

TRANSPORTATION CHALLENGES ENCOUNTERED WITH CONTINUED GROWTH OF DISTILLERS GRAINS

Abstract

Are markets for distillers grains growing? Are railroads keeping up with shipping demand? What about trucks and barges? What are the latest transportation issues? Do we have more questions than answers? Let's look at the facts. For every bushel of corn used to produce ethanol, one third is returned as distillers grains (DDGS). In 2006/07 2.12 billion bushels of corn were used in ethanol production. Estimates of DDGS production for that year vary between 11 million metric tons (mmt) and 18 mmt. Corn-based ethanol use as directed by the Energy Security and Independence Act of 2007 could increase ethanol production to 15 billion gallons annually, using about 5 billion bushels of corn. Distillers grains volumes will increase proportionately. Because distillers grains currently contribute approximately 12 percent to the profitability of ethanol production, the importance of marketing this co-product is growing. Market opportunities for distillers grains include improved utilization rates in the animal feed in the United States, as well as increased export volumes and destinations. Transportation challenges in the future could include rail infrastructure (unit train destinations, congestion, railcar availability), as well as product variability and flowability issues.

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