



American
Fuel & Petrochemical
Manufacturers

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September 12, 2022

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, D.C. 20510

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The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Speaker Pelosi, Majority Leader Schumer, Leader McConnell, and Leader McCarthy:

We write to underscore the need for Congressional action to avert a railway strike or lockout, which could occur as soon as Friday, September 16th, 2022, further exacerbating the current rail supply chain crisis. America's freight rail system is essential to our national and global supply chains, including those for fuels and petrochemicals. A healthy, reliable rail system helps the United States economy thrive, benefiting all parties, including railroads, rail shippers, and ultimately consumers. Unfortunately, widespread rail service disruptions are challenging supply chains and negatively impacting a variety of industries, raising prices for both freight shippers and United States consumers. A railway strike and embargos on rail shipments have the potential to force production cuts at U.S. petrochemical facilities and fuel refineries, which could deplete U.S. gasoline and diesel supplies and drive-up fuel prices.

American Fuel & Petrochemical Manufacturers ("AFPM") is the leading trade association representing both the U.S. fuel refining industry, which supplies gasoline, diesel, jet fuel, sustainable aviation fuel and renewable diesel around the country, and the petrochemical industry, which manufactures the essential building blocks for modern life, including health care, industrial manufacturing and high tech. Our members rely on the rail network to get feedstocks to our facilities and to deliver our products to market. Annually in the United States, over 2 million carloads of our members' raw materials and products, including crude oil, natural gas liquids, refined products, petrochemicals, and plastics are transported by rail.¹

In July, recognizing the need to avoid further disruption of an already strained rail network, AFPM called on the White House to appoint a Presidential Emergency Board ("PEB") to work with rail labor unions and railroads on a reasonable collective bargaining agreement. President Biden appointed a PEB and on August 16th, 2022, the PEB completed its work and posted its non-binding recommendations for a contract settlement. Overall, the PEB recommendations appear to represent a workable middle ground, but railroads and several rail labor unions have yet to reach an agreement.

¹ See "Freight Rail Facts and Figures" February 2022, <https://www.aar.org/facts-figures>

The Association of American Railroads recently released a study noting that a lockout would cost the United States economy \$2 billion dollars every single day.² These costs would be borne by rail customers, including the refining and petrochemical industries, and subsequently by all American consumers via higher prices for fuels and numerous everyday goods made from petrochemicals.

The harm to the U.S. economy from the potential rail strike has already begun, as railroads are embargoing shipments of materials critical to the refining and petrochemical industries. Railroads are curtailing operations prior to the September 16th, 2022, deadline to ensure their networks can be shut down safely and in compliance with applicable regulations should a sudden work stoppage occur. Without the ability to move critical materials in and out of refineries and terminals, our members will experience a significant impact on operations.

AFPM respects the negotiation process and the positions of railroads and the rail labor unions. However, the implications of a rail strike on our economy are obvious and potentially extreme, so Congress must take steps immediately to prevent a work stoppage.

While acting to keep railroads and the rail labor unions at the negotiating table would resolve an immediate need, AFPM also sees bipartisan reauthorization of the Surface Transportation Board (“STB”) as a priority for this Congress to address our current rail supply chain crisis. The STB performs an essential role in addressing the problematic, systemic rail service challenges AFPM members and rail shippers overall are currently experiencing. These issues have been progressively worsening, and a bipartisan STB reauthorization would provide the STB with the resources and authorities to quickly address service issues and prevent future disruptions.

With rail shippers already experiencing service interruptions, a complete halt to all freight operations due to a work stoppage would make a bad situation even worse by disrupting deliveries of essential products to Americans. AFPM respectfully requests that as leaders of the U.S. Congress, you step in to help our country avoid a catastrophic cessation of freight rail operations and to implement both short-term and long-term solutions that will modernize freight rail policies and strengthen our country’s rail network.

Thanks,



Chet Thompson
President and CEO
American Fuel & Petrochemical Manufacturers

² See “The Economic Impact of a Rail Shutdown” <https://www.aar.org/wp-content/uploads/2022/09/AAR-Rail-Shutdown-Report-September-2022.pdf>