GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

JULY 17, 2001

Galveston/Houston Ports Propose Merger. City and port officials are continuing talks regarding a proposed merger between the Ports of Houston and Galveston. A merger would essentially make the Galveston Port a strategic business unit of the greater Houston operation, with Houston assuming approximately $16 million of the Galveston Port's bond debts. According to the *Galveston County Daily News*, port archives and leases would also be transferred to Houston, and the Galveston wharves board would be dissolved. Critics argue that the deal gives away the Galveston Port while giving it nothing in return. Houston, however, promises to spend $30 million on the the port's infrastructure with all earned revenue invested back into the port during a 10-year period. The result, according to one estimate, may mean an approximate $73.5 million investment for the Galveston Port during that time. Further, a buy-back clause has been written into the terms of the merger stating that if Galveston Port business, such as grain exports, should decline significantly due to Houston's lack of attention, Galveston may buy the port back. The purchase amount, which Galveston would be given 10 years to pay, would be the $30 million which Houston would have initially invested in the port.

The Port of Galveston, currently the nation's 27th largest port, has the advantages of deep water, landside port access, water-to-water capacity, and intermodal access capability with service from the two largest rail companies, Union Pacific and Burlington Northern Santa Fe. However, the port lacks funding, a large consumer base, and market development (i.e., dependent on grain, it faces difficulties during drought and decreased grain production). Among the advantages of the proposed agreement are the expectation that a merger would allow global marketing and an international presence while eliminating destructive competition, instead focusing on the strengths of each port, Houston having the market and Galveston having the location. Also, since the Port of Galveston expects to need nearly $400 million in infrastructure investment by 2040 and receives no State funding, the partnership would provide a steady source of capital, not to mention more efficient and effective spending as a result of combining resources. The Port of Galveston also emphasizes the increasingly competitive nature of the industry and the need for strategic alliances in order to survive. It states that the merger would be a way to achieve a competitive regionalization without cost to the Galveston taxpayer.

Those against the merger argue that the Galveston Port would be losing its local control and identity, being allowed one representative on the seven-member Houston Port Authority Commission. Critics also question whether the amount which the Port of Houston has offered for the Galveston Port for upgrades is adequate. More information concerning the merger proposal may obtained under "port regionalization" at: **http://www.portofgalveston.com/** . *(The Galveston County Daily News 7/18* ***http://www.galvnews.com/*** *, USDA)*

