



August 6, 2024

Mr. Jacob Sullivan
Assistant to the President for National Security Affairs
Director, National Security Council
The White House
Washington DC, 20500

Dr. Lael Brainard
Assistant to the President for Economic Policy
Director, National Economic Council
The White House
Washington, DC 20500

RE: Potential U.S. Supply Chain Impacts from Canadian Freight Rail Disruptions

Dear Directors Sullivan and Brainard:

On behalf of the American Chemistry Council (ACC), I am writing to highlight our concerns about a potential system-wide freight rail disruption in Canada that would have immediate and long-term consequences to U.S. supply chain resilience. ACC represents the leading companies in the business of chemistry, a key element in the nation's economy and a large user of the U.S. freight transportation system.

As Co-Chairs of the White House Council on Supply Chain Resilience, you may already be aware that Canadian Class I railroads are currently in negotiations with the Teamsters Canada Railway Conference on new labor agreements. At present, there has been limited progress at the negotiating table and a full system disruption looks increasingly likely. We understand that the Canada Industrial Relations Board is expected to issue a key decision in early August and that a labor disruption could follow *in as short as 72 hours*.

A system-wide rail shut down would have devastating impacts on rail shippers and could increase the risk of supply shortages of vital products such as drinking water treatment chemicals, fuel, and agricultural products in the United States. Extended disruptions will lead to significant and widespread harm across North America.

The interdependence of U.S. and Canadian facilities is key to chemical supply chains. Movement of chemicals across the U.S.-Canadian border supports industries in both countries - more than 80 percent of basic & specialty chemicals are sold directly to the

industrial sector to produce goods. Last year, U.S. firms sold more than \$28 billion in chemicals to customers in Canada and we import about \$25 billion in chemicals from Canadian partners annually.

The North American freight rail network is critical to this flow of goods. A rail disruption in Canada would greatly impact U.S. supply chains, including facilities in Texas, Louisiana, Pennsylvania and New York that rely on Canadian suppliers and would face challenges sourcing raw materials. Workarounds such as alternate suppliers and increased truck shipments are unlikely to be available and may not be sustainable.

I urge the Administration to consider the broad implications of this potential freight rail disruption on U.S. supply chains and engage with your Canadian counterparts to highlight the need to find a workable resolution as quickly as possible.

Thank you for your attention to this critical issue. If you need further information, please contact me or Jeffrey Sloan, Senior Director of Regulatory Affairs (202-249-6710, jeffrey_sloan@americanchemistry.com).

Sincerely,

A handwritten signature in blue ink, appearing to read 'CJahn', with a long horizontal flourish extending to the right.

Chris Jahn
President and CEO