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BNSF Railway Trims Freight Rates

Great Falls – BNSF Railway, Montana’s primary freight carrier, has announced a decrease in its tariff rates for shipments of wheat in the Northern states. BNSF’s Vice-President of Ag Products, John Miller, discussed the reduction of wheat rates by \$100 per car with a meeting of farm group leaders in Great Falls on Wednesday. Miller indicated that this rate reduction is market-based, and should help move burdensome stocks of wheat to export markets, as well as to domestic customers. Recent reductions in fuel costs, plus lower export volumes, were factors in the action by BNSF. Miller also noted that pulse rates are lowered by \$75 per car.

Montana Grain Growers Association (MGGA) and Montana Farm Bureau Federation (MFBF) have a long-standing agreement with BNSF to collaboratively find solutions to freight issues surrounding Montana grain shipments. This agreement, beginning in 2005, has brought Montana rail freight rates in line with those in other states where freight competition is more robust.

“Montana and the United States have had a difficult time moving the 2015 wheat crop,” said MGGA president Rob Davis, a grain producer from Larshan, MT. “The world is in a wheat surplus situation, and the US dollar is very strong. These two factors have combined to create slow exports for our crop.”

Miller indicated that the \$100 per railcar reduction is scheduled to remain in place through August 1. MFBF president Bob Hanson of White Sulphur Springs commented on what the reduction means for wheat producers. “Movement of our grain stocks is important,” said Hanson, “but a lower freight cost is also good for the balance sheets of our grain producers, who are facing wheat prices below the cost of production, and are very concerned about all their input costs.”

Wheat prices have been in the \$4 per bushel range for several months, while costs of production for most farmers are above \$5.

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