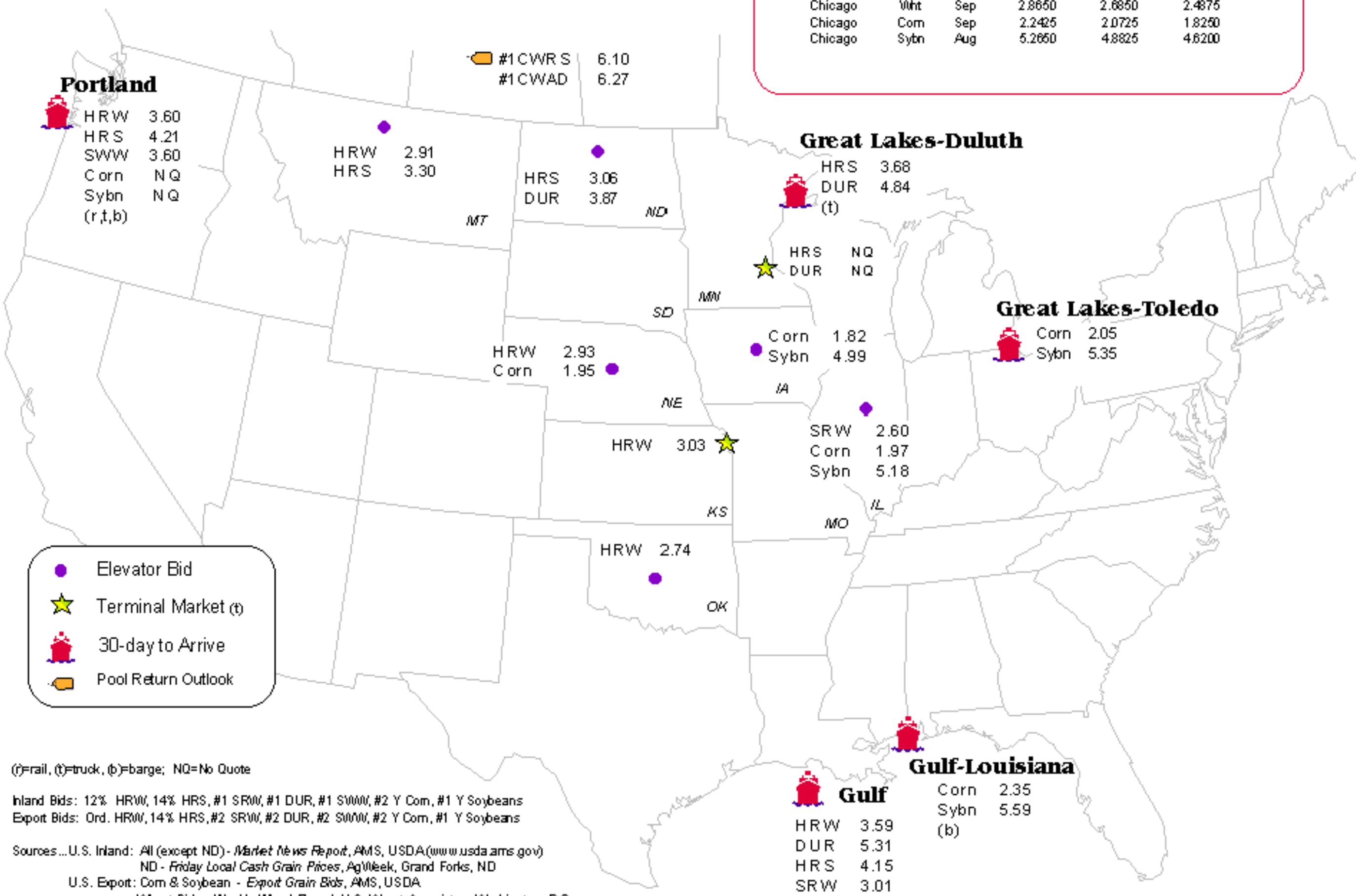
Rail Competition Act Introduced. The Railroad Competitioin Act of 2001, Senate Bill 1103, was introduced on June 26 by Senator John D. Rockefeller (D-WV). The proposed bill would require railroads, upon request by a shipper, to establish a rate and provide service between any two points on that railroad's system--even when the rate is for only part of a movement between a point of origin and a destination--and allow the shipper to challenge the rate for that portion of the movement. The bill also would codify the Surface Transportation Board's decision to eliminate the consideration of product and geographic competition when determining market dominance in rate appeals, reduce the filing fees paid by shippers and eliminate the railroad revenue adequacy standard in rate appeals, provide for arbitration for shipper complaints regarding rate reasonableness or the provision of rail service, and require rail carriers to submit monthly public reports on the quality of their service. In addition, the bill would require the Board to accord greater weight to the need for increased competition among rail carriers and would require a study of rail competition among rail carriers every 3 years. In comments filed before the Board, USDA supported these concepts. USDA is analyzing the effects the proposed bill will have on agricultural shippers. *(USDA-TM-MTA, Marvin Prater,* ***Marvin.Prater@usda.gov*** *)*

Oilseed Stocks Increase. U.S. oilseed stocks for 2001/02 are projected at 105.4 million metric tons, up 2.7 million tons from last year but sharply below last month, reflecting reduced U.S. production and beginning stocks and slight upward revisions to domestic crush and exports. U.S. oilseed production is projected at a record 91.0 million tons but is down 1.2 million tons from last month. Soybean production is forecast at a record 1,935 million bushels (79.9 million tons), down 50 million bushels from last month. Cottonseed production is up 0.4 million tons; other oilseeds have not changed significantly. U.S. soybean export prospects have increased 20 million bushels to a record 1,015-1,660 million bushels, mostly due to larger meal export prospects, particularly to Southeast Asia. Soybean oil export prospects for 2001/02 are up sharply from last month to 2.3 billion pounds, reflecting tightening global vegetable oil supplies and continuing strong demand in South Asia. *(USDA, World Agricultural Supply and Demand Estimates 7/11)*

Report is prepared by Karl Hacker and Sigal Nissan, 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. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments to **Karl.Hacker@usda.gov** .

