



November 21, 2022

The Honorable Nancy Pelosi
Speaker, U.S. House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Majority Leader, U.S. Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader, U.S. House of
Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader, U.S. Senate
Washington, DC 20510

The Honorable Peter DeFazio
Chairman, Committee on T&I
Washington, DC 20515

The Honorable Sam Graves
Ranking Member, Committee on T&I
Washington, DC 20515

The Honorable Patty Murray
Chair, Senate HELP Committee
Washington, DC 20510

The Honorable Richard Burr
Ranking Member, Senate HELP Committee
Washington, DC 20510

Dear Speaker Pelosi, Majority Leader Schumer, and Republican Leaders McConnell and McCarthy:

Absent Congressional intervention to ensure continued rail service, America's food, beverage, household and personal care manufacturers are gravely concerned that an impending freight rail work stoppage will imperil product availability, shut down manufacturing lines and cut off consumers' access to everyday essentials. With yet another union voting today against ratification of the tentative deal struck September 15, these concerns are reaching a fever pitch, and we urge you to act now rather than wait until the last minute to intervene.

Although major freight railroads and labor union negotiators technically have until the end of current "cooling off" periods to finalize a voluntary agreement, recent votes compel us to seek proactive Congressional intervention that puts the possibility of a catastrophic freight rail strike to rest. The consumer packaged goods industry and other prominent supply chain stakeholders continue to hope that both sides can come to a voluntary agreement, but it is alarming that strong differences of opinion remain and that any compromise agreements would need to go through another laborious approval process. Proactive intervention from Congress and the Biden Administration will head off supply chain catastrophe, protect American consumers and lay the groundwork for much needed operational continuity.

The impact of a rail service stoppage goes far beyond the nearly unfathomable economic calculation of \$2 billion dollars per day. The companies that manufacture and distribute everyday items like peanut butter, cooking oil, breakfast cereal, soap, canned vegetables and household cleaners utilize rail to transport high concentrations of both raw input ingredients and finished products. Freight rail constitutes approximately 30 percent of total CPG transportation, but rail-centric operations rely almost exclusively on rail due to bulk commodity shipment requirements, historical distribution patterns and manufacturing efficiencies. These operations



cannot easily transition to other transportation modes, nor is there available capacity to handle huge swings in demand. That means a work stoppage for freight rail would effectively bring hundreds of America's largest food, beverage, household and personal care manufacturing operations to a halt in a matter of days as inputs and ingredients run out. On-shelf availability and accessibility will quickly drop, compounded by almost inevitable panic buying.

CPG manufacturers have weathered unprecedented, record levels of consumer demand for their products since March 2020 and the U.S. outbreak of COVID-19. The supply chains for everyday essential products are already stressed, operating at full capacity to keep pace with consumer needs, and issues as far-ranging as war in Ukraine to drought along the Mississippi River to cybersecurity incidents continue to snarl domestic operations and raise costs. There is no slack in the system to afford a calamitous freight rail strike. Consumers and manufacturers will pay the price if negotiations fail, and Congress does not act.

Congress long ago recognized the necessity of rail operations to interstate commerce and our nation's economic health with the passage of the Railway Labor Act and 18 past interventions in rail labor disputes since 1926. A voluntary agreement between the railroads and 12 unions remains a best-case scenario, but an increasingly unlikely one. Playing a game of chicken with consumers' access to everyday essential products is a risky proposition. With the clock ticking, we call on you to proactively intervene and pass legislation in consultation with negotiating parties and the Biden Administration, building on the tentative deal struck September 15 and the Presidential Emergency Board's recommendations.

Thank you for your immediate attention and leadership in proactively protecting American consumers.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Madrecki', with a stylized flourish at the end.

Tom Madrecki
Vice President, Supply Chain and
Logistics
Consumer Brands Association