



April 9, 2007

The Hon. Daniel K. Inouye
Committee on Commerce, Science and Transportation
508 Dirksen Senate Office Building
Washington, DC 20510-6125

Dear Chairman Inouye:

I am writing you to express the concerns of the Waterfront Coalition with S 953, a bill that would re-regulate the nation's freight railroads. I understand that this bill has been referred to your Committee. As users of the freight rail network, we are concerned that S 953 may needlessly and unfairly set rates and service for only one segment of freight rail users at the expense of other customers. In order to meet the needs of all freight rail customers, we instead encourage your Committee to consider policies to promote freight rail expansion that serve the interests all users.

By way of background, the Waterfront Coalition represents retailers, product suppliers, manufacturers and agricultural producers moving international commerce through America's blue water ports. A significant portion of the nation's international trade transiting marine terminals ultimately moves on to its final destination by way of the freight rail network. In fact, roughly 9.4 million containers moved by rail representing about 23% of total freight rail revenue in 2006. Waterfront Coalition shippers and the U.S. economy depend on this swift delivery of cargo to fulfill orders overseas and ensure that products reach store shelves and factory floors in the U.S.

As the nation's economy continues to expand, the current capacity of track, rail yards and equipment is unable to effectively meet this growing demand for freight mobility. Many rail customers, including intermodal shippers, are experiencing increasing freight rates and declining service measured by costly congestion and cargo delays. Clearly, the freight railroads must expand the capacity of this network to meet the demands of all customers. Already, Class I railroads are investing a significant amount of profit into growing this network. In fact, \$9.4 billion is planned for 2007. However, the railroads cannot do it alone and need access to additional finance to make all the needed investments to ensure that the nation's commerce moves efficiently.

Rather than endorse policies to expand freight rail infrastructure, a certain segment of rail customers are urging Congress to re-regulate freight rail in order to ensure that rates are capped and minimum service guaranteed only on the routes that serve their interests. In fact, this

segment of rail shippers claims to speak on behalf of all rail customers in urging support of re-regulation as a necessary measure to promote economic growth.

The Waterfront Coalition group of intermodal rail shippers does not support this policy. Re-regulation of the rail industry that only serves one segment of users could force Class I railroads to raise rates and reduce service for all other rail users just to meet these mandates. Furthermore, re-regulation will do very little to address the underlying cause of concern, namely expanding rail capacity. As a solution to this problem of under-capacity, we ask Congress to consider policies, such as investment tax credits, that help Class I railroads expand the current network of track, railyards and equipment that serve all customers not just a certain segment of users.

We thank you for the opportunity to consider our concerns with S 953 and we are available to respond to any questions. You can reach us at (202) 861-0825.

Sincerely,

Ezra Finkin
Director – Government Affairs

CC:

Sen. John D. Rockefeller, IV
Sen. John F. Kerry
Sen. Byron L. Dorgan
Sen. Barbara Boxer
Sen. Bill Nelson
Sen. Maria Cantwell
Sen. Frank R. Lautenberg
Sen. Mark Pryor
Sen. Thomas Carper
Sen. Claire McCaskill
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