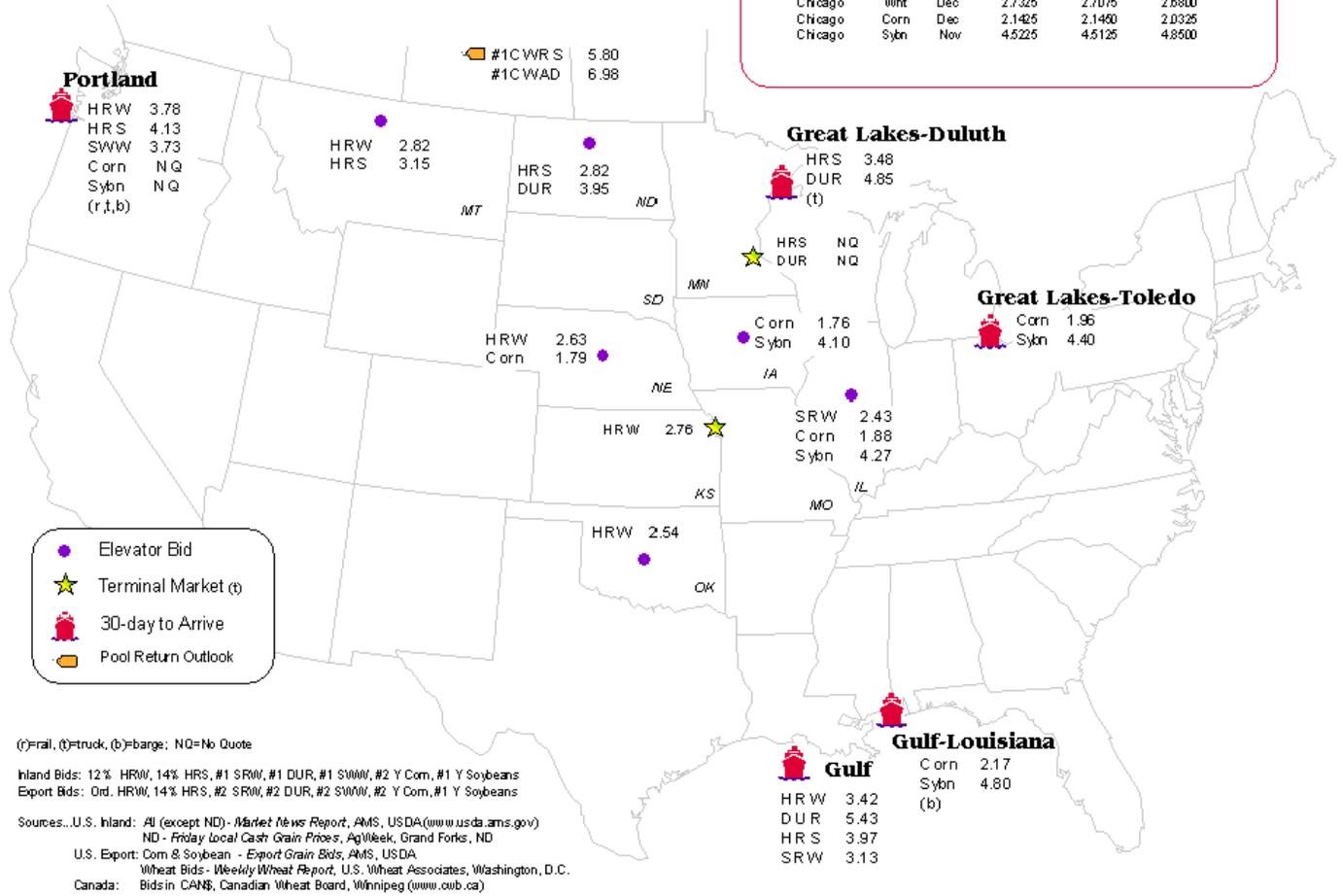
As of midnight, September 26, all war-risk coverage was canceled and renegotiated at the higher rates. "I'm afraid it's one of these things that's going to be passed on to customers," according to Vernon Rolls, director of the Far Eastern Freight Conference, an alliance of 15 major shipping firms involved in the Asia-Europe container trade. Brokers estimate a 13-percent hike in freight charges. (*Reuters 9/24, United States Maritime Administration, USDA*)

