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## *USDA Agricultural Outlook Forum*

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### **Transportation From a Shippers Perspective**

**Dan Mack: Vice president transportation and terminal operations – CHS Inc.**

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February 20, 2015

# DISCUSSION TOPICS

**Current Transportation situation**

**Ag trends driving transportation demand**

**What does ag need from the North American rail industry**

**What shippers need to keep their eye on in 2015**



# CURRENT TRANSPORTATION SITUATION

- Demand growth
- Infrastructure deficiencies
- Resource challenges
- Supply chain shifts
- Recovery in process



# AG TRENDS DRIVING TRANSPORTATION DEMAND

- **Production growth/mix**
- **Expanding grain infrastructure investment**
- **Rapidly expanding grain producer capability and timing**
- **Increased global competition – Export supply chain**
- **Stable - growing domestic demand**
- **Ag – energy correlation**
- **Multi modal demand growth**
- **Agronomy evolution (nitrogen and fertilizer)**

# AG SHIPPERS TRANSPORTATION NEEDS

- **Robust and consistent capacity**
- **Infrastructure investment**
- **Timely logistical information**
- **Freight liquidity/flexibility**
- **Competitive pricing that reflects market conditions**



# AG SHIPPERS TRANSPORTATION NEEDS

- **Transportation programs that align with the grain markets**
- **Service consistency**
- **Ability to manage peak demand periods**
- **Accessibility and responsiveness of transportation provider and a culture of continual improvement**



# WHAT RAIL SHIPPERS NEED TO KEEP THEIR EYE ON IN 2015

- **Service volatility**
- **Rail economics**
  - Rates , Capacity valuation, Accessorial charges
- **Chicago gateway**
- **Rail infrastructure expansion continues into 2015.....**
- **Rail recovery metrics**
- **Geographic demand growth trends**
- **Shipper/receiver facility development costs**
- **Canadian rail situation**
- **Truck and rail regulatory environment**





**Farmer-owned with  
global connections**