



The
Fertilizer Institute

Nourish, Replenish, Grow

Written Statement of

**Chris Jahn
President
The Fertilizer Institute**

**Before the United States Senate
Committee on Commerce, Science and Transportation**

**Hearing On – “Freight Rail Transportation: Enhancing Safety,
Efficiency, and Commerce”**

January 28, 2015

My name is Chris Jahn. I am the President of The Fertilizer Institute (TFI) which is the national trade association representing the fertilizer industry. TFI represents virtually every primary plant food producer, as well as secondary and micronutrient manufacturers, fertilizer distributors and retail dealerships, equipment suppliers and engineering construction firms, brokers and traders, and a wide variety of other companies and individuals involved in agriculture. The Institute's members play a key role in producing and distributing vital crop nutrients, such as nitrogen, phosphorus and potassium, which are used to replenish soils throughout the United States and globally to produce healthy and abundant supplies of food, fiber and fuel. Fertilizers make it possible for farmers to grow enough food to feed the world's 7.2 billion people. Research has confirmed that 40-60 percent of crop yields are attributable to commercial fertilizers nutrient inputs.

The fertilizer industry depends on safe, reliable, and cost-effective rail transportation to deliver fertilizer, which is essential to U.S. food production. While fertilizer shippers also utilize other modes of transportation to move their products, nearly all fertilizer shipped across North America touches the rail transportation system at some point, between its production and ultimate application by the farmer. In 2011-2012, 61 million material tons of fertilizer products were sold in the U.S. The delivery of fertilizer products in a timely manner is critical to farmers. There is only a narrow window of opportunity to apply the right fertilizer source, at the right rate, at the right time and in the right place. If farmers do not receive their fertilizer in a timely manner, there are potential consequences for food security and the environment. Limited nutrient access during key utilization periods reduces crop yields which means lower production and potentially higher food prices for consumers. Additionally, the inability of farmers to access nutrients during these periods could encourage use during inopportune times such as frozen or wet conditions. This could potentially increase nutrient losses to surface and ground waters.

The 2013/2014 winter was particularly challenging for our members due to extreme cold temperature and higher than normal snowfall totals limiting rail capacity and threatening the timely delivery of sufficient fertilizer to farmers. TFI greatly appreciated the Surface Transportation Board's (STB) intervention last spring to track fertilizer shipments on the BNSF Railway and the Canadian Pacific Railroad. Given our members' reliance on rail transportation and significant service issues, TFI fully supports policies that will promote greater competition between railroads and improve the efficiency and effectiveness of the STB.

TFI commends the STB for last year's efforts to increase transparency when it comes to rail service by requiring Class I rail carriers to provide key service metrics. TFI is, however, concerned that the Board's October 8, 2014, order establishing temporary reporting requirements similar to last winter do not separately track fertilizer rail shipments. Furthermore, we are concerned that the Board's recently-proposed rulemaking to adopt permanent reporting requirements does not require separate reporting for fertilizer shipments which are critical to the placement of fertilizer in time for the spring and fall planting seasons. Notably, the Board's proposed reporting requirements include grain and ethanol, two products whose production would be greatly impacted without timely application of fertilizer. Moreover, the Board's emphasis on these other commodities provides incentives for rail carriers to prioritize them over fertilizer shipments when allocating rail cars. As farmers at the April 10, 2014, STB hearing on rail service testified, timely fertilizer shipments are a very serious concern.

On a separate issue, TFI members have expressed concerns regarding the new crude oil tank car rules proposed by the Pipeline and Hazardous Materials Safety Administration. Under the proposed rules, rail car maintenance facilities will be inundated by orders to retrofit older tank cars for crude and ethanol over an unreasonably short span of time. This will crowd out capacity for the routine inspections and maintenance required by other cars. This will be to the

detriment of other commodities, including fertilizer. Furthermore, the proposed speed restrictions for High-Hazard Flammable Trains (HHFT) could apply so broadly that they could add significant congestion to the already congested national rail network.

The Rail Safety Improvement Act of 2008, which mandated that railroads implement Positive Train Control (PTC) by the end of 2015 on main lines that handle toxic-by-inhalation (TIH) materials, also is of concern to TFI members which ship and receive TIH materials in the form of anhydrous ammonia used in most all nitrogen based fertilizers, some finished phosphate fertilizers and several intermediary applications that produce finished goods for use in the home. Rail transportation is essential to the safe and reliable movement of anhydrous ammonia. In most cases, the safest and often only feasible mode of bulk long distance transportation of anhydrous ammonia is by rail. Shipment of ammonia by truck alone would place four trucks on the nation's highways for every railcar. Shipment by barge is only feasible between a very limited number of ammonia production and storage facilities located on a navigable waterway. Rail has proven to be the safest and most economical mode for TIH shipments over land.

The existing PTC mandate would apply to over 70,000 miles of track and the rail industry unequivocally has declared that it cannot meet the current statutory deadline for most of this track. TFI strongly supports efforts to enhance rail safety, including the deployment of PTC. However, our members have concerns the railroads would cease or substantially curtail TIH transportation if they are unable to meet the statutory deadline. We are also concerned that railroads may curtail TIH transportation in order to reduce the number of rail lines that must install PTC. Therefore, PTC implementation must not erode the common carrier obligation. TFI members must have access to rail transportation for anhydrous ammonia in order to meet the demands of U.S. farmers for optimal crop production. For these reasons, TFI supports Chairman Thune's legislation from last Congress that would extend the PTC implementation deadline.

We continue to monitor a host of important issues before the STB and other regulatory agencies. Topics such as unilateral railroad mandates, railroad pricing power, and reassignment of third party liability to the shippers are major concerns for our industry. These and the other aforementioned items will have a major impact on our member's abilities to serve and supply farmers and meet our goal of feeding the U.S. and the world.

While there is not a single solution to the ongoing rail service challenges, TFI, on behalf of our members appreciates this opportunity to share some of our freight rail service concerns. We look forward to working with this Committee and Congress on these issues moving forward.