



February 1, 2023

The Honorable Sam Graves
Chairman
House Committee on Transportation & Infrastructure
United States House of Representatives
Washington, DC 20515

The Honorable Rick Larsen
Ranking Member
House Committee on Transportation & Infrastructure
United States House of Representatives
Washington, DC 20515

RE: Hearing on The State of Transportation Infrastructure and Supply Chain Challenges

Dear Chairman Graves and Ranking Member Larsen:

The American Chemistry Council (ACC) appreciates the Committee holding this hearing to examine transportation and supply chain challenges and to learn how carriers will address them. Just like the carriers testifying at the hearing, shippers continue to face unprecedented transportation problems that adversely impact their operations, which in turn impacts the broader economy by fueling inflation and the shortage of products and materials.

ACC represents more than 150 of America's leading chemical companies. Our members manufacture a wide variety of chemicals, polymers, and related products that help make our lives and our world healthier, safer, more sustainable, and more productive. The business of chemistry is also essential to building and construction, electronics, farming, food production, vaccines, medicine, automobiles, aerospace and much more.

The chemical sector is one of the largest shippers by volume across all modes of transportation - for marine, rail and truck. Our transportation needs are growing as the result of the resurgence of U.S. chemical manufacturing. [ACC's Economics and Statistics department found](#) that investments in chemical manufacturing in the U.S. will drive tremendous new transportation demand with more than 830 thousand additional chemical shipments per year by 2032:

- 337K additional marine container shipments
- 122K additional rail shipments
- 370K additional truck shipments

Supply chain and freight transportation disruptions have caused considerable problems for chemical producers. In fact, a [survey of ACC members](#) found that 97 percent of companies reported that they had been forced to modify or curtail operations because of transportation. And our members tell us that significant supply chain and freight transportation challenges persist.

ACC recognizes and applauds the important steps that Congress and the Administration have taken to help address transportation challenges, including the passage of the bipartisan Ocean Shipping Reform Act (OSRA). We also thank Congress for the swift, bi-partisan action to avert a shutdown of the nation's rail network. However, more needs to be done to improve the efficiency, capacity, and resiliency of America's freight transportation system.

Trucking Policy

Chemical manufacturers are concerned that constraints in the trucking industry could hinder future growth and investments. We urge Congress to pass the [Safer Highways and Increased Performance for Interstate Trucking \(SHIP IT\) Act](#) to help the trucking industry deliver for businesses and consumers. The bill contains key reforms that will help recruit and retain drivers, while maximizing the efficiency of the country's trucking network and without creating new regulations.

Freight Rail Reform

Freight rail is critical to ACC's members and chemical manufacturing. Our industry is one of the largest freight rail customers, shipping over two million carloads annually.

ACC appreciates the testimony from Ian Jefferies of the Association of American Railroads acknowledging that rail service has not been what customers deserve and stating that railroads are "fully committed to restoring service to a consistently high level." However, rail service failures cannot be blamed solely on the pandemic, and rail customers deserve more than promises that railroads will do better in the future.

Railroads cut tens of thousands of jobs before the pandemic started. In addition, railroads have dramatically changed their operations and the level of service they provide to shippers as they implemented Precision Scheduled Railroading (PSR). These changes have harmed many rail customers through additional costs and service failures.

Given the massive changes within the freight rail industry and their ramifications for the economy, the Surface Transportation Board (STB) cannot afford to stand still. The STB should adopt new approaches that are better equipped to address the current environment. Competition and market forces provide the best means to balance the needs of railroads and their customers. Policies that promote greater competition within the rail industry help make it an attractive and



viable option to move freight, and competition will incentivize railroads to attract and retain the skilled workforce needed to meet this demand.

We urge Congress to provide the Surface Transportation Board with the resources it needs to finalize long overdue [regulatory reforms](#) that will provide greater access to competitive and reliable freight rail service.

Specifically, ACC supports the STB's proposal to change its restrictive rules on [reciprocal switching](#). This key reform would finally provide greater access to competitive rail service as envisioned by the Staggers Rail Act more than 40 years ago. Reciprocal switching will help provide competitive transportation rates, open up more service options, and ease congested routes.

In addition, we support the Board's efforts to collect and report more meaningful data on service performance to rail customers known as "first mile/last mile service." Collecting this critical data would provide the STB and rail customers with better insight into some of the most disruptive service problems so they can be effectively addressed.

Finally, we urge Congress and the STB to further define and clarify the service performance levels that railroads are required to meet as part of their Common Carrier Obligation. This will provide greater accountability and help prevent future service failures.

ACC would like to work with the Committee to deliver solutions that will help improve the transportation network and strengthen the nation's supply chains.

Sincerely,
American Chemistry Council

