



American
Petroleum
Institute

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September 12, 2022

The Honorable Peter DeFazio
Chairman
Committee on Transportation & Infrastructure
U.S House of Representatives
Washington, DC 20515

The Honorable Maria Cantwell
Chair
Committee on Commerce, Science & Transportation
U.S. Senate
Washington, DC 20510

The Honorable Sam Graves
Ranking Member
Committee on Transportation & Infrastructure
U.S House of Representatives
Washington, DC 20515

The Honorable Roger Wicker
Ranking Member
Committee on Commerce, Science & Transportation
U.S. Senate
Washington, DC 2051

Via Electronic Mail

RE: Rail Labor Negotiations

Dear Chairman DeFazio, Ranking Member Graves, Chair Cantwell, and Ranking Member Wicker:

I write to express API's concern about the critical, ongoing railroad labor negotiations and the potential work stoppage if a negotiated solution fails to emerge. API requests that Congress prepare to act if negotiations this week fail to produce agreement to facilitate a workable settlement and prevent catastrophic disruptions to the freight rail network. Last Friday, representatives of the oil and gas industry began receiving notifications from the railroads that they intend to begin curtailing shipments of hazardous materials and other chemicals as of today, to ensure carloads of product are not stranded on the tracks if a work stoppage occurs. This curtailment alone, could have profound impacts on the ability of our industry to deliver critical energy supplies to market.

The United States freight rail system is a key component of the national and global supply chain, and rightfully the Administration has identified freight rail enhancements and rail service issues as a priority. Over the years, the U.S. railroad system has evolved into a broad network, delivering vital goods throughout the country. Our nation's extensive rail network moves significant quantities of energy products across the country such as coal, ethanol, wind turbine components and crude oil. Rail also transports essential products such as propane, asphalt, lubricants, gasoline, jet fuel and other necessities people rely on every day.

Along with energy products, railroads haul a wide variety of goods such as agricultural and food products, raw materials such as chemicals and finished products including electronics, auto parts and furniture. Further, rail is critical for the export of many of U.S. products to fill the global gap caused by the war in Ukraine. The ability to

grow and support domestic and international commerce also hinges on efficient and reliable transportation systems – networks that have been significantly challenged over the past two years.

As was highlighted by numerous rail shippers in a two-day Surface Transportation Board hearing this past May, the rail network is currently experiencing significant service disruptions. An additional disruption of rail service related to a labor dispute could push an already stressed rail network to the brink and have direct and immediate as well as cascading impacts on the nation's food, energy, and other vital industrial and consumer supplies and costs. A report released last week by the Association of American Railroads estimated that the economy would suffer \$2 billion per day in impacts should the trains stop moving freight from origin to destination. This would impact transportation, construction, and nearly every sector of the U.S. economy and would likely hit nearly every point across our nation's supply chain.

API joins with others in calling for Congress to utilize one of the four options at hand to resolve this matter: extend the cooling off period to provide time for further negotiations, implement the recommendations of the Presidential Emergency Board, develop Congressional contract recommendations, or move the parties into binding arbitration.

It is of critical importance to all sectors of the economy that these parties reach an amicable agreement and avoid any service disruption. The American people and our global partners depend on our nation's supply chain and the Congress's engagement to ensure undisrupted rail service, which is vital to the economy. Any rail work stoppage in the United States would exacerbate the ongoing supply chain challenges, negatively impact the U.S economy and harm American consumers and jobs.

Thank you for your continued engagement and responsiveness to this and other supply chain challenges.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank J. Macchiarola". The signature is fluid and cursive, written on a light-colored background.

Frank J. Macchiarola

