



**Written Statement of
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**Before the
U.S. Senate Committee on
Commerce, Science, and Transportation
Subcommittee on Surface Transportation and
Merchant Marine Infrastructure, Safety, and Security**

**Regarding a Subcommittee Hearing on
“Intermodal and Interdependent: The FAST Act, the
Economy, and Our Nation’s Transportation System”**

July 12, 2016

Chairman Thune, Ranking Member Nelson, Subcommittee Chairman Deb Fischer, Members of the Committee, thank you for inviting me to testify today and offer my views regarding the Fixing America's Surface Transportation (FAST) Act.

I am pleased to testify on behalf of BASF and as a member of the American Chemistry Council, a trade association representing America's leading chemical companies. As Supply Chain Manager at BASF Corporation, I am responsible for ensuring the safe storage and movement of materials from production sites to our customers throughout North America.

I appreciate the opportunity to appear before you today to talk about the importance of transportation to BASF's operations here in the U.S. and the passage of the FAST Act, particularly the provisions that will further advance the safe transportation of hazardous materials.

About BASF

BASF Corporation is the North American affiliate of BASF Group, the world's leading chemical company, which is headquartered in Ludwigshafen, Germany. BASF has approximately 15,500 employees in the U.S. and facilities in more than 30 states, with our North American headquarters located in Florham Park, New Jersey. Key U.S. manufacturing locations for BASF include Freeport, Texas; Geismar, Louisiana; and Wyandotte, Michigan. Our major research & development sites in the U.S. include Research Triangle Park, North Carolina; Tarrytown, New York; and Iselin, New Jersey. As the world's leading chemical company, BASF cares greatly about ensuring that the products of the business of chemistry are transported safely and ensuring that we can meet the needs of our customers and society. Our portfolio ranges from chemicals, plastics, performance products, and crop protection products to oil and gas. Our products and solutions contribute to conserving resources, ensuring nutrition, and improving quality of life.

Transportation

The nation depends on the chemical industry every day for the building blocks that are necessary for safe drinking water, life-saving medications and medical devices, and a safe and plentiful food supply.

To meet this constant demand, the business of chemistry shipped 881 million tons of chemical products in 2015 by a variety of transportation modes. Our industry ships a wide range of materials from plastic pellets to commodity chemicals that are used to produce more than 96 percent of all manufactured goods. Considering this output it should come as no surprise that the chemical industry is one of the largest customers for many modes of transportation including rail, truck, and barge.

Furthermore, our industry is in the midst of unprecedented growth here in the United States. With 267 new projects and expansions announced, representing a cumulative total of \$163

billion in capital investments, our transportation needs, and challenges, are expected to grow significantly over the next decade. That is why ensuring that we have the right policies in place to support the safe and efficient movement of materials is of top importance to BASF and ACC. I would like to thank this Committee for recognizing our industry as a principal stakeholder when it comes to developing policies that can help keep our economy moving.

FAST Act

I would also like to thank the members of this Committee and their staff for their tireless efforts and working in a bipartisan fashion to get the FAST Act across the finish line. As you know, passing the Act was no small feat, and it means a great deal to U.S. manufacturers.

There are several aspects of the FAST Act that are important to our industry that I would like to highlight in my testimony. A small but important segment of chemical shipments involve hazardous materials, and several provisions in the Act will help enhance the safety of transporting these indispensable materials.

Hazmat Transportation

Our daily lives rely on the transport of hazardous materials. Hazardous materials, including some chemicals, are crucial for the production of many essential products that protect our health and safety and drive our economy. Americans expect clean, safe water from our taps, access to life-saving medications and medical devices, a safe and plentiful food supply, energy-saving solar panels, and more. Hazardous materials help fulfill these expectations, and often, there are no acceptable, non-hazardous substitutes that ensure equal safety and performance.

Typically, the production of chemicals and other hazmat requires a combination of resources, raw materials, and an abundant supply of affordable energy. Manufacturing facilities generally are located where these resources are readily available, but customer facilities that use hazmat are often located somewhere else.

For example, ethylene oxide is a versatile industrial chemical used to make fiberglass, synthetic fibers, and anti-freeze, among other important products. It is also used to sterilize medical equipment and instruments when they are manufactured and, again, in hospitals. But it is made in only in a limited number of domestic facilities and must be transported to thousands of customer facilities for a myriad of uses.

As you can see, transportation issues are crucial to our ability to produce and transport goods. That is why BASF and ACC member companies are committed to pursuing safety enhancements for every aspect of the transportation process through Responsible Care[®]. Responsible Care is the chemical industry's world-class environmental, health, safety, and security performance initiative. Working with our transportation partners, we have invested billions of dollars in training, technology, and tank car safety, and we will continue to do so in the future.