Grain Bid Summary

Futures:			07/12/01	Week Ago 07/05/01	Year Ago 07/14/00
Kansas City	Wht	Sep	3.1775	3.0700	2.8850
Minneapolis	Wht	Sep	3.3125	3.2500	3.0925
Minneapolis	Dur	Sep	4.4000	4.4000	n.a.
Chicago	Wht	Sep	2.8650	2.6850	2.4875
Chicago	Corn	Sep	2.2425	2.0725	1.8250
Chicago	Sybn	Aug	5.2650	4.8825	4.6200

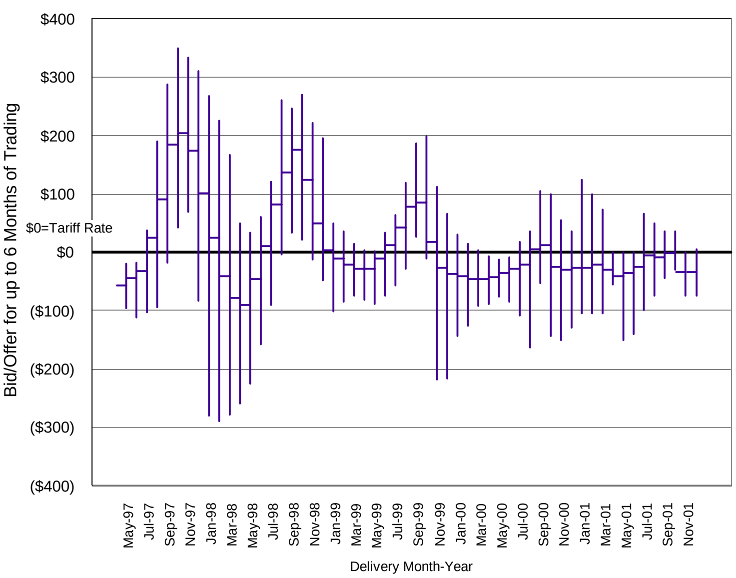


(r)=rail, (t)=truck, (b)=barge; NQ=No Quote

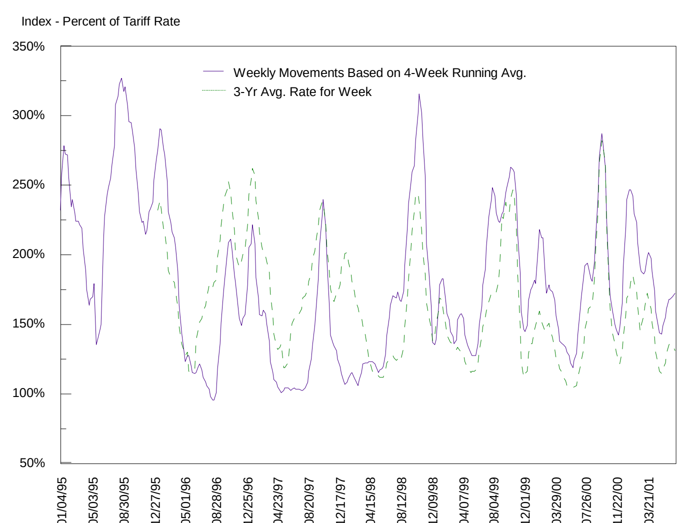
Inland Bids: 12% HRW, 14% HRS, #1 SRW, #1 DUR, #1 SWW, #2 Y Corn, #1 Y Soybeans
Export Bids: Ord. HRW, 14% HRS, #2 SRW, #2 DUR, #2 SWW, #2 Y Corn, #1 Y Soybeans

Sources...U.S. Inland: All (except ND) - *Market News Report*, AMS, USDA (www.usda.ams.gov)
ND - *Friday Local Cash Grain Prices*, AgWeek, Grand Forks, ND
U.S. Export: Corn & Soybean - *Export Grain Bids*, AMS, USDA
Wheat Bids - *Weekly Wheat Report*, U.S. Wheat Associates, Washington, D.C.
Canada: Bids in CAN$, Canadian Wheat Board, Winnipeg (www.cwb.ca)

Secondary Rail Market Bids



Spot Barge Rate - Illinois River



Rail Car 'Auction' Offerings

Delivery for:	Jul-01		Sept-01	
	Offered	% Sold	Offered	% Sold
BNSF-COT	12,000	16%	11,689	49%
UP-GCAS	5,400	1%	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			
	Jul-01	Aug-01	Sep-01	Oct-01
BNSF-GF	$73	$35	$37	$38
UP-Pool	$100	$56	$37	$33

