2026

Rail Shipping Costs and Logistics Challenges

North Dakota producers depend heavily on rail to move grain and oilseeds to domestic and export markets. Because the state is far from major deep-water ports, rail rates, service reliability, and capacity directly affect local cash prices, basis levels, profitability, and planting decisions.

KEY FACTS & DATA — USDA AMS GRAIN TRANSPORTATION REPORT, JUNE 2026

- **Rising Rail Costs:** Total rail tariff plus fuel surcharge increased 6.8% to 18% year over year on key North Dakota routes. Fuel surcharges reached $0.59 per mile, up $0.46 from June 2025.
- **Basis Pressure:** Higher transportation costs are passed back to producers through weaker basis. Transportation costs may remove 40–50¢ per bushel of potential basis value. HRS wheat basis in North Dakota commonly runs $0.70–$0.75 under Minneapolis futures, while soybean basis in parts of the Northern Plains has reached $0.80–$1.50 under.
- **Service Challenges:** Many North Dakota origins have access to only one Class I carrier. Limited competition, peak-season pressure, manifest service variability, demurrage, storage charges, and reduced flexibility can increase costs and marketing risk.

SELECTED ND & NORTHERN PLAINS RAIL GRAIN RATES (TARIFF + FUEL SURCHARGE, JUNE 2026)

Origin / Route (Carrier)	Commodity	$/Bu	Y/Y Chg	Type	Source
Alton (Hillsboro) to Texas Gulf (BNSF)	HRS Wheat	$1.77	**+18.0%**	Shuttle	ND
Alton (Hillsboro) to PNW/Seattle (BNSF)	HRS Wheat	$1.89	**+14.2%**	Shuttle	ND
Bucyrus to PNW/Seattle (BNSF)	HRS Wheat	$1.77	**+13.9%**	Shuttle	ND
Minot to Kalama, WA (CPKC)	HRS Wheat	$1.69	**+6.8%**	Unit	ND
Williston to St. Louis, MO (BNSF)	Durum	$1.73	**+11.7%**	Shuttle	ND
Argyle, MN (BNSF) to PNW/Seattle	Soybeans	$1.88	**+10.9%**	Shuttle	NP
Clarkfield, MN (BNSF) to Hereford, TX	Corn	$1.54	**+3.9%**	Shuttle	NP

ECONOMIC AND COMPETITIVE IMPACTS

- **Producer Profitability:** Higher rail costs widen basis and reduce local cash bids, especially during periods of low commodity prices.
- **Marketing and Storage:** Service delays can increase storage costs, quality risks, demurrage exposure, and opportunity costs. These pressures affect planting decisions, storage investments, and marketing timing.
- **Statewide Impact:** Rail challenges affect more than farmers. Elevators, suppliers, rural communities, and local tax bases can also be impacted when transportation costs rise or service becomes unreliable.
- **National Context:** AFBF projects U.S. farmer transportation, marketing, and storage expenses at a record $14 billion in 2026. North Dakota's competitive position in wheat, durum, soybeans, and corn depends on reliable export access through the Pacific Northwest and the Gulf.

COMPETITIVE CONCERNS — PROPOSED UP/NS MERGER

The pending Union Pacific–Norfolk Southern merger would place 40% of U.S. rail service under a single entity. The merger is under the STB for review and has not been approved. Advocates say consolidation will be more efficient and cost-effective. NDFB has submitted a letter opposing the merger, citing concerns about reduced competition, limited market access, and added pressure on North Dakota producers.

QUESTIONS TO CONSIDER

Although current policy is not explicit, NDFB has previously supported affordable, reliable transportation to move agricultural products to market and has raised concerns about the proposed rail merger.

▶ How are rail rates, service reliability, and basis levels affecting producers, elevators, and rural communities in your area?

▶ How should NDFB balance free market principles with the need to preserve open competition in rail service for North Dakota producers?

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