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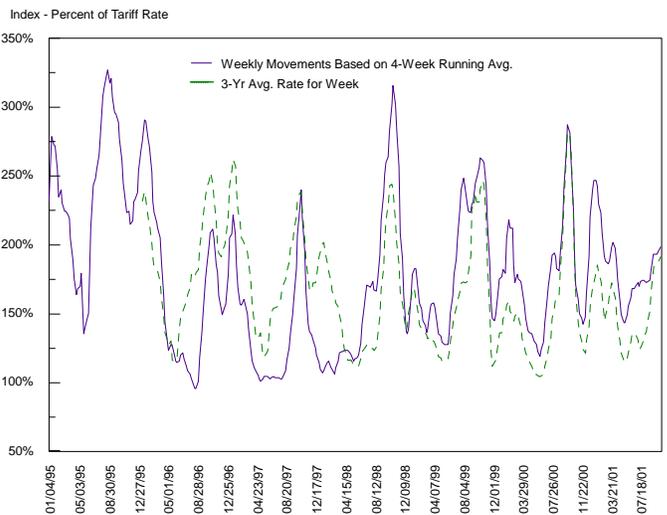
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Grain Bid Summary

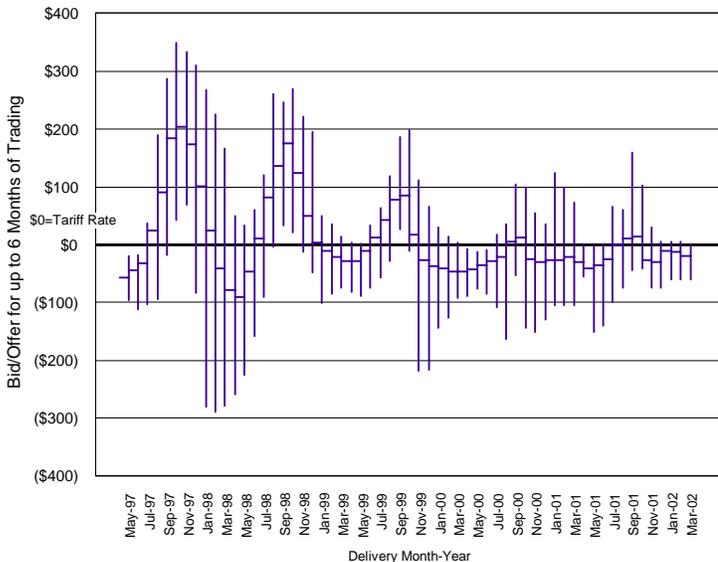
Futures:			10/04/2001	Week Ago 09/27/2001	Year Ago 10/06/2000
Kansas City	Wht	Dec	2.8800	2.9250	3.1850
Minneapolis	Wht	Dec	3.0650	3.0675	3.2450
Minneapolis	Dur	Dec	n.a.	n.a.	n.a.
Chicago	Wht	Dec	2.7325	2.7075	2.8800
Chicago	Corn	Dec	2.1425	2.1450	2.0325
Chicago	Sybn	Nov	4.5225	4.5125	4.8500



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Nov-01		Jan-01	
	Offered	% Sold	Offered	% Sold
BNSF-COT	12,242	38%	11,047	19%
UP-GCAS	5,400	2%	5,400	0%

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			
	Oct-01	Nov-01	Dec-01	Jan-02
BNSF-GF	\$5	\$(7)	\$(8)	\$5
UP-Pool	\$(21)	\$(51)	\$(51)	\$(35)

