

U.S. farmers cheer road, rail, river upgrade plans

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By Karl Plume

GRAPEVINE, TEXAS (Reuters) – President Barack Obama's plan to inject billions of dollars into infrastructure projects is welcome news for the world of agriculture, transportation industry experts said.

But the government must also pass targeted legislation to iron out the sometimes-outdated policies that slow movement and increase the cost of raw materials flowing into and out of crop producing areas of world's biggest grain exporter, they said.

U.S. farm exports totaled a record \$115.5 billion in 2008. Commodities move from farms located mostly in the interior of the country to domestic markets and export terminals via truck, rail and river barge.

"We're excited about the new administration, but this is going to be a mammoth challenge," said Paul Rohde, vice president at Waterways Council, Inc, an advocacy group that works to sustain and improve the U.S. system of navigable rivers.

"The way we build these locks, the cost of overruns, our country is hamstrung by the process," he said on the sidelines of the Commodity Classic grain industry convention.

"I don't know that it will happen in four years, but at least the trend line is changing," he said.

In his budget proposal laid out this week, President Obama requested \$5 billion to create a national infrastructure bank in fiscal year 2010 which starts October 1, saying it would expand and enhance existing federal infrastructure investments.

The transportation industry says that necessary repairs to aging roads, bridges, and river locks and dams have often been neglected until it is too late.

"The whole river works as a system. If just one lock goes down, there's a ripple effect and all of a sudden the rail rates go up," Rohde said.

Rail infrastructure has not been neglected as severely as U.S. roads, bridges and river locks because of private investment, but limited competition and a lack of government regulation of the industry has sometimes elevated shipping costs.

Businesses that transport grain and other goods via rail, represented by Jennifer Owen of the group Consumers United for Rail Equity, argue that railroads operate nearly as a monopoly but are not regulated by anti-trust laws as they should be.

The rail industry has consolidated from about 40 large railroads in 1980 to just 4 major players today, she stressed.

Efficiency in the trucking industry has been hampered by rigid regulation that should be updated, some in the industry believe.

"Truckers are limited to the hours they work and that's for all of our safety," said Russell Laird, executive director of the American Trucking Associations.

"But during the planting and harvesting seasons, while safety is still important, it's really hard to get the job done without exemptions," he said, citing proposed revisions to the number of hours a trucker must rest between shifts during busy periods.

He said ATA is also aiming to revise existing weight limits to ease gridlock and to help make truck transportation of goods more efficient.

Increasing the number of axles on a truck and spacing them out differently can increase the amount of material a truck can haul without undue wear on roads, he said.

(Reporting by Karl Plume; Editing by Gary Hill)