

Congressman Jim Costa
Statement for the Record
Oversight Hearing on Union Pacific Railroad Company's Embargoes
December 13, 2022

ENTERED
Office of Proceedings
December 13, 2022
Part of
Public Record

Thank you for the privilege to testify in front of the Surface Transportation Board on this critical issue regarding rail service for our nation. My home state of California is one of the largest economies in the world, and agriculture plays a significant role. California's livestock and livestock products are a 12.1-billion-dollar industry, and we lead the nation in dairy production, producing nearly 42 billion pounds of milk. This is just one example of the many products that are produced in abundance in California.

To produce food at this scale, our dairymen, farmers, and ranchers need certainty and consistency. They rely heavily upon the rail system to deliver the inputs needed to produce the products that then are delivered on the same system to the marketplace. When there is a delay within the rail system coupled with the impact of climate change, producers are faced with difficult economic decisions.

The movement of additional inputs have been another area where rail delays have had a damaging impact. A significant portion of fertilizer is moved by rail, which in turn means that rail service delays drive up prices for fertilizer. This issue has been compounded because a large percentage of the world's potash, a necessary commodity for fertilizer, is produced in Russia and Belarus. Russia's war on Ukraine led to increased pressure on the fertilizer market, and rail delays are exacerbating the problem.

These rail delays, coupled with shipping delays at our ports, are part of ongoing issues with our supply chain that stemmed from the COVID-19 pandemic and subsequently rapid shifts in demand as we reopened the economy. These transportation disruptions continue to hurt farmers and consumers alike, because when our transportation fails to deliver, it hits the farmers bottom line, and leads to higher food costs for American families at the grocery store. With record high inflation, action must be taken to reduce disruptions and costs.

While I am proud to have voted to avert a rail strike and support increased sick days for rail workers, it is critical that we also review the role of rail operations in supply chain disruptions. The decision-making behind embargoes must be analyzed further to understand the modern-day challenges of our nation's rail system. Our nation has an opportunity to invest in upgraded infrastructure and a skilled workforce to ensure American goods can be delivered in a timely manner so American businesses can continue to thrive. That investment must also be coupled with efficient and transparent operations at all points along our supply chains.

It is my hope, that this hearing will lead to further collaboration for solutions to solve the challenges we are facing in America's critical transportation system. I remain committed to working with all the parties to that end.