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:	Nov-01	Dec-01	Jan-02
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	\$0	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/Cash Basis Values

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate		
			Futures	Cash	
10/09/01	St. Louis	Nov	148	160	
		Jan	128	140	
		Mar	128	140	
		May	136	0	
		Jul	0	0	
		Illinois River	Nov	170	175
			Jan	193	195
	Mar		170	175	
	May		0	0	
	Jul		0	0	

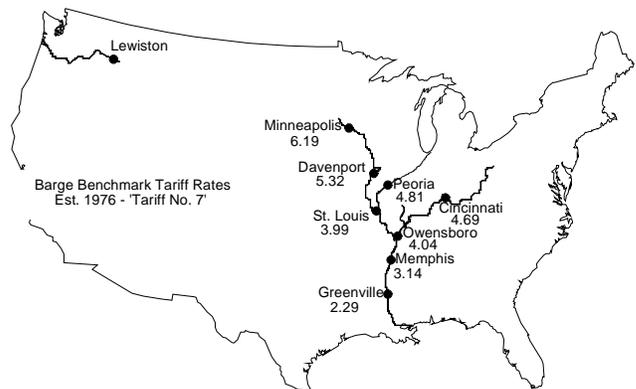
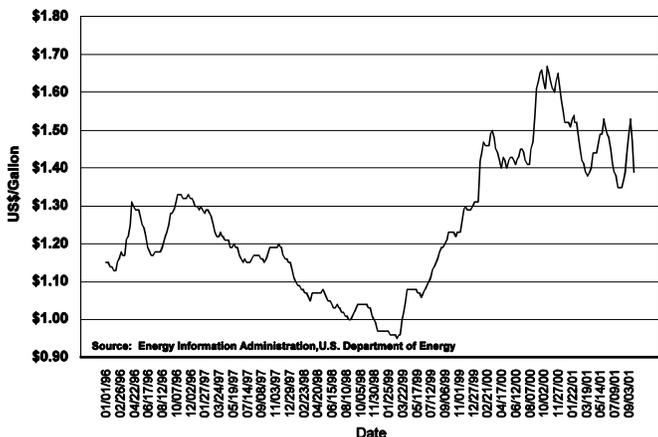
Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

	10/3/01	9/26/01	Nov '01	Jan '02
Twin Cities	237	216	235	0
Mid-Mississippi	228	211	191	0
Illinois River	218	209	176	186
St. Louis	219	201	151	139
Lower Ohio	258	243	169	148
Cairo-Memphis	213	202	144	136

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

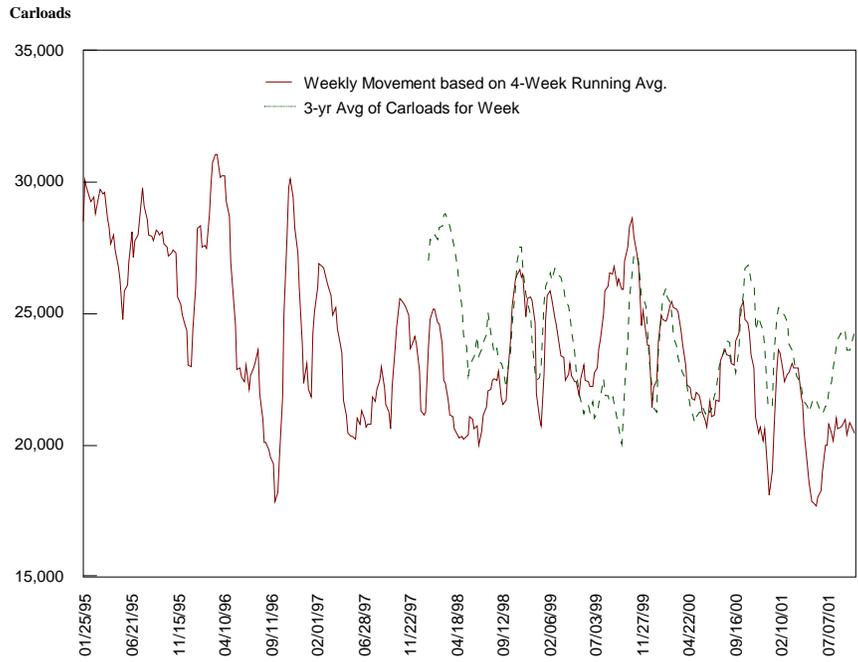
Weekly Retail Diesel (Road) Prices (Including Taxes)



Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
9/15/01	21,626
09/22/01	20,497
09/29/01	21,527
Year to Date - 2001	814,464
Year to Date - 2000	908,637
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
09/29/01	0	2,405	0	3,019	8,893	572	6,638	5,145	4,813
This Week Last Year	0	2,903	1,857	2,467	9,839	595	7,476	2,712	4,847
2001 YTD	0	111,572	0	116,619	310,081	18,617	257,575	189,322	173,431
2000 YTD	0	104,590	70,155	112,645	314,702	21,123	285,422	103,307	179,222
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

October 2001

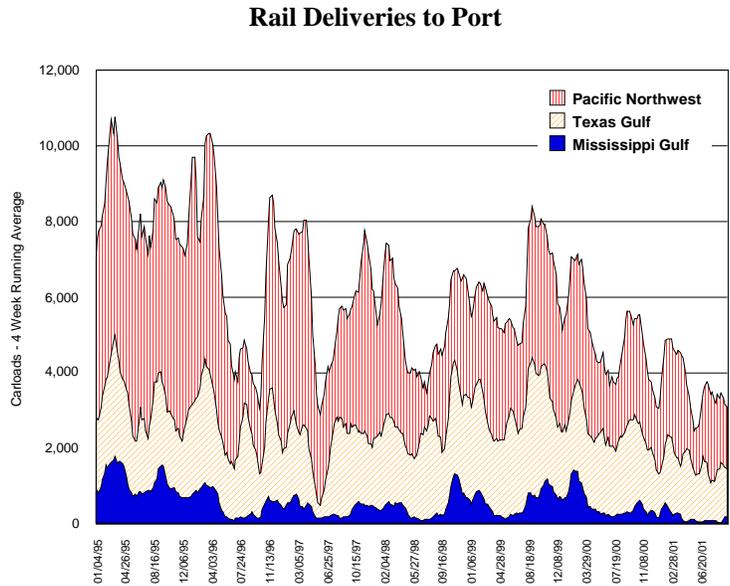
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
10/08/01	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
10/08/01	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
10/08/01	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
10/08/01	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
10/08/01	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
10/08/01	31040	Corn	Minneapolis, MN	Portland, OR	\$2,900	\$31.97	\$0.81
10/08/01	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
10/08/01	31040	Corn	Omaha, NE	Portland, OR	\$2,700	\$29.76	\$0.76
10/08/01	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,730	\$30.09	\$0.82
10/08/01	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
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

