



NITL

THE NATIONAL
INDUSTRIAL
TRANSPORTATION
LEAGUE

RAIL CUSTOMERS EXPRESS SUPPORT FOR PROPOSAL TO INCREASE FREIGHT RAIL COMPETITION

Washington (Oct. 27, 2016) – Organizations representing thousands of companies that ship goods—everything from chemicals to building materials to agricultural products—voiced their strong support for a proposal that would increase access to competitive freight rail service.

The groups filed [comments](#) on behalf of their members, who account for a bulk of freight rail traffic, with the U.S. Surface Transportation Board (STB) in response to a proposed rule issued by the STB on July 27. The proposed rule would allow captive shippers, companies whose shipping facilities are served by a single large railroad, to gain access to the services of a nearby second railroad if another rail line is reasonably accessible. Historically, captive shippers have paid substantially higher rates and received less reliable service than shippers with more than one rail option.

The STB proposal stems from a petition filed by the National Industrial Transportation League (NITL), which represents freight shippers and carriers. In its petition, the NITL asked the STB to overturn regulatory barriers that have effectively prevented shippers from gaining access to competitive switching. In their place, NITL proposed a new approach grounded in the authority that Congress granted the STB to promote greater competition within the rail industry by allowing rail customers to obtain competitive bids through competitive switching.

Along with NITL, the following organizations filed joint comments supporting the proposed rule and recommending improvements to it that would streamline the competitive relief process: Agricultural Retailers Association, Alliance of Automobile Manufacturers, American Chemistry Council, American Fuel and Petrochemical Manufacturers, American Petroleum Institute, the Chlorine Institute, The Fertilizer Institute, Glass Packaging Institute and National Association of Chemical Distributors.

Some of the organizations issued the statements below regarding the comments submitted in support of the STB proposed rule:

“We are pleased to join this coalition of organizations and provide comment on STB’s proposal addressing competitive switching. We appreciate the groundwork the STB has laid toward the development of a competitive rail marketplace which will benefit all who utilize freight rail transportation.”

Jennifer Hedrick, Executive Director, National Industrial Transportation League (NITL)

“The fertilizer industry applauds efforts to modernize oversight of the railroad marketplace, which hasn’t happened in more than 20 years. The STB’s proposal on reciprocal switching—also known as competitive switching—is welcome news. The rail service challenges of 2013 and 2014 highlight the need for more competitive opportunities in the rail marketplace. While opponents of these efforts focus on rates and

how this might impact their bottom lines, competition is one of the fairest and most efficient ways to promote improved service. The STB's efforts are going to help farmers and manufacturers be more competitive in the global marketplace, and this is good news for everyone in our nation."

Chris Jahn, President, The Fertilizer Institute

"Competitive switching is a commonsense reform that will finally put an end to an archaic system that has helped shield railroads from having to compete with one another and has allowed freight rail rates to nearly double in the past ten years. We urge the Board to adopt a workable policy that will at long last provide shippers with greater access to competitive rail service."

Cal Dooley, President and CEO, The American Chemistry Council

"Chemical distributors deliver approximately 50 tons of product every minute, and receiving by rail is a critical conduit to reaching the 750,000 end users we supply in nearly every industry sector. NACD is pleased to see STB take efforts to increase competition in the rail industry, thereby decreasing costs and providing better options for shippers and receivers."

Eric Byer, President, National Association of Chemical Distributors

"It is very clear that shippers need increased access to competitive freight rail service and a rail system that is more accountable to the U.S. marketplace. The STB's competitive switching proposal will hopefully lead to a more dependable, efficient, and economical rail service for agricultural retailers and distributors and the rural communities they serve. ARA believes this is a step in the right direction. We appreciate the STB making an effort to overturn outdated regulatory barriers that have prevented agricultural retailers from access to competitive switching."

Daren Coppock, President and CEO, Agricultural Retailers Association

"U.S. innovation and free markets have allowed our nation to lead the world in the production of oil and natural gas and in the reduction of carbon emissions, which are near 20-year lows. Increasing competition in our nation's railroads will help bring our nation's energy resources to market more efficiently. A market-driven approach benefits consumers by providing opportunities for competition. Lowering the cost of delivering our industry's products will further perpetuate the gains our nation has achieved in this energy renaissance which has lowered energy costs for consumers and provided great benefits to American workers."

Robin Rorick, Midstream Group Director, American Petroleum Institute

"The glass container industry is pleased to join other manufacturing groups and industries in strong support of the competitive switching proposal under consideration at the Surface Transportation Board. The proposed rule would allow for more consistent delivery of raw materials to our nation's 45 glass container plants, which operate 24 hours a day, seven days a week."

Lynn M. Bragg, President, Glass Packaging Institute