



Testimony of

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“Building a 21st Century Infrastructure for America”

Committee on Transportation and Infrastructure
United States House of Representatives

February 1, 2017

Chairman Shuster, Ranking Member DeFazio, and distinguished members of the House Committee on Transportation and Infrastructure, thank you for the opportunity to testify before you today.

My name is Dave MacLennan. I am the Chairman and CEO of Cargill. Cargill provides food, agriculture, financial and industrial products and services to the world. Our purpose is to nourish the world in a safe, responsible and sustainable way.

Our company is a great American success story. It was started in 1865 by William W. Cargill, with just one small grain warehouse in Conover, Iowa. That elevator almost went bankrupt a few years later, when the railroad stopped coming to Conover. However, Mr. Cargill knew that transportation drives growth in agriculture. So he followed the infrastructure, and today, we have 150,000 employees in 70 countries who are committed to our purpose.

Thank you for your past leadership on reauthorization of the Water Resources Development Act and passage of the Fixing America’s Surface Transportation Act. I am encouraged by the interest of this committee and the current administration in modernizing our nation’s infrastructure. I am eager to discuss the challenges



and opportunities facing our agricultural transportation system and hear the testimony of leaders from other industries.

For much of our history, America's infrastructure has been the envy of the world. It has allowed our country to become the economic powerhouse it is today. Certainly for agriculture, moving product for trade and export is crucial. But while many other countries are building the roads, ports and railways of the future, we are falling behind. If the U.S. is to remain competitive and American companies are to thrive, we must maintain and upgrade our infrastructure.

We must commit to making the investments that will keep America competitive in decades to come. The dollars we spend now will pay off tenfold. Infrastructure investments will allow American companies to compete effectively with their counterparts abroad and create long-term growth that will benefit all Americans.

Twenty-first century infrastructure is a broad term that covers a lot of topics. The shiny ones include electric cars, microgrids and high-speed rail. In our business, today's shiny objects are bio-based technologies. I encourage the committee to support policies that enable adoption of innovations homegrown in rural America.

For example, agriculture-based asphalt rejuvenators restore the aged properties of asphalt. This allows significantly more recycled asphalt to be used in road construction without sacrificing performance. Embracing performance-based specifications would increase the use of responsible, sustainable practices, resulting in cost savings and reduced environmental impact.

To support the safety, reliability and cost-effectiveness of our electric grid, natural ester dielectric fluid is an agriculture-based product that delivers increased fire safety, reduces the amount of raw material necessary in transformers and extends asset life. These are just two examples of bio-based technologies that offer broad, tangible benefits to both our nation's infrastructure and its agriculture industries.

As exciting as new technologies are, we should also think about our traditional assets. So the remainder of my testimony will focus not on the shiny objects, but on the ones that tend to get rusty: the rails, roads, bridges and waterways of rural America.



Mr. Chairman, someone recently gave me an article about Cargill from BusinessWeek written January 4, 1964. An excerpt reads, “What the grain division does is buy grain at a point of surplus and carry it to a point of deficit. Or buy it at a time of surplus and carry it over to a time of deficit. Our profit comes from being able to do this at a lower cost than our competitors.”

That was 53 years ago. While the world has changed dramatically, some things remain the same: Transportation and infrastructure drive agriculture.

Agriculture is the largest user of freight transportation in the United States, claiming 31 percent of all ton-miles according to the USDA. When commodity prices are based on world market prices, American competitiveness requires efficient, working infrastructure. In our world of thin margins, when infrastructure fails, we all feel it.

At Cargill, we support multiple modes of transportation. What is most important to us is making sure our customers prosper by getting their goods from point A to point B in an efficient and sustainable manner.

This holiday season, our company delivered more than 20 million fresh and frozen Honeysuckle White and Shady Brook Farms turkeys to our customers, and to the dinner tables of American families, using infrastructure of all types. You probably didn't think about how the turkey got to your table, or about the jobs in growing turkey, grain processing, feed manufacturing, transportation, distribution and retail that are involved along the way. You didn't need to worry about those things because companies like Cargill are hard at work keeping our food system efficient and connected.

