Federal Reserve Bank of Chicago - -

Agricultural Letter

December 8, 1972

Number 1199

TRANSPORTATION BOTTLENECKS could hinder grain exports in the months ahead. The problem centers around an insufficient number of railroad cars to move grain from interior points to coastal ports. Rail car shortages have been a chronic problem for many years. The problem looms greater than ever this year, however, because of the unprecedented increase in grain exports scheduled for fiscal 1973. Total exports of grains and soybeans and soybean products for the year ending June 30, 1973 are estimated at 83.4 million metric tons, compared to 62.5 million metric tons in fiscal 1972. Disregarding seasonal fluctuations in shipping, quarterly exports would have to average nearly 21 million metric tons to meet these commitments.

Exports of grain, soybeans, and associated oil seed products totaled 17.6 million metric tons in the first three months of fiscal 1973. Though this was the highest rate of export in any quarter since 1965, shipments during the balance of fiscal 1973 must average more than 22 million metric tons per quarter to meet commitments.

Department of Agriculture estimates of rail carloadings necessary to accommodate the expected volume of exports for the remainder of fiscal 1973 average 41,000 carloadings per week in October-December, 33,000 per week for January-March, and 36,000 for April-June. Carloadings during October through the week ended November 25 have lagged well behind this pace, averaging only 30,000 per week, with a high of 33,000. Past experience indicates car shortages start to develop around 30,000 carloadings per week. To date, however, critical shortages have not become evident.

A special task force within the Association of American Railroads has been assembled to monitor rail car movements and locations to prevent bottlenecks before they develop. Reports indicate rail companies and grain firms are being exceptionally cooperative in assisting the task force in gathering information and implementing corrective actions. The Association of American Railroads and the Interstate Commerce Commission (ICC) have authority to issue directives that require various railroads to share all existing cars. This helps to insure that cars are made available where they are most needed regardless of ownership. Several such directives have been issued in recent months. The railroad association and the ICC also may place an embargo on certain ports when a backlog of unloaded cars begins to develop. Several embargoes were issued in October, but the last one was lifted during the past week. The apparent success of these coordinating efforts was probably aided by a weather-delayed harvest that has eased the typical seasonal congestion at interior grain elevators, and the fact that actual exports in July-September were well off the pace required to meet export commitments.

Other potential bottlenecks exist. Many Soviet ports do not have the storage capacity of U. S. ports, and delays of up to two weeks in unloading ships have been reported already. As more ships arrive in Soviet ports in the months ahead, this problem could work back across 7,000 miles of ocean and disrupt U. S. port operations.

Another bottleneck could result at interior elevators faced with burdensome drying and handling problems, reflecting the unusually wet harvesting conditions this year. Illinois elevators, in particular, may be adversely affected by curtailment of natural gas to operate drying facilities.

Possible transportation bottlenecks may be most costly for grain export firms. These firms are under substantial pressure to meet their wheat export commitments by May since this is the last month in which they are eligible to receive export subsidies. Trade sources estimate that as of December 1, three-fourths of the over 400 million bushels of Russian-bound wheat was yet to be shipped. This implies that wheat shipments are likely to receive priority over corn and soybean shipments in the months ahead.

Demoorage charges, the penalty on shippers for holding rail cars over two days for loading or unloading, were doubled in April of 1971 and could be another source of financial loss to grain firms if bottlenecks and the attendant delays in loading and unloading rail cars should occur. Charges range from $10 to $30 per day per car depending on the length of time a car is held out of service.

Farmers, too, may suffer from transportation bottlenecks. Unfavorable price relationships at country points could develop if local elevators are unable to maintain the flow of grain through their facilities. Farmers in unfavorable locations could be forced to find additional storage facilities. Grain spoilage on the farm could increase. Many farmers already hard-pressed to repay loans because of harvesting problems may be forced to ask for further extensions of credit if marketing problems develop.

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