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:	Aug-01	Sep-01	Oct-01
COT/N. Grain	$2	$5	$5
COT/S. Grain	$0	$0	$0
GCAS/Region 2	$3	$1	no offer
GCAS/Region 4	$25	no bid	no offer

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

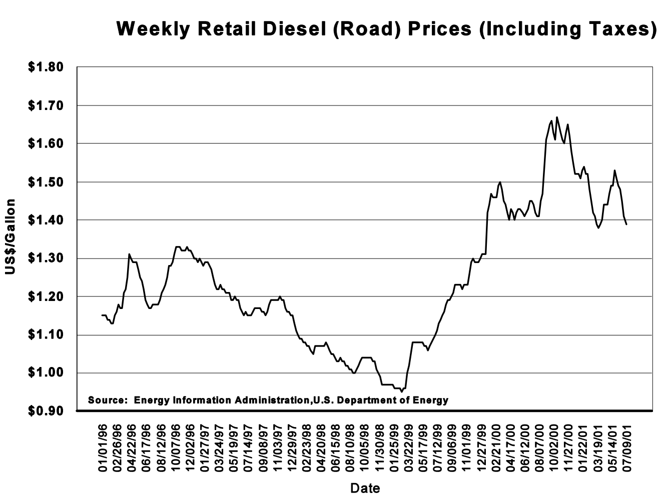
Week ended	River/Region	Contract Period	Rate: Futures	Rate: Cash
07/17/01	St. Louis	Aug	155	170
		Oct	208	220
		Dec	135	140
		Feb	135	0
		Apr	140	0
	Illinois River	Aug	185	210
		Oct	250	245
		Dec	163	178
		Feb	0	0
		Apr	0	0

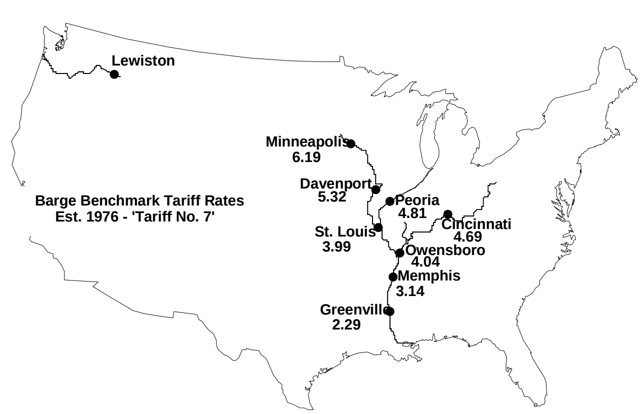
Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

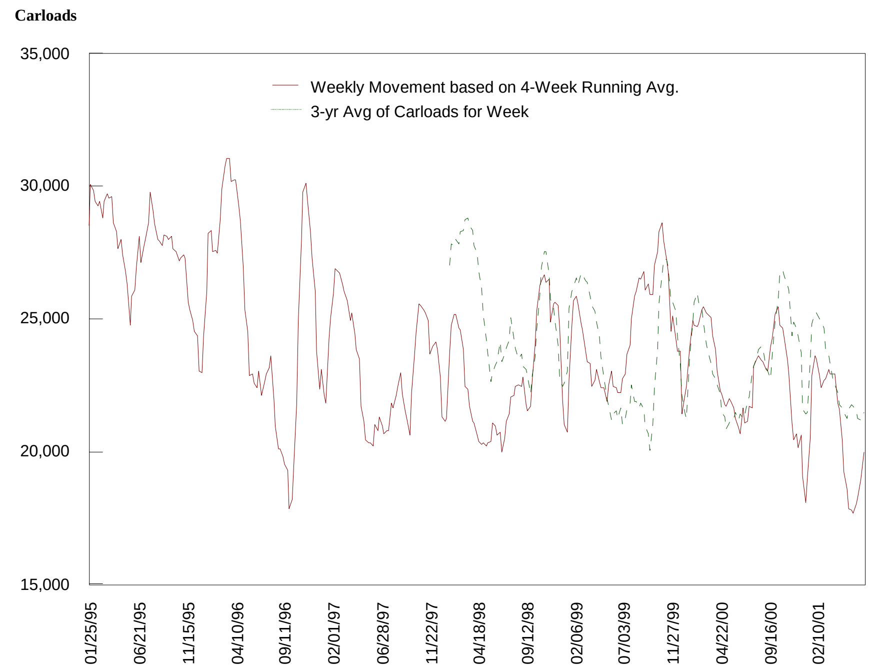
	7/11/01	7/5/01	Aug '01	Oct '01
Twin Cities	214	214	233	276
Mid-Mississippi	182	179	203	251
Illinois River	171	169	194	245
St. Louis	118	123	160	221
Lower Ohio	122	121	169	247
Cairo-Memphis	111	114	157	218

