

April 21, 2022

Surface Transportation Board
395 E St., S.W.
Washington, DC 20423

Dear Surface Transportation Board Members:

The undersigned members of the Agricultural Transportation Working Group (ATWG) strongly urge the Surface Transportation Board (Board) to immediately seek resolution of the current nationwide freight rail service challenges and take appropriate measures to deter, and hopefully prevent future service failures of the magnitude currently being experienced.

The farmers, ranchers, food and beverage manufacturers, processors, package suppliers, farm supply dealers and agricultural product marketers that comprise our collective memberships support and sustain millions of American jobs. Our members provide safe, abundant, affordable, and sustainably produced human and animal food, fiber and agricultural products that are essential to the health and well-being of tens of millions of U.S. and global consumers. Competitive and reliable railroad freight transportation is essential to meet these objectives.

Reliable and cost-competitive railroad freight service is essential because U.S. agricultural producers and agribusinesses compete in the global market for agricultural products ranging from raw commodities to value-added products, such as meat, poultry, dairy, cotton and biofuels. Economic multipliers associated with the U.S. food and agricultural sector accrue to the broader U.S. economy, particularly in terms of job creation and economic growth. According to data from the U.S. Department of Commerce, as well as analysis conducted by the U.S. Department of Agriculture, the food and agricultural sector contributes \$1.1 trillion to the U.S. gross domestic product – a 5 percent share – and supports more than twenty-two million full- and part-time U.S. jobs – constituting 11 percent of total U.S. employment.

The current inability of several Class I carriers to provide reliable rail service to their customers is impacting farmgate commodity prices and elevating food prices for consumers. Neither of these outcomes is beneficial for individual Americans and the U.S. economy. While several factors contribute to these carriers' rail service challenges, we consistently hear that significant reductions in train crew numbers and other personnel have severely hamstrung the rail carriers' ability to maintain their prior levels of service, to overcome the typical day-to-day issues that affect railroad service plans, and to respond to changes in rail freight demand. Moreover, the mismatch between the importance of reliable and cost-effective freight rail transportation to our nation's economy and the lack of effective competition between the Class I railroads remains of great concern to the ATWG members.

The ATWG believes future service challenges can be deterred, or even prevented, through increased competition, and by implementing financial incentives for railroads to perform more efficiently utilizing the same concepts that railroads use to incentivize their customers to be more efficient. For this reason, the ATWG applauds the Board's recent decision to accept public comments on the Petition for Rulemaking in Docket No. EP 768 filed by the North America

Freight Car Association, the National Grain and Feed Association, the Chlorine Institute, and the National Oilseed Processors Association. The petition asks the Board to adopt rules that will permit rail customers to levy financial penalties on railroads for their inefficient use of private railcars, which make up many of the cars that haul processed agricultural commodities. The ATWG believes the Board should also explore other ways to utilize these principles to incentivize the Class I railroads to provide more reliable service for rail carrier provided railcars that haul most of the raw agricultural commodities.

We urge the Board to expeditiously conclude its work in Docket No. EP 711 (Sub – No. 1) for the purpose of establishing reciprocal switching rules that enable the creation of rail-to-rail competition at qualifying interchanges between carriers. We also believe rail service will improve through additional data reporting, such as first-mile, last-mile rail service reporting, and by the Board developing guidance on the Board’s expectations for rail carriers in meeting their statutory obligation to provide service upon reasonable request pursuant to 49 U.S.C. §11101. Lastly, we believe some rail service challenges can be forestalled by requiring all the Class I railroads to develop annual rail service assurance plans, which will provide a basis for the Board and industry stakeholders to conduct annual assessments of intended service versus actual service, and to identify and address potential issues that otherwise may result in future service deficiencies.

The ATWG urges the Board to quickly adopt these proposals to encourage better freight rail service now and in the future.

Sincerely,

Agricultural Transportation Working Group

Agricultural Retailers Association
American Farm Bureau Federation
American Feed Industry Association
American Sheep Industry Association
American Soybean Association
American Sugar Alliance
Consumer Brands Association
Corn Refiners Association
Equipment Dealers Association
Forest Resources Association
Fresh Produce Association of the Americas
Growth Energy
Hardwood Federation
Institute of Shortening and Edible Oils
Leather and Hide Council of America
National Aquaculture Association
National Association of Wheat Growers
National Corn Growers Association

National Cotton Council
National Council of Farmer Cooperatives
National Farmers Union
National Grain and Feed Association
National Grange
National Milk Producers Federation
National Oilseed Processors Association
National Pork Producers Council
North American Meat Institute
North American Millers' Association
Pet Food Institute
Specialty Soya and Grains Alliance
The Fertilizer Institute
USA Rice
U.S. Wheat Associates

CC: President Joseph R. Biden
Tom Vilsack, Secretary of U.S. Department of Agriculture
Pete Buttigieg, Secretary of U.S. Department of Transportation
Debbie Stabenow, Chair, Senate Agriculture Committee
John Boozman, Ranking Member, Senate Agriculture Committee
David Scott, Chair, House Agriculture Committee
Glenn "GT" Thompson, Ranking Member, House Agriculture Committee
Maria Cantwell, Chair, Senate Commerce Committee
Roger Wicker, Ranking Member, Senate Commerce Committee
Peter DeFazio, Chair, House Transportation and Infrastructure Committee
Sam Graves, Ranking Member, Transportation and Infrastructure Committee