Transportation Challenges Impacting Agriculture Markets

PNWER Summit

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What is CAGTC?

• Coalition for America’s Gateways and Trade Corridors: Founded in 2001 as a national advocacy organization for freight infrastructure

• Mission: Raise public recognition and Congressional awareness of the nation’s freight needs and to promote sufficient funding in federal legislation for our multimodal goods movement system

• Composition: 60+ member organizations that are geographically and politically diverse from the public & private sectors
Global Rankings

Investment is Urgently Needed

• Our largest trading partners and competitors are investing at twice to five times the rate we are:
  – U.S. — <2%
  – Canada — 4%
  – Mexico — 4.5%
  – Europe (average) — 5%
  – India — 8%
  – China — 9%
In order for the U.S. to maintain its competitiveness, we need a national freight strategy that takes a comprehensive view of every mode of freight transportation, including waterside and landside infrastructure improvements.

“The average international product or commodity travels over 1,000 miles within the U.S. to get from a port to its market, underscoring how international trade relies on the domestic freight network.”

*Brookings: “The Great Port Mismatch”*
Canada’s Economic Action Plan (2013)

- Builds off of the Building Canada Plan of 2007
- The largest and longest federal infrastructure investment in Canada’s history
- Prioritizes investment in Canada’s gateways
- Focuses on supporting projects that enhance economic growth, job creation and productivity
- Makes use of P3s
Agriculture travels on every mode

U.S. Agriculture Supply Chain for Raw and Processed Products

Source: Federal Highway Administration
Demand for Agricultural Products is Growing, especially in foreign markets

- Each mode has its challenges & opportunities, but access to foreign markets requires seamless, cost-efficient multimodal transport.
- Canada is investing - but the U.S. is not keeping pace.
- By 2020 degraded infrastructure will result in agriculture, forestry and fisheries losing $17 billion in sales, according to the American Society of Civil Engineers.
Inadequate Border Infrastructure

- Existing infrastructure is beyond capacity.
- Long wait times are harming economic productivity.
- The Canadian Government paid for the entire Detroit-Windsor crossing in Michigan.
Agriculture by Highway
Highway

- Globally, the US ranks 16th in quality of roads. Countries including Japan, France, the Netherlands, and the United Arab Emirates are ranked higher.
- There are major chokepoints along trade corridors and at the U.S. – Canadian border.
Agriculture by Inland Waterway
Inland Waterways

• The inland waterway system includes 242 navigational locks and dams, most of which are more than 50 years old. A number of them are 70–80 years old.

• A disruption, such as a failure, dramatically impacts barge shipments.

• According to the American Society of Civil Engineers, barges laden with freight are delayed an average of 52 times each day.
Agriculture by Rail
Rail – Capacity Constraints

“If there’s a capacity problem who pays more, coal or grain?”

• Increased demand abroad for coal coupled with the Bakken shale oil boom, is creating a capacity crunch that is particularly pronounced in the Pacific NW.

• The remaining capacity available to other railroad shippers is limited, constrained, and more expensive.

• Transit times increase as a result of congestion.
Ports
Ports

• Port infrastructure in the United States is ranked 12th globally.
  – Denmark, New Zealand, and Spain have higher rankings

• West Coast labor strikes were particularly damaging to Agriculture:
  – Christmas trees, exported to Asia, missed the entire holiday shopping season.
  – Apple producers in the Pacific NW say they lost $19 million a week.
  – Suppliers worry about a permanent loss as customers look elsewhere.
Present Landscape

• Two-year bill, funded at $52B/ yr
• Developed first-ever National Freight Policy and other freight provisions
• Expired 9/30/14, was extended through 5/31/15, and again through 07/31/15
What’s Next?

- **Money**: HTF revenue will not support a bill; tax reform, including repatriation, could possibly happen by late fall and support a long-term surface transportation bill.
- “Do Nothing Congress”: Republicans will likely be inspired to shake the 113th Congress’ reputation in time for the 2016 Presidential race. The 113th Congress passed just 185 laws.
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