

March 20, 2018

Dear Chairman Brady, Ranking Member Neal, Chairman Reichert and Ranking Member Pascrell:

As your committee prepares for hearings this week focused on international trade, the privately owned freight railroad industry writes you to present the impact of trade on our industry. Because we serve nearly every industrial, wholesale, retail and resource-based sector of the economy, and because our network spans North America, we believe our stake in this debate is an important one.

Analysis from Association of American Railroads (AAR) economists finds that at least 42 percent of rail carloads and intermodal units, and more than 35 percent of annual rail revenue, are directly associated with international trade. Approximately 50,000 rail jobs and more than \$5.5 billion in annual wages and benefits also depend directly on trade. If freight hauled by railroads indirectly associated with trade were included, the figures would be notably higher.

The scope and reach of rail movements related to trade are stark and felt across the U.S., including in areas policymakers have vowed repeatedly to concentrate on for economic stimulation. Movements include:

- **Automobiles and auto parts** made in the Midwest and exported to Canada and Mexico.
- **Beer** brewed in Mexico sent to the U.S. for consumption.
- **Corn, wheat and soybeans** from farmers in the Midwest to Mexican food processors and livestock producers.
- **Paper and forest products** from Canada to build homes and provide packaging for manufacturers in the U.S.
- **Propane** from western Canada to the U.S. Midwest.
- Refined **energy products** from the U.S. Gulf Coast to Mexico.
- **Sulfur** from Canada used to produce fertilizer in the southern U.S.
- U.S.-made **steel products** to crude oil production centers in western Canada.

The list is longer than this letter allows, but the deep integration of the global economy is clear. The data provide a stern reminder that today's economy is firmly established and cannot be easily undone with rushed policy modifications.

The freight railroad industry remains particularly focused on ensuring success in modernizing the North American Free Trade Agreement (NAFTA), which ample evidence shows has been good for U.S. commerce and workers. The complex supply chains that facilitate trade across the continent, of which freight railroads play an outsized role in, have been shaped largely by the ability to move products tariff free across borders. Such a dynamic cannot be uprooted overnight, and doing so will only hurt U.S. competitiveness. This is particularly true for industries that provide the footing for today's economy and are widely supported across the political aisle, namely agriculture, manufacturing and retail.

U.S. policymakers should be focused on opening more global markets, not restricting existing ones. Thank you.

Sincerely,



Edward R. Hamberger
President and CEO
Association American of Railroads

CC: Representative Robert E. Lighthizer, Director Peter Navarro, Secretary Wilbur Ross