

# Infrastructure is Critical to the Fertilizer Industry



## Overview

The timely delivery of plant nutrients to farmers is critical to farmers' ability to produce food, fuel, and fiber. The fertilizer industry relies on a safe and efficient transportation network, including all modes from rail carriers to ports, barges, and locks to pipelines and highways.

## How Important Is Infrastructure to Delivery of Crop Nutrients?

### Surface Transportation

The fertilizer industry relies on commercial drivers for timely delivery to farmers. Trucking capacity is a serious challenge and is anticipated to tighten as many older drivers retire faster than younger drivers join the workforce. Hours of service (HOS) also constrains capacity and the distance that trucks can effectively service.

### Waterways

Our nation's locks and dams are in urgent need of maintenance and modernization. Built in the 1920s and 1930s, most locks and dams have far exceeded their 50-year design lifespan. In the past decade, there has been a 700 percent increase in unscheduled stoppages for repairs, which can put fertilizer shipments in limbo as fields of crops wait for needed nutrients.

### Rail Transportation

An efficient and competitive freight rail system is essential to farmers and the fertilizer industry. But only four major railroads handle more than 90 percent of this traffic, and two-thirds of rail stations are served by just one of these railroads. The lack of competitive rail options gives railroads substantial power to dictate rail pricing and service levels. Since 2000, freight rail rates generally have risen more than 30 percent, while railroad costs increased only 3 percent. From 2005 to 2017, rail rates for carloads of anhydrous ammonia increased 206 percent – three times more than the average increase.



# How to Ensure Crop Nutrients are Safely and Efficiency Delivered to Growers

TFI advocates for policies that provide a safe and reliable network to ensure timely fertilizer delivery.

Among the policies for which TFI advocates are:

## Rail Policies

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**The Surface Transportation Board (STB)** is the primary regulatory agency responsible for rail rate and service matters. Practical regulatory reforms that improve STB oversight of the rail marketplace are needed to promote competitive freight rail service.

- **Rate Regulation Reform:** The STB's rate review process is extremely burdensome, effectively cutting off many shippers' access to relief from unreasonable rail rates.
- **Bottleneck Reform and Reciprocal Switching:** STB policy enables railroads to block access to nearby interchange connections with competing railroads, giving producers access to only one major railroad. This policy artificially increases the railroads' pricing power and can make service issues worse.
- **Demurrage and Accessorial Fees:** Major railroads have increased the level and scope of their demurrage and accessorial fees, causing rail customers to incur dramatic increases in rail spending, many of which are unavoidable or arise from the railroads' own service deficiencies. The STB should examine the fairness of these fees, prohibit railroads from imposing fees when shippers cannot avoid service deficiencies, and require railroads to provide reciprocal payments automatically when they fail to meet their service commitments.
- **Rail Service:** To increase profits, major railroads are implementing cost-cutting initiatives that have disrupted rail service to shippers. The STB's service remedies are ineffective at addressing these disruptions. Railroads are also not held accountable when poor service causes facilities to shut down or curtail production. The STB should update its emergency service remedies to make them more accessible. The STB also should require railroads to take responsibility for damage caused by disruptions that are within their control.
- **STB Vacancies:** The STB should be fully staffed with fair and impartial board members.

**AAR Tank Car Committee:** The AAR imposes requirements on tank cars that can be more stringent than DOT regulations. The differences between DOT and AAR requirements also create regulatory uncertainty for shippers. AAR requirements are not subjected to a cost-benefit analysis. DOT should assert its role in regulating tank cars.

## Surface Transportation

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**Truck Weights:** Support the creation of a voluntary program under which up to 10 states could opt-in to allow 91,000 lb., 6-axle, bridge formula compliant trucks on federal interstate highways within their borders.

**HOS Agricultural Exemption:** Support legislation eliminating the HOS ag exemption's planting and harvesting season provision. More than 30 states already have a year-round "planting and harvesting season."

## Ports, Harbors and Waterways

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Prioritize funding the \$8.75 billion backlog of 25 critical inland waterways projects, including the Navigation and Environmental Sustainability Program (NESP). NESP is already congressionally authorized and includes construction of seven top-priority 1,200-foot locks at the most congested locations on the Upper Mississippi River System.