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





Grain Car Loadings for Class I Railroads



Class I Railroad Grain Car Loadings

Week Ending:	Carloads
6/23/01	20,864
06/30/01	21,692
07/07/01	18,367
Year to Date - 2001	564,641
Year to Date - 2000	625,199
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**
07/07/01	0	2,463	0	3,020	6,364	542	5,978	5,375	4,255
This Week Last Year	0	1,942	1,572	2,654	5,592	331	5,844	2,568	4,223
2001 YTD	0	82,759	0	83,800	209,675	12,359	176,048	131,908	119,596
2000 YTD	0	75,528	47,839	78,723	207,758	14,695	200,656	72,400	121,479
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

June 2001

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
06/11/01	45560	Wheat	Minneapolis, MN	Houston, TX	$2,050	$22.60	$0.62
06/11/01	43521	Wheat	Minneapolis, MN	Portland, OR	$3,877	$42.74	$1.16
06/11/01	46540	Wheat	Kansas City, MO	Houston, TX	$1,650	$18.19	$0.50
06/11/01	43586	Wheat	Kansas City, MO	Portland, OR	$4,240	$46.74	$1.27
06/11/01	43581	Wheat	Omaha, NE	Portland, OR	$3,905	$43.04	$1.17
06/11/01	31040	Corn	Minneapolis, MN	Portland, OR	$2,900	$31.97	$0.81
06/11/01	31035	Corn	Kansas City, MO	Portland, OR	$2,700	$29.76	$0.76
06/11/01	31040	Corn	Omaha, NE	Portland, OR	$2,700	$29.76	$0.76
06/11/01	61180	Soybean	Minneapolis, MN	Portland, OR	$2,680	$29.54	$0.80
06/11/01	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

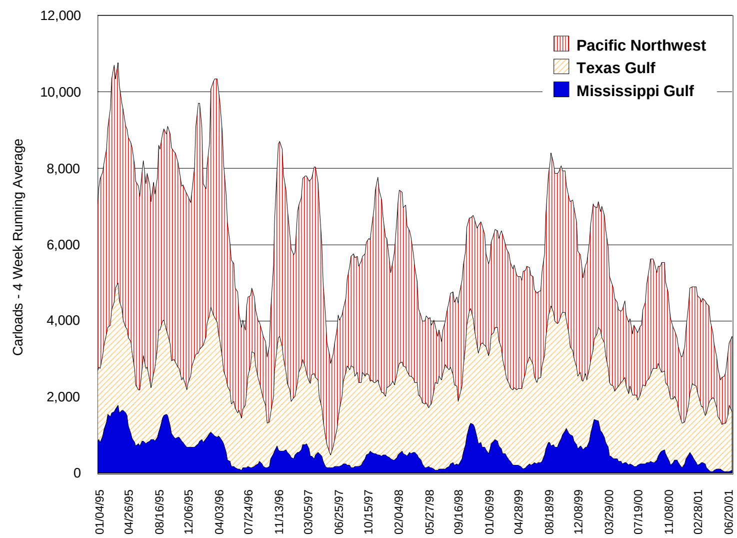
Rail Deliveries to Port
Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
06/06/01	8*	1,165	1,923	152
06/13/01	2*	1,607	1,101	55
06/20/01	103*	1,142	1,791	102
06/27/01	34*	2,031	1,784	705
07/04/01	31*	2,142	1,968	139
07/11/01	140*	879	2,345	309
YTD 2001	5,405*	42,974	58,613	14,885
YTD 2000	17,707	57,365	73,817	7,614
Total 2000	25,675	105,308	129,464	14,816
Total 1999	30,038	132,069	161,492	14,446