Every year, Cargill ships more than 200 million tons of dry bulk cargo around the world. That is equivalent to the weight of 980,000 Statues of Liberty. We move more than 1 million trucks, 400,000 railcars, 10,000 barges and 50,000 shipping containers annually. It is the interconnected nature of waterways, railways and highways – the three-legged stool of domestic transportation – that is important to keeping the United States competitive. When one mode of transportation is troubled, it affects the entire system.

Unfortunately, our nation's transportation infrastructure is under unprecedented strain.

- Our inland waterways struggle under the strain of aging locks and growing demand.
- Our sea ports aren't deep enough to accommodate newer, larger ships.
- Our railroads are experiencing capacity constraints.



- Our bridges and roads are crumbling, receiving D ratings from the American Society of Civil Engineers.

If our ports fail, we can't link Pacific Northwest grain farmers to the global market. If our locks and dams fail, we can't to move road salt we mine in Avery Island, Louisiana, up the rivers to keep winter roads safe in Pittsburgh, Pennsylvania. If our bridges crumble, we can't cost effectively truck fertilizer to family farmers in Platte City, Missouri. If our railroads are over capacity, we can't ensure enough ethanol makes it to New Jersey to be blended into gasoline to fuel our automobiles.

We know what it looks like when one mode of transportation fails and the consequences ripple up the supply chain. In 2005, when Hurricane Katrina temporarily shut down the Gulf ports, we lost the ability to transport grain on the nation's waterways. Losing this efficient transportation capacity greatly impacted the price of corn paid to our family farmers along the Mississippi River, with U.S. corn prices falling 30 cents per bushel overnight. In 2005, the U.S. corn crop was about 10 billion bushels, so this amounted to \$3 billion in lost market value during this time.

In the Chairman's home state of Pennsylvania, crumbling bridges near our beef plant in Wyalusing were recently bypassed for replacement. Reduced weight limits made them impassable for our carriers. In this rural town where we employ more than 1,700 workers, trucks moving beef to our customers are forced to re-route to state highways, adding an additional \$500,000 in costs to the business annually with the total cost to date reaching nearly \$1.5 million.

It is easy to see the impact an investment in infrastructure will have locally, but we must also look at the impact our investments will have around the globe. America is the breadbasket to the world. Disruptions in the global food supply chain due to ineffective infrastructure can have immediate and lasting impacts on food security. It can also undermine our ability to compete against agricultural exporters from other nations.

The World Economic Forum recently ranked the United States 11th overall in infrastructure quality in 2016. Our agricultural transportation system is turning from a strength into a potential weakness. If nothing is done, the cost of moving agricultural products to markets will steadily rise in the United States. At the same time, some of our strongest competitors, like China and countries in South America, are building 21st century infrastructure to make their transportation systems more efficient.



The time for action is now. We cannot allow ourselves to be surpassed by our global competitors, but building things takes time. Even if we decide to move forward very soon, it will take a number of years to impact local jobs and American industry.

The cost of inaction is more lock closures, congested highways, railway bottlenecks, constrained ports and structurally deficient bridges. Ultimately, this means losing our competitive edge. That would choke our economic recovery and hamper future growth.

We recognize the financial considerations that must accompany legislative decisions, but we believe that a healthy investment in the future now will prove to be a wise decision down the road. In our view, it is better business to build the 21st century infrastructure we need to stay competitive than to keep bandaging failing 20th century infrastructure indefinitely.

I want to thank you again for this opportunity to share Cargill's views with you today. Our ability to fix our infrastructure, compete in the global market and keep our economy growing will be influenced by the decisions and actions of the people in this room. I urge you to invest in the food and agriculture sector by reinvesting in the state-of-the-art transportation system that we all know clearly got us here in the first place. Cargill stands ready to work with the carriers and our government to help find long-term solutions that will benefit us all.

Thank you again for the opportunity to share Cargill's views with you today. I look forward to answering your questions.