

Congress of the United States

Washington, DC 20515

June 29, 2022

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The Honorable Martin J. Oberman
Chairman
Surface Transportation Board
Washington, DC 20423

The Honorable Michelle A. Schultz
Vice Chairman
Surface Transportation Board
Washington, DC 20423

The Honorable Robert E. Primus
Board Member
Surface Transportation Board
Washington, DC 20423

The Honorable Patrick J. Fuchs
Board Member
Surface Transportation Board
Washington, DC 20423

The Honorable Karen J. Hedlund
Board Member
Surface Transportation Board
Washington, DC 20423

Via Electronic Mail Re: Poor Rail Service and Fertilizer and Agricultural Goods

Dear Chairman Oberman, Vice Chairman Schultz and Board Members Primus, Fuchs, and Hedlund:

On behalf of our constituents and farmers around the country, we write regarding poor rail service, which has limited fertilizer shipments, among other essential agricultural inputs and commodities, including grain and feed. Thank you for the time you have already spent addressing this urgent matter. However, we strongly encourage the Surface Transportation Board (STB) to continue its work with stakeholders to address the short-term challenges and to minimize the likelihood of their recurrence through practical updates and changes.

At a time when global fertilizer supplies and global crop production are highly disrupted, imposing shipping curtailments on fertilizer inputs and grain, as recently proposed by Union Pacific, will cause major supply chain disruptions, hurt American farmers, and exacerbate the food crisis considerably. We must ensure critical commodities reach essential industries and workers, such as America's farmers, who are essential to feeding our nation and the world. Food is a national security issue, and we must treat it as such.

During the April 26-27 Surface Transportation Board hearing on rail service, a variety of industries, including grain and feed and fertilizer producers, reported severe rail service problems amongst all or most of the Class I rail carriers. According to The Fertilizer Institute, over half of all fertilizer moves by rail, and recent service problems, and imposed restrictions have forced fertilizer shipping reductions and potential production delays. This can restrict fertilizer supply

and raise costs on the farmers who rely on this necessary input for 50% of their crop yields.¹ Rail service has struggled for fertilizers, including nitrogen, phosphate, and potash.² As you may know, sanctions against Belarus and the Russian war in Ukraine have severely restricted global potash supplies. While Canada holds 45% of the world's reserves, we must be able to move fertilizer by rail to supply our farmers and many others around the world.³

Feed mills, integrated livestock and poultry operations, and other agricultural operations are also experiencing pervasively poor rail service. This has led to shutdowns and slowdowns at ethanol plants, soybean crushers, flour mills, and livestock and poultry feed mills that are severely challenging agricultural supply chains and leading to lower prices for producers and higher food prices for consumers. Instances of severely delayed feed deliveries to farmers to support these operations are all too common, and at grain export destinations, vessels endure long loading wait times due to delayed train delivery. During this time the grain exporter, not the railroad, pays demurrage charges to the shipping company. According to a letter from the National Grain and Feed Association to STB on March 24, 2022, one grain company by itself is spending an additional \$3 million per month on secondary freight to try and keep animals fed.

While trucking surges for U.S. fertilizer producers in the Spring and grain producers in the Fall, the overall agricultural sector relies on rail to be consistent in pre-positioning fertilizer products ahead of busy seasons and in facilitating the continuous consumption of grain products. Therefore, the ability for the fertilizer and grain and feed industries to ship by rail is imperative for curbing the impending food shortages many parts of the world are facing.

For these reasons, timely and uninterrupted fertilizer and grain rail shipments are vital to the country's interests. Reports last month regarding Union Pacific directing fertilizer producers to reduce shipment on the eve of the spring application season are therefore troubling.⁴ Union Pacific also curbed grain shipments leading to supply chain interruptions. If other carriers follow Union Pacific's example from this past spring, we could see supply chain inconsistencies creep into fall production as well.

By placing onerous restrictions on shippers without customer consultation, Class I carriers may run the risk of jeopardizing family run farms and increasing the cost of food for consumers. If Union Pacific continues down this path and other carriers follow suit, it will reduce crop production at a time when our nation and the world can least afford it.

Rail service must be improved, and we appreciate the STB's attention to this matter. While we respect the challenges of operating a major railroad, communication is essential when taking steps to make the necessary improvements, including the imposition of service curtailments. As we work toward solutions to meet the ongoing supply chain challenges, carriers and the STB should also be mindful of essential commodities and our country's best public interest.

¹ Stewart, W.M., Dibb, D.W., Johnston, A.E. and Smyth, T.J. (2005), The Contribution of Commercial Fertilizer Nutrients to Food Production. *Agron. J.*, 97: 1-6. <https://doi.org/10.2134/agronj2005.0001>

² [The Fertilizer Institute Statement for the Record](#), "Hearing on Surface Transportation Board Reauthorization." House Transportation and Infrastructure Subcommittee on Railroads, Pipelines, and Hazardous Materials. March 8, 2022.

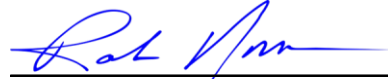
³ <https://www.bnnbloomberg.ca/fertilizer-buyers-are-eyeing-canada-to-fill-global-potash-deficit-1.1760172>

⁴ Thomas, Patrick, "America's Snarled Railroads are the Latest Hit to Farmers, Wall Street Journal, April 29, 2022.

Sincerely,



Jim Costa
Member of Congress



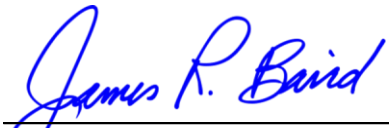
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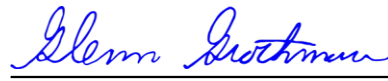
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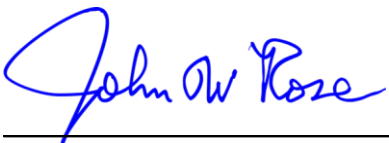
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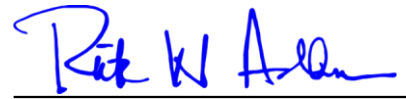
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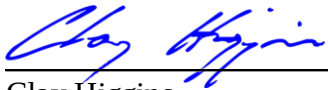
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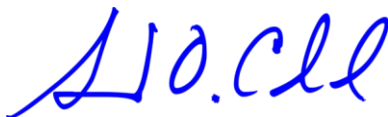
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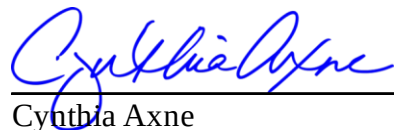
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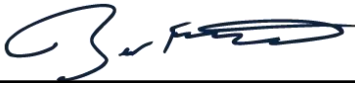
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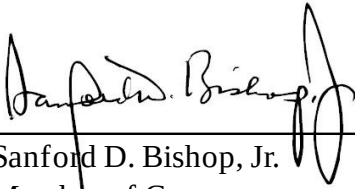
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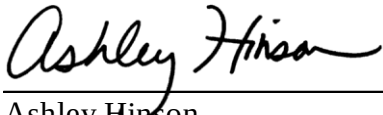
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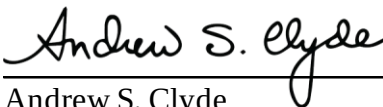
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Cc: Brian Deese, Director, National Economic Council, The White House Ian
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