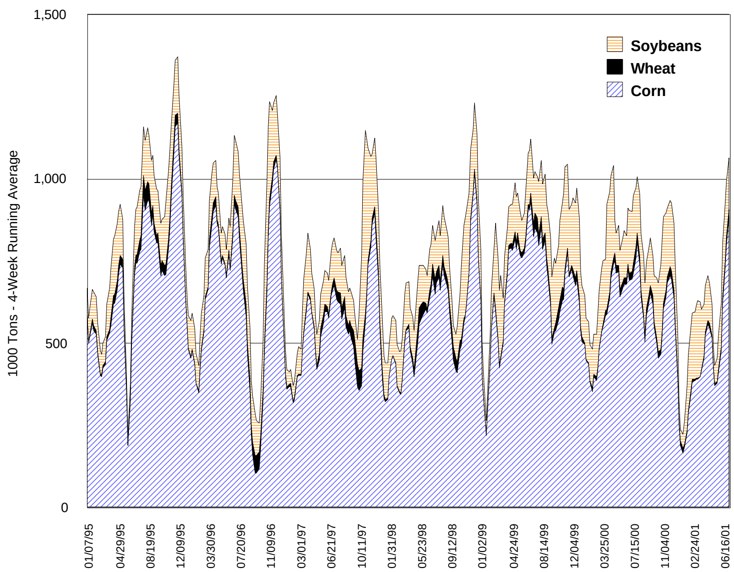
Source: Transportation & Marketing/AMS/USDA

(*) Incomplete Data
(**) Revised Data

Rail Deliveries to Port



Barge Movements - Locks 27



Barge Grain Movements
for week ending 7/07/01

	Corn	Wht	Sybn	Total
		1,000 Tons		
Mississippi River				
Rock Island, IL (L15)	383	12	49	443
Winfield, MO (L25)	644	9	64	728
Alton, IL (L26)	946	8	97	1,069
Granite City, IL (L27)	968	8	92	1,076
Illinois River (L8)	286	2	31	327
Ohio (L52)	33	14	18	99
Arkansas (L1)	0	39	0	39
2001 YTD	15,109	1,080	4,967	22,252
2000 YTD	16,890	1,093	4,897	23,829
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; n/a=not available

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

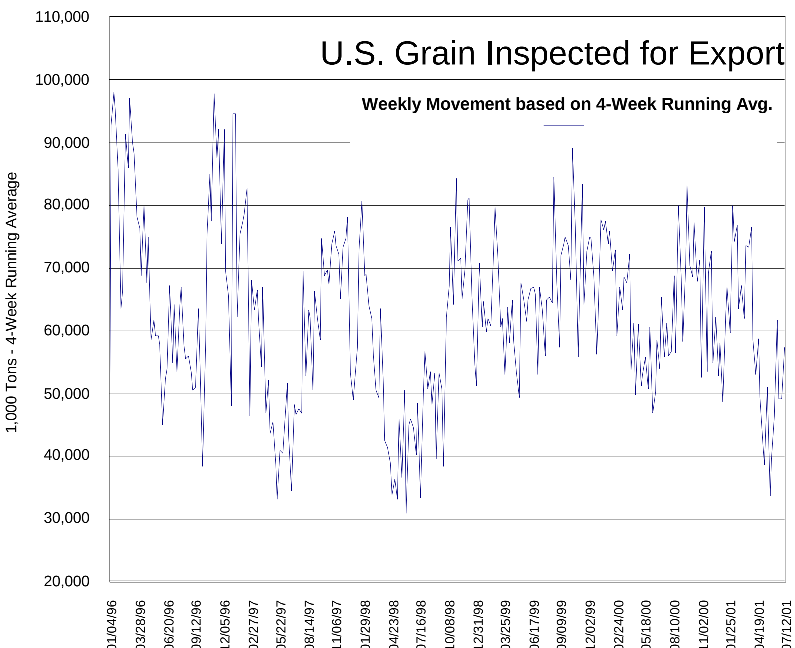
	Wheat						Corn	Soybean	Total
	HRW	*SRW*	*HRS*	*SWW*	*DUR*	*All*			
Unshipped Exports-Crop Year									
07/05/01	1,011	634	854	481	219	3,198	7,752	3,447	14,397
This Week Year Ago	1,052	551	787	604	239	3,233	8,055	2,920	14,208
Cumulative Exports-Crop Year									
00/01 YTD	737	342	406	268	83	1,835	37,918	25,429	65,182
99/00 YTD	896	547	573	387	28	2,431	40,757	17,713	60,901
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