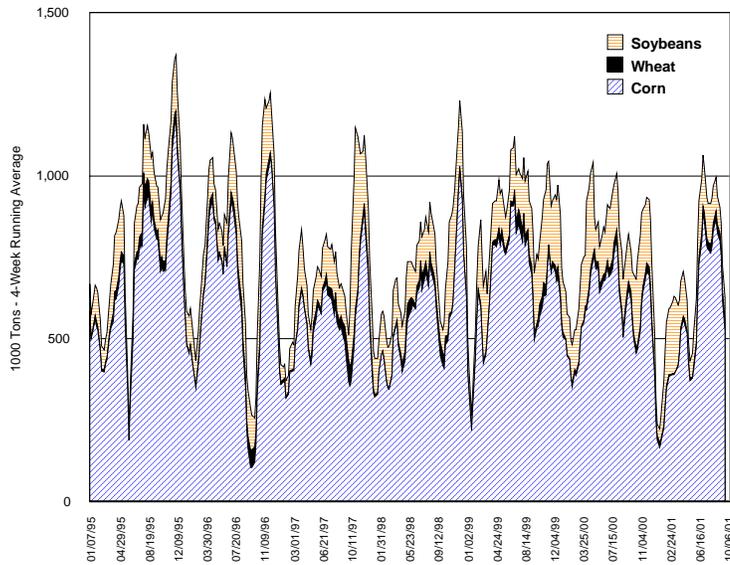
Rail Deliveries to Port Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
08/29/01	3*	1,851	2,239	125
09/05/01	0*	1,487	1,789	110
09/12/01	0*	1,513*	1,580	214
09/19/01	478*	861*	1,469	243
09/26/01	212*	1,387*	1,823	413
10/03/01	102*	1,273*	1,640	292
YTD 2001	6,612*	58,131*	82,080	18,476
YTD 2000	21,311	83,543	102,078	9,831
Total 2000	25,675	105,308	129,464	14,816
Total 1999	30,038	132,069	161,492	14,446

Source: Transportation & Marketing/AMS/USDA



(*) Incomplete Data
 (**) Revised Data

Barge Movements - Locks 27



Barge Grain Movements

for week ending 9/29/01

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	172	12	6	190
Winfield, MO (L25)	187	17	11	215
Alton, IL (L26)	352	30	57	438
Granite City, IL (L27)	355	30	57	441
Illinois River (L8)	98	0	18	116
Ohio (L52)	119	23	40	222
Arkansas (L1)	0	17	0	17
2001 YTD	24,037	2,027	6,238	33,692
2000 YTD	25,209	1,954	6,899	35,384
Total 2000	33,482	2,518	10,327	48,247
Total 1999	36,711	2,883	9,771	51,887

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
 Source: U.S. Army Corp of Engineers

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

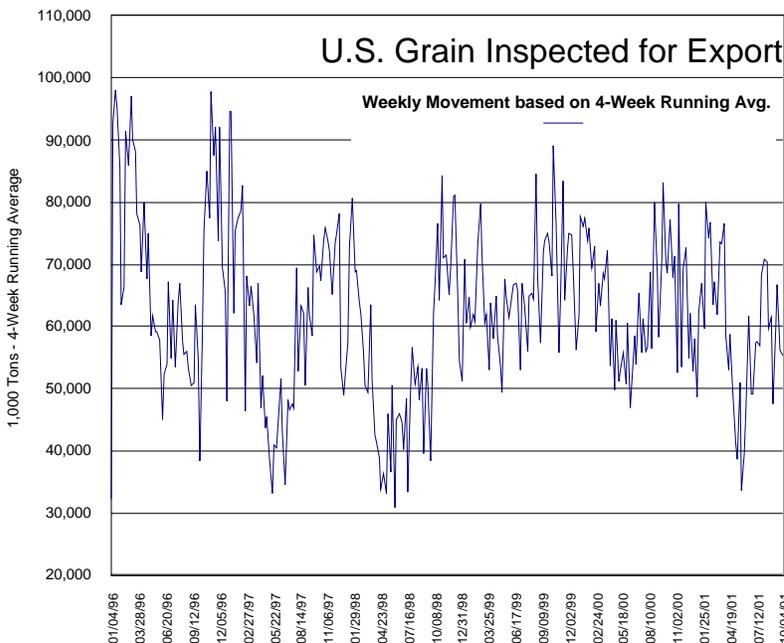
	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	Wheat <i>SWW</i>	<i>DUR</i>	<i>All</i>	Corn	Soybean	Total
<u>Unshipped Exports-Crop Year</u>									
09/27/01	1,150	1,091	862	499	314	3,916	7,018	6,916	17,850
This Week Year Ago	1,164	516	817	647	238	3,382	6,994	5,836	16,212
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	2,604	1,761	1,751	1,018	440	7,574	3,780	732	12,086
99/00 YTD	3,511	1,867	1,911	1,566	433	9,288	4,400	17,713	31,401
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

