

Thousands of U.S. manufacturers, farmers, and energy producers depend on railroads to keep their operations moving, which is why a bulk of freight rail customers have come together to form the Rail Customer Coalition. The Coalition urges the Surface Transportation Board (STB) to adopt smart and balanced regulatory reforms that will promote a healthy, reliable and competitive freight rail network.

Growing Problems

Massive consolidation within the rail industry has left just four railroads in control of more than 90 percent of the rail traffic in the U.S. Unfortunately, outdated government policies have failed to keep pace with these changes and have left many rail customers with no competitive transportation options and no effective way to resolve problems with rates and service. As a result, real rates paid by shippers have jumped dramatically since the early 2000's – more than 30% after adjusting for inflation.

In addition, most major U.S. railroads have adopted Precision Scheduled Railroading (PSR), a new operating model intended to streamline rail operations and boost the railroads' bottom line. Under PSR, railroads have cut crews, threatening service reliability, shifted costs to customers, and reduced investments in the rail network.

Put Competition Back on Track

Competition is the foundation of the free enterprise system and it is what helps drive innovation and cost-savings throughout our economy. The STB is considering long-overdue reforms that would help fulfill its mandate to promote greater competition in the freight rail industry. Under one of the Board's proposals, rail customers would for the first time have an effective means to seek competitive bids through reciprocal switching.

Reducing the Cost of Bureaucracy

The Board is also trying to cut the red tape out of its procedures for resolving rate issues where rail customers lack competitive transportation options. The STB's current system is a bureaucratic nightmare with recent rate cases taking an average of 5 years and \$5 million to complete. The STB needs to fix these well-known problems by adopting a more streamlined and sound rate review process.

First, the Board should adopt its proposal for Final Offer Rate Review. Modeled after successful arbitration programs, this approach would help the Board resolve smaller rate disputes more quickly and fairly. For larger rate cases, the STB should adopt a market-based alternative to its outdated and overly burdensome policies. One recommendation known as "rate-benchmarking" uses real-world data to compare rates paid by a captive shipper to rates in competitive markets.

STB is on the Right Course and Must Finish the Job

After careful consideration, the STB is pursuing much needed changes to resolve long-standing freight rail problems. The Board should move quickly to finalize common-sense reforms such as reciprocal switching and Final Offer Rate Review. Congress and the Biden Administration must encourage the Board to keep moving forward and ensure that individuals that serve on the STB are committed to these long overdue reforms.

Rail Customer Coalition

The Rail Customer Coalition (RCC) is a large collection of trade associations representing a broad cross section of manufacturing, agricultural, logistics and energy industries. Their members are essential to a healthy U.S. economy with operations and employees throughout the country – collectively they provide more than 7 million jobs and produce more than \$4.8 trillion in economic output.

RCC members are major transportation stakeholders - accounting for more than half of the total volume of cargo shipped by rail and generate more than three quarters of the revenues collected by the railroads. Because a dependable, affordable rail network is so important to their operations, members of the Coalition support practical regulatory reforms that would allow greater access to competitive freight rail service and that would make the Surface Transportation Board more effective in addressing freight rail issues.

Groups Participating in the Coalition Include:

American Bakers Association	Massachusetts Chemistry Technology Alliance
Renewable Fuels Association	Michigan Chemistry Council
Agricultural Retailers Association	Motorcycle Industry Council
Agriculture Transportation Coalition	National Association of Chemical Distributors
Alliance for Automotive Innovation	National Barley Growers Association
Alliance for Rail Competition	National Cotton Council
American Farm Bureau Federation	National Farmers Union
American Chemistry Council	National Grange
American Fuel & Petrochemical Manufacturers	National Industrial Transportation League
American Forest & Paper Association	National Mining Association
American Malting Barley Association, Inc.	National Pork Producers Council
American Petroleum Institute	National Rural Electric Cooperative Association
American Public Power Association	National Sorghum Producers
Associated Industries of Massachusetts	National Stone, Sand and Gravel Association
Association of Global Automakers	Nebraska Wheat Board
Chemistry Council of Missouri	New York State Chemistry Council
Chemistry Council of New Jersey	North Carolina Manufacturers Alliance
Chemical Industry Council of California	Ohio Chemistry Technology Council
Chemical Industry Council of Delaware	Ohio Manufactures' Association
Chemical Industry Council of Illinois	Pennsylvania Chemical Industry Council
Consumer Brands Association	Plastic Pipe and Fittings Association
Corn Refiners Association	Plastics Industry Association
The Chlorine Institute	Portland Cement Association
Defoamer Industry Trade Association	Private Railcar Food and Beverage Association
Edison Electric Institute	PVC Pipe Association
The Fertilizer Institute	Renewable Fuels Association
Freight Rail Customer Alliance	Resilient Floor Covering Institute
Foundry Association of Michigan	Society of Chemical Manufacturers and Affiliates
Georgia Chemistry Council	Southeastern Lumber Manufacturers Association
Glass Packaging Institute	South Carolina Manufacturers Association
Global Automakers	Steel Manufacturers Association
Growth Energy	The Sulphur Institute
Idaho Grain Producers Association	Tennessee Chamber of Commerce & Industry
Independent Lubricant Manufacturers Association	Texas Chemical Council
Industrial Minerals Association — North America	United States Fashion Industry Association
Institute of Scrap Recycling Industries, Inc.	Vinyl Building Council
International Warehouse Logistics Association	The Vinyl Institute
Louisiana Chemical Association	Vinyl Siding Institute
Manufacture Alabama Chemistry Advisory Council	West Virginia Manufacturers Association
Manufacturers Association of Florida	Wyoming Wheat Marketing Commission

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