



April 18, 2007

The Honorable
U.S. Senate
Washington, DC 20510

Dear :

I am writing to urge your support for the Freight Rail Infrastructure Capacity Expansion Act of 2007 (S 1125), introduced by Senator Kent Conrad and Senator Trent Lott on April 17, 2007. We urge you to become a co-sponsor of this important legislation that would enhance national infrastructure and support growing American commerce.

By way of background, the Waterfront Coalition is an alliance of U.S. businesses that includes exporters, importers, manufacturers and agricultural producers and the trade associations representing these shipper stakeholders. The Waterfront Coalition is dedicated to improving the efficiency and security of the nation's blue water ports and the intermodal marine container transportation system that links ports to markets at home and abroad. Our members rely on America's freight rail system to reach their customers around the world.

The American economy has changed in the last twenty years from a domestic focus to a global focus in which goods move through supply chains to intermediary manufacturers, foreign markets and retail consumers in just-in-time delivery chains. The key to American productivity and competitiveness is now speed to market, and railroads are a key element in moving goods from America to markets abroad, as well as moving finished goods to consumers here at home.

The benefits of our private freight rail system are many:

- Freight railroads carry 42 percent of the nation's intercity freight including goods consumers use every day like orange juice, lumber and coal.
- Freight railroads are essential to the nation's manufacturers, farmers and exporters who depend upon them to reach our blue water ports and foreign markets around the world.
- Freight railroads reduce truck traffic on the nation's highways and reduce air pollution, specifically around ports.

As a result of the changing nature of the American economy--with more exports, more imports and more distributed manufacturing--the need for freight rail continues to grow at an astounding rate. The Department of Transportation has projected a 67 percent growth

in total freight traffic between 2000 and 2020, with intermodal traffic grown at a faster rate than many other types of rail traffic. The Congressional Budget Office has cautioned that private investment may not grow fast enough to keep up with this phenomenal demand. Indeed, congestion on the freight rail system is already being felt by rail shippers like those represented by the Waterfront Coalition.

If CBO is accurate and nothing is done, then the American economy--U.S. exporters, manufacturers, utilities, and farmers as well as importers and retailers--will face significant productivity and competitive issues in the next decade. U.S. exporters already face delays in getting goods to market. U.S. manufacturers already have lengthened supply chains and increased safety stock--a move with enormous inventory cost implications. Even U.S. consumers could face new delays or higher delivery charges for the one or two day delivery of finished products that they have come to expect.

This is not to say that private freight railroads are not doing enough to meet demand. Indeed, private freight railroads make enormous investments each and every year in new capacity. Rail capital spending as a percent of revenue is three or four times that of most other industries. And yet, this investment may not be enough to meet the growth of the new American Economy.

We believe Congress ought to pay attention to this critical infrastructure issue--not by appropriating money or nationalizing a private rail system--but by recognizing the importance and stimulating private investment in this capacity. Such investment will increase U.S. employment and enhance U.S. productivity and competitiveness.

We believe the Freight Rail Infrastructure Capacity Expansion Act could go a long way toward improving capacity on the nation's private rail network. The bill would provide a variety of tax incentives to increase and speed investment in new rail capacity, including new track, track expansion, and new intermodal facilities. American business runs on the freight rail system, we believe Congress should be ensuring that sufficient capacity exists to meet the demand of the U.S. economy.

For these reasons urge you to support this legislation.

Attached you will find a list of the Waterfront Coalition members. If you have questions about the coalition or our position on this issue, please feel free to contact me at 202-861-0825 ext 201.

Sincerely,

Robin W. Lanier
Executive Director