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
10/04/01	153	158	66	195	667	100	105	1	0
2001 YTD	7,250	4,268	1,451	4,674	27,027	10,382	4,179	213	979
2000 YTD	7,368	4,944	810	5,198	27,632	12,380	5,528	337	915
% of Last Year	73%	71%	85%	69%	77%	58%	60%	45%	97%
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

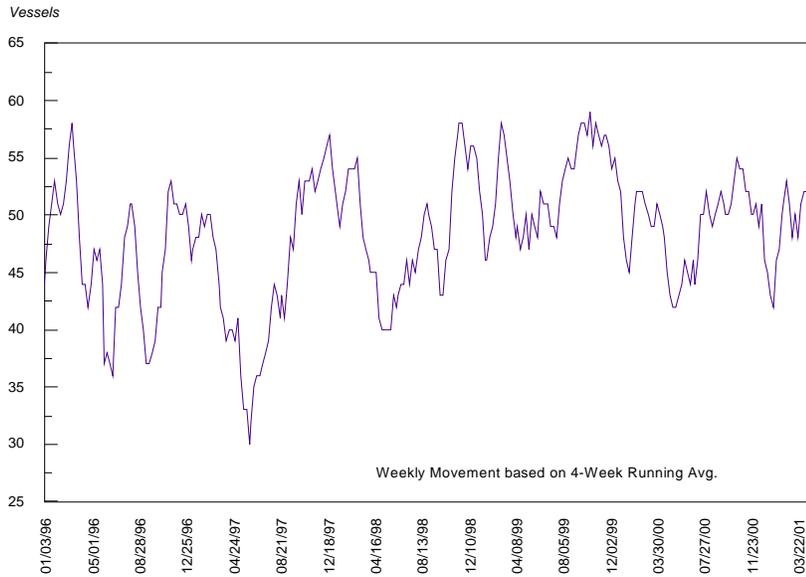


Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 10/04/01			
Vancouver	1,013	71	53
Prince Rupert	32	0	0
Prairie Direct	122	49	40
Thunder Bay	79	20	0
St. Lawrence	513	175	0
2001 YTD Exports	1,759	315	93
2000 YTD Exports	2,202	539	107
% of Last Year	80%	58%	87%

Source: Canadian Grains Commission, Crop year 8/1-7/31



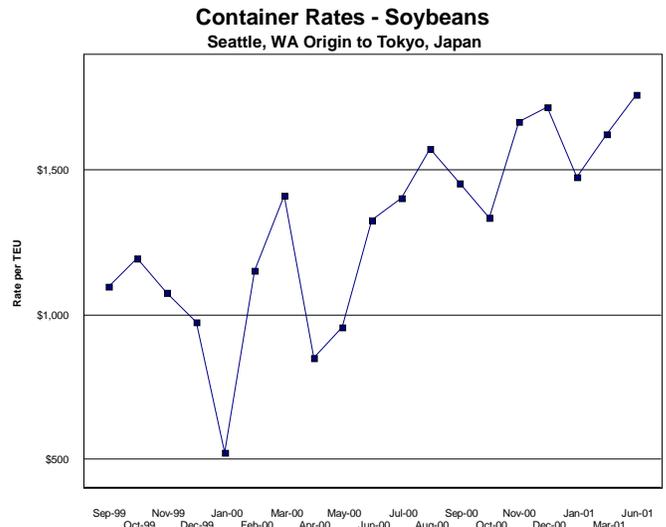
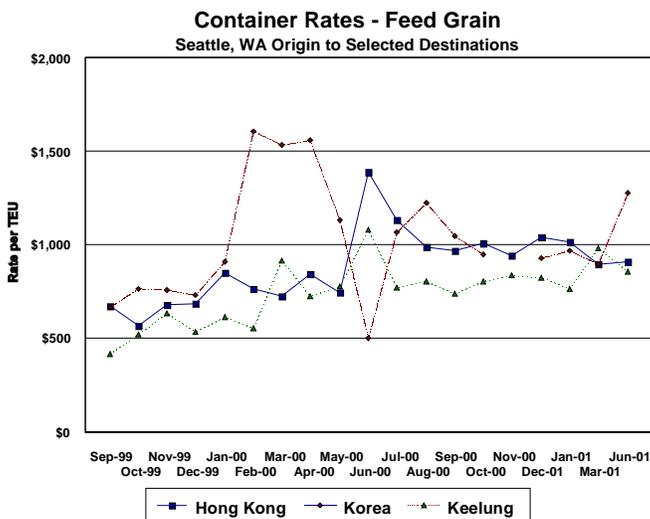
**Gulf Region
Vessels Loaded
- Past 7 Days-**

