September 7, 2016

The Honorable John Thune  
Chairman, Committee on Commerce, Science, and Transportation  
United States Senate  
Washington, DC  20510

The Honorable Bill Nelson  
Ranking Member, Committee on Commerce, Science, and Transportation  
United States Senate  
Washington, DC  20510

The Honorable Bill Shuster  
Chairman, Committee on Transportation and Infrastructure  
United States House of Representatives  
Washington, DC  20515

The Honorable Pete DeFazio  
Ranking Member, Committee on Transportation and Infrastructure  
United States House of Representatives  
Washington, DC  20515

Dear Chairman Thune, Ranking Member Nelson, Chairman Shuster, and Ranking Member DeFazio:

The undersigned groups are writing to you on behalf of the Rail Customer Coalition (RCC) to express our strong support for competitive switching. Competitive switching is among the most important potential reforms to outdated and excessively restrictive regulations that prevent competition among railroads. The RCC is a large collection of trade associations representing a broad range of manufacturing, agricultural, and energy industries that depend on the railroads to deliver reliable and affordable service in order to remain competitive in a global market.

Last year, the RCC worked closely with Congress to pass common-sense reforms to help make the Surface Transportation Board (STB) a more viable and effective intermediary between railroads and their customers when rate and service issues exist. There is widespread recognition in Congress and among virtually all rail customers that modernization of current STB rules is badly needed, and the Board has taken the first step to allow for competitive switching. The RCC also urges the Board to move forward quickly with a viable alternative to the overly time-consuming and expensive “Stand Alone Cost” rate case process and other essential reforms.

The Board’s competitive switching proposed rule would allow rail customers with no competitive rail service or other modal options to request to have their freight moved to a nearby rail line, for a fee, if another Class I railroad is reasonably accessible. Competitive switching is expressly allowed by statute, but it has never been permitted by the STB because of overly restrictive regulations at the Board. The RCC recognizes that the Notice of Proposed Rulemaking provides a starting point for reform. We support the principles underlying the proposed rule and will work with the Board to develop an appropriate final rule.

Notably, the U.S. Department of Agriculture told the Board, “Competitive Switching offers a market based solution to balance the needs of the railroads and shippers and is in keeping with the goals of the Staggers Act.”
Competitive switching is not a threat or untested theory; competitive switching has been available for decades in Canada, and it works well. As stated by the Canadian Pacific Railway, railroads that operate under Canada’s competitive switching system are “the two most efficient carriers in the industry today, demonstrating that a low-cost, service-focused carrier can increase revenues, operate efficiently, and reinvest in infrastructure in a competitive environment.” The notion that an improved competitive environment will damage the fundamental economics of the U.S. freight rail system is simply unfounded and runs counter to basic free market principles.

The RCC looks forward to continuing to work with Congress and the STB to modernize freight rail policy and create more competitive freight rail service.

Agricultural Retailers Association
Alliance for Rail Competition
Alliance of Automobile Manufacturers
American Chemistry Council
American Farm Bureau Federation
American Forest & Paper Association
American Fuel & Petrochemical Manufacturers
American Malting Barley Association, Inc.
Associated Industries of Massachusetts
Association of Global Automakers
Chemical Industry Council of Delaware
Chemical Industry Council of Illinois
Chemistry Council of New Jersey
The Chlorine Institute
The Fertilizer Institute
Georgia Chemistry Council
Glass Packaging Institute
Glass Producers Transportation Council
Idaho Barley Commission
Idaho Grain Producers Association
Idaho Wheat Commission
Institute of Makers of Explosives
Institute of Scrap Recycling Industries, Inc.
International Warehouse Logistics Association
Louisiana Chemical Association
Manufacture Alabama
Massachusetts Chemistry & Technology Alliance, Inc.
Michigan Agri-Business Association
Michigan Bean Shippers Association
Michigan Chemistry Council
Michigan Forest Products Council
Minnesota Farmers Union
Montana Farmers Union
Montana Wheat and Barley Committee
National Association of Chemical Distributors
National Barley Growers Association
National Corn Growers Association
National Farmers Union
National Industrial Transportation League
Nebraska Wheat Board
New York State Chemistry Council
North Dakota Farmers Union
North Dakota Grain Dealers Association
Ohio Chemistry Technology Council
Oklahoma Wheat Commission
Oregon Wheat Commission
Pennsylvania Chemical Industry Council
Resilient Floor Covering Institute
Society of Chemical Manufacturers and Affiliates
South Carolina Manufacturers Alliance
South Dakota Farmers Union
Steel Manufacturers Association
The Sulphur Institute
Texas Chemical Council
Texas Wheat Producers Association
The Vinyl Institute
Washington Grain Commission
West Virginia Manufacturers Association
Wisconsin Farmers Union
Wyoming Wheat Marketing Commission