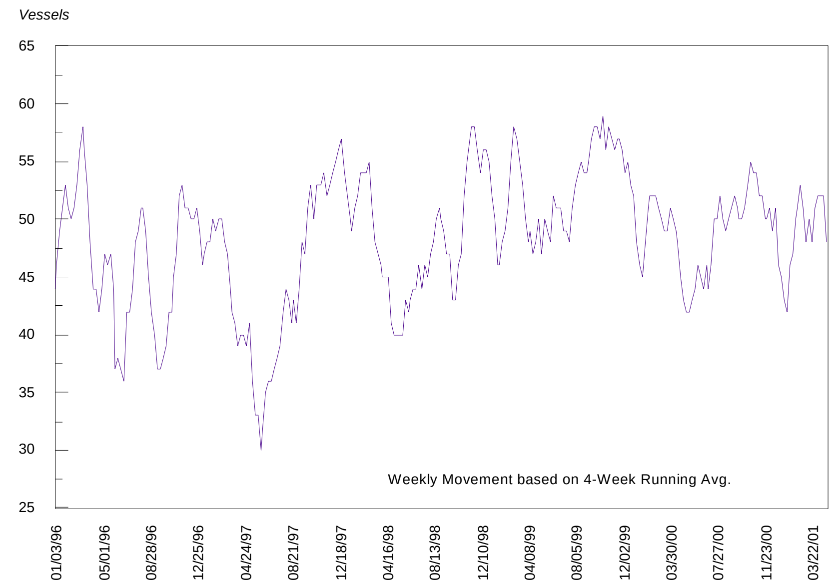
	Pacific Region			Mississippi Gulf			Texas Gulf		
	Wheat	*Corn*	*Soybean*	*Wheat*	*Corn*	*Soybean*	*Wheat*	*Corn*	*Soybean*
07/12/01	60	164	9	129	854	174	95	0	0
2001 YTD	5,102	2,565	1,260	2,910	17,121	8,485	2,976	171	780
2000 YTD	4,962	3,637	757	3,505	18,038	9,196	3,478	169	783
% of Last Year	51%	43%	74%	43%	49%	47%	43%	36%	77%
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

	Wheat	Durum	Barley
Week Ended: 7/05/01			
Vancouver	5,735	508	1,229
Prince Rupert	2,053		2
Prairie Direct	1,223	365	493
Thunder Bay	726	235	107
St. Lawrence	2,416	2,122	25
2000 YTD Exports	12,153	3,230	1,856
1999 YTD Exports	13,498	3,352	1,632
% of Last Year	90%	96%	114%



Gulf Region Vessels Loaded - Past 7 Days-

Port Region Ocean Grain Vessels

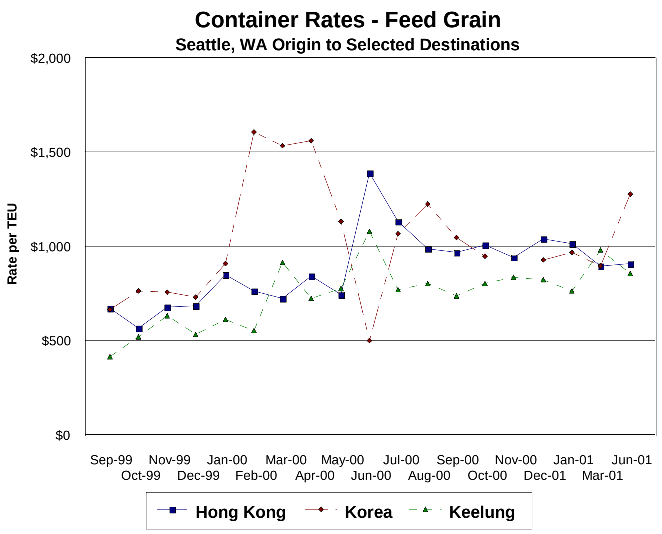
	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
07/05/01	27	40	61	2			7	7	3
07/12/01	27	42	62	10			10	7	2
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(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						