	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
09/27/01	32	46	61	4			10	6	4
10/04/01	30	50	64	7			13	11	4
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

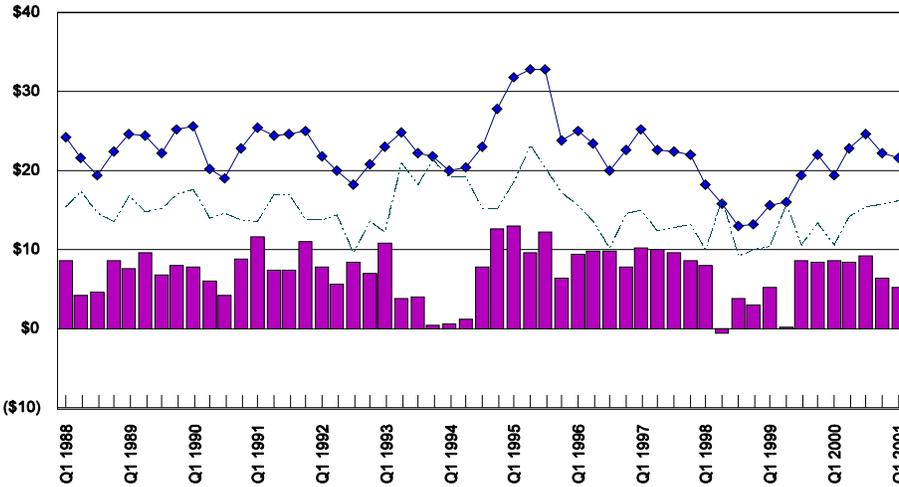
Container Ocean Freight Rates

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

	2001 2 nd Qtr	2000 2 nd Qtr	% Change		2001 2 nd Qtr	2000 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$22.31	\$22.84	-2%	Japan	\$13.50	\$14.37	-6%
Mexico	\$17.84	\$16.58	8%	Red Sea/ Arabian Sea		\$33.46	
Venezuela	\$14.76	\$11.34	30%				
N. Europe	\$16.93	\$15.50	9%	Argentina to			
N. Africa	\$19.52	\$20.91	-6%	N. Europe	\$19.68	\$18.96	4%
				Japan	\$26.62	\$26.57	-

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 10/6/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Great Lakes	W. Italy	Heavy Grain	Oct 20/30	19,000	\$28.00
St. Lawrence (Can.)	Amsterdam	Heavy Grain	Oct 10/15	63,000	\$7.00
Gulf	Egypt (Med.)	Heavy Grain	Oct 5/15	60,000	\$11.30
Gulf	Japan	Heavy Grain	Oct 27/Nov 10	54,000	\$17.50
Gulf	Japan	Heavy Grain	Oct 8/16	56,000	\$17.25
River Plate	Spain	Soybeans	Oct 2/5	31,000	\$17.74

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