



**The American Chemistry Council**

statement for the record

submitted to the

The House Committee on Transportation and Infrastructure

“Freight and Passenger Rail in America’s Transportation System”

March 5, 2013



The American Chemistry Council (ACC) is submitting this statement for the record following the Transportation & Infrastructure Committee's recent hearing, "Freight and Passenger Rail in America's Transportation System," on March 5, 2013.

Because chemical products are made in few places but are needed everywhere, ACC members often depend on their freight rail partners to deliver chemical products wherever they are needed. Consequently, ACC and its members support efforts to modernize freight rail policies and to encourage competition and free market principles. We believe these reforms will fulfill the original mission of the Staggers Act to promote economic growth and investment in the United States and reduce the need for government regulation of the freight rail industry. We also support policies that provide safe, reliable and affordable transportation for chemical products. We look forward to working constructively with the Committee as it begins its work on new rail legislation and respectfully request the opportunity to be involved with future rail hearings and proceedings, as appropriate.

### **Moving the Economy**

ACC member companies are key stakeholders when it comes to strengthening the Nation's economy and transportation infrastructure. Our members apply the science of chemistry to make innovative products and services that make people's lives better, healthier and safer. Our products are in 96 percent of manufactured goods and are the building blocks for the modern world. The business of chemistry is a \$760 billion enterprise and a key element of the nation's economy. It is the largest exporting sector in the United States, accounting for 12 percent of U.S. exports. Chemistry companies are also among the largest investors in research and development and employ nearly 800,000 Americans paying average annual salaries of \$83,700. Similar to our partners in the railroad industry, the chemical industry invests heavily in capital improvement



and expansion. In 2011, the chemical industry spent over \$33 billion of private capital on investments in structures and equipment.

ACC's membership constitutes one of the largest stakeholders in the freight rail sector. Chemical products constitute the second-largest commodity sector in terms of annual rail tonnage (about 190 million tons of traffic) and railroad freight revenue (more than \$9 billion). The chemistry industry is reliant on rail transportation and often has no other viable means to move our products to diverse customer industries throughout the economy. These chemical products are moved by rail to locations where they are needed to generate energy, produce food, manufacture goods and disinfect drinking water.

The business of chemistry is set to expand dramatically in the United States. The discovery of vast new supplies of shale gas has changed the economics of chemical manufacturing in this country. America's chemical companies use ethane, a natural gas liquid derived from shale gas, as a feedstock in numerous applications. Additionally, natural gas is being used to power chemical facilities, and ample supplies are rapidly lowering costs. After years of high, volatile natural gas prices, the availability of cheap and abundant shale gas has created a competitive advantage for domestic chemical producers and will lead to new investment and growth. It is estimated that more than 400,000 new jobs and \$132 billion in new economic output could be realized with a modest increase in natural gas supply. A recent survey conducted by the ACC indicates that rail issues factor heavily into domestic investment decisions.<sup>1</sup>

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<sup>1</sup> A survey of ACC member companies conducted by Veris Consulting, Inc. is available at <http://www.americanchemistry.com/Policy/Rail-Transportation/Rail-Issues-Survey-Final-Report.pdf>



If the United States is to fully realize these potential investments, it is imperative that chemistry companies have access to a strong and competitive freight rail networks that will effectively move our products along the supply chain and throughout the economy.

### **Advancing Safety**

Rail safety is a top priority for ACC and its members. ACC members also invest billions of dollars in rail safety improvements, and our member companies own or lease all of the chemical tank cars in use on the national freight rail network, as well as other rolling stock, making us a significant provider of the nation's rail infrastructure. Furthermore, ACC helps first responders prepare for emergencies by operating the 24-7 Chemical Transportation Emergency Center (CHEMTREC®) and coordinating the multi-industry TRANSCAER® program that reaches out to communities across the country. ACC is eager to share more information about these programs and initiatives with the Committee.

### **Forging a Partnership**

ACC and its members look forward to working with the Congress to update federal regulatory policies to allow greater access to competitive freight rail service and promote free market principles to the greatest extent possible. Likewise, the safety of the rail transportation system is imperative, and ACC and its members would like to be engaged with the Committee to enhance the safety of the Nation's freight rail system. As one of the largest industries in the country and one of the biggest customers of freight rail service, we believe that we can offer an important perspective and serve as a constructive partner in helping the members of the Committee create freight rail policies that will meet the nation's needs.