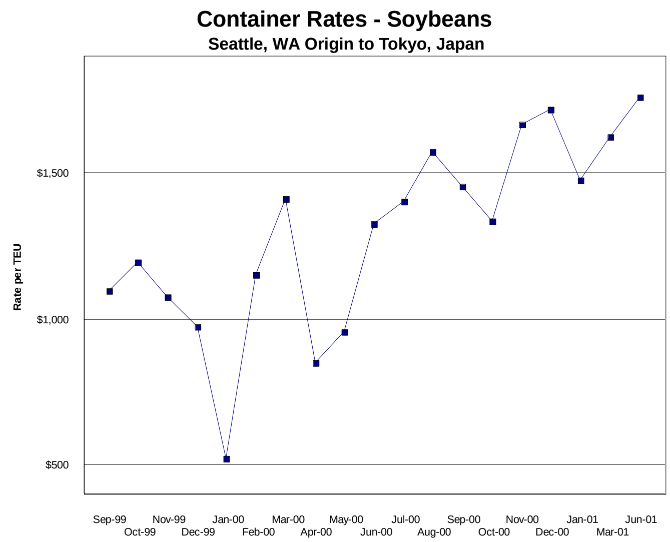
Source: Transportation & Marketing /AMS/ USDA

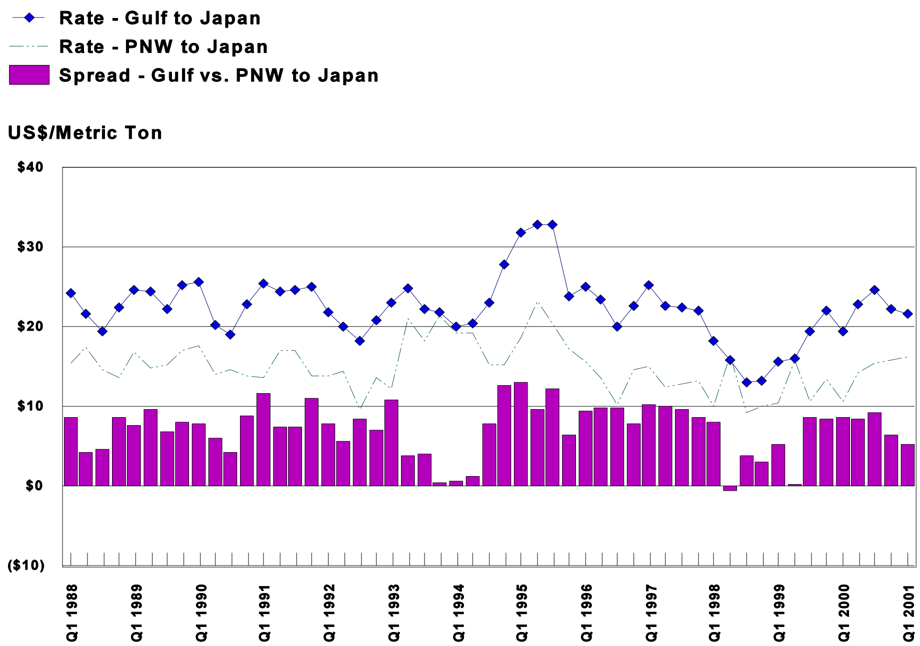
Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share

Source: Transportation & Marketing/AMS/USDA







Quarterly Ocean Freight Rates

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

	2001 1st Qtr	2000 1st Qtr	% Change		2001 1st Qtr	2000 1st Qtr	% Change
Gulf to				**Pacific NW to**			
Japan	$21.70	$21.15	3%	Japan	$16.36	$19.93	-18%
Mexico		$14.39		Red Sea/ Arabian Sea		$21.38	
Venezuela	$13.53	$11.29	20%				
N. Europe	$15.19	$14.25	7%				
N. Africa	$26.25	$18.40	43%	**Argentina to**			
				N. Europe	$16.47	$17.67	-7%
				Japan	$30.51	$27.23	12%

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 7/14/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate ($Ton)
Gulf	Mexico (WC)	Heavy Grain	July 11/14	40,000	$7.50
Gulf	UK (WC)	Grains	Prompt	25,000	$17.10
Gulf	Syria	Heavy Grain	July 10/15	30,000	$19.50
Gulf	Egypt (Med.)	Heavy Grain	July 23/30	55,000	$12.90
Gulf	Cyprus or Egypt	Heavy Grain	July 23/26	60,000	$14.15
PNW (Puget Sound)	Indonesia	Heavy Grain	July 18/30	40,000	$16.50
Brazil	Iran	Corn	July 18/25	60,000	$19.80
Brazil	Japan op 2 pts.	Heavy Grain	July 12/22	30,000	$26.75 op 29.00
N. France	Port Sudan	Wheat Flour (Bgd)	July 20/25	13,000	$31.75

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