We are also strong supporters of the comprehensive set of federal programs that currently regulate all aspects of safety when it comes to transporting hazardous materials, particularly by rail. These programs have been successful; for example, according to the Association of American Railroads more than 99.99 percent of rail hazmat shipments reach their destination without incident. Building on this safety record will require a cooperative and comprehensive approach focused on three primary areas:

- First and foremost, preventing railroad accidents
- Second, strengthening tank car design
- Third, emergency response preparedness

Accident Prevention

While there is no doubt that shippers have a vital and important role to play when it comes to mitigating the impact of a potential accident, the most important way to reduce hazmat releases is to prevent accidents from occurring. Despite their strong safety record, when rail accidents do occur, the primary causes include track defects, equipment defects, and human error in rail operations. Federal policymakers must continue to address these root causes and identify actions that will yield the greatest overall safety benefits.

Additionally, while we understand and respect the concerns of individual communities, we believe that hazmat transportation safety cannot be effectively advanced through a patchwork of individual state and local polices. It is a national issue and needs an effective and uniform national regulatory program to ensure a workable and safe solution.

Rail Tank Cars

Chemical companies are responsible for acquiring and maintaining their rail tank car fleets and have partnered with railroads, rail car manufacturers, and the Department of Transportation (DOT), to develop science-based standards that prioritize and focus on the greatest risks to further enhance safety performance.

To this end, BASF and ACC strongly supported provisions in the FAST Act that address tank car standards for flammable liquids. These provisions ensure that **all** flammable liquid tank cars meet stringent new DOT standards and help prevent potential disruptions of shipments that are essential to the U.S. economy. The FAST Act found common ground among all stakeholders by directing DOT to place the highest priority on upgrading rail tank cars that will deliver the greatest safety benefits to the public and provide a workable timetable for rail tank car owners to complete safety upgrades.

Of remaining concern, however, is the potential recurrence of past attempts by the Association of American Railroads, through its Tank Car Committee, to unilaterally impose additional requirements on tank car owners. If unimpeded, such actions have the potential to usurp DOT's

regulatory authority and threaten to undermine collaborative efforts that will drive future tank car safety advances.

Emergency Response

BASF and ACC support national programs to help communities prepare for potential hazmat incidents. BASF, like all hazmat shippers, pays an annual registration fee that supports DOT's Hazardous Materials Grant Program.

Together with the railroads and other stakeholders, we developed TRANSCAER[®] (**T**ransportation **C**ommunity **A**wareness and **E**mergency **R**esponse), a voluntary national training effort that helps communities prepare for and respond to possible hazardous material transportation incidents. TRANSCAER was created to help make sure emergency responders are equipped with the knowledge they need to provide a rapid and effective response to an incident. Working with its network of volunteers, TRANSCAER offers events across the United States and Canada that include training on actual rail and truck equipment, live release drills, and tabletop exercises to discuss possible emergency situations. Having access to this type of training and expertise is incredibly important to communities, especially in small communities where resources can be limited.

TRANSCAER has received Federal Railroad Administrations grants to support hands-on training, webinars and training materials, allowing us to reach more emergency responders. In addition, DOT's Hazardous Materials Emergency Preparedness (HMEP) grants, which are supported by annual registration fees paid by hazmat shippers and carriers, have been utilized to support TRANSCAER efforts in many communities across the U.S. The FAST Act provides increased funding and greater accountability to ensure these funds are used effectively to improve local communities' emergency response capabilities.

Last year alone, the program helped more than 50,000 emergency responders through hands-on training, emergency planning assistance, support for community drills and exercises, technical information and references, and training materials. The program has been going strong since 1986 and is celebrating its 30th anniversary this year. In honor of this important milestone, Congress recently passed a resolution introduced by Senator Capito (R-WV) that recognized TRANSCAER's long-standing commitment to keeping emergency responders and the communities they serve safe.

Emergency responders also have access to a wide variety of experts through ACC's CHEMTREC[®] (Chemical Transportation Emergency Center) service. When an incident does take place, responders can contact CHEMTREC's state-of-the-art, 24/7 emergency center to determine the best way to handle a wide range of chemicals and other hazardous materials.

Rail Liability Study

ACC also supports the FAST Act requirement for DOT to conduct a study on the levels and structure of insurance for railroads transporting hazardous materials. A workable liability framework is necessary to support the safe and efficient rail transportation of essential products throughout the economy. This study should provide useful new data to inform future policy discussions.

Conclusion

Again, we appreciate your efforts and willingness to work with the chemical industry to ensure the U.S. has a robust and safe network to deliver our products where they are needed. We look forward to working closely with the Committee, Congress, and Department of Transportation on successfully implementing the FAST Act and other policies that will enhance our nation's transportation infrastructure.