



May 8, 2019

Oversight Hearing on Demurrage and Accessorial Charges  
Before the Surface Transportation Board

Written Submission of the Industrial Minerals Association – North America

**RE: Docket Number: EP 754. Industrial Minerals Association – North America Comments on the Surface Transportation Board's Oversight Hearing on Demurrage and Accessorial Charges**

The Industrial Minerals Association – North America (IMA) appreciates the opportunity to comment on the Surface Transportation Board's (STB) oversight hearing on railroad demurrage and accessorial charges. The IMA applauds the Board's oversight effort over the last several months of the evolving practices of the railroads as it relates to their punitive and unreasonable changes to their demurrage and accessorial charges as they transition to a so-called "precision scheduled railroading" model. The change to the demurrage and accessorial charges lack commercial fairness and reciprocity, and we strongly encourage the Board to set forth the necessary guidelines for these situations to ensure that the railroads attempt to increase their revenues is kept in check.

The IMA-NA is a trade association that represents companies that mine, process and sell industrial minerals throughout North America.<sup>1</sup> The industrial minerals produced by IMA-NA member companies are the raw material feedstock that are incorporated into a broad range of products, including among other things, container, flat and specialty glasses, paint and coatings, ceramics, and a broad range of building products. Additionally, industrial minerals are used to make foundry molds and cores, which are in turn used to make metal shapes used to manufacture automobiles, SUVs and trucks, rail cars and almost all other items that have metal castings. The demand for many of these minerals from manufacturers is global, and the continued pressure our member companies are feeling from the railroads in the form of constant rate increases and now new, higher demurrage and accessorial charges are making it more difficult to compete in that global market.

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<sup>1</sup> IMA-NA represents a wide variety of minerals in North America, including: ball clay, barite, bentonite, borates, calcium carbonate, diatomite, feldspar, industrial sand, kaolin, soda ash, talc, wollastonite and other minerals.

In this global market, we have seen with certain minerals that it is now cheaper for our member's global competitors to ship via vessel from Europe and elsewhere to portions of the United States for cheaper than it is for our members to ship via rail with the sky rocketing contracted rates and these new fees that have been added on unilaterally post-contract. The actions taken by the rail roads are having a negative overall impact on the U.S. economy, and issues could get worse if they are not held in check.

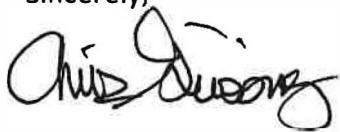
Industrial minerals are low margin, high volume products. Our member companies are heavily dependent upon a reliable and cost-effective transportation network, especially rail, and are major shippers with the major rails. To help highlight that, in 2014, the nonmetallic minerals except fuels category, made up \$1.5 Billion in total freight rail premiums.

The IMA strongly objects to the changes that the railroads are making to the demurrage tariff and accessorial charges. These changes were made with no notice and are completely one-sided in scope. All of the risk of equipment delays has now shifted on to the shipper, even in cases where they have no control or fault. The new, unreasonable fees are adding to excessive shipping rates the railroads can charge a largely captive audience and are only adding to the bottom line for the railroads and not doing anything to address the underlying problems causing the delays. We strongly encourage the Board to come up with a reasonable formula for when demurrage can be incurred and to include some sort of reciprocity for when the fault lies with the railroads in delays.

Again, we thank the Board for holding this important hearing and allowing both sides of this issue to be heard. We hope that the result of the hearing will be a set of clear guidelines for when and how these fees should be charged, and that the liability should never solely be on the shipper, especially since most of the delays that are resulting in these charges are completely out of our member's control.

Thank you for allowing us to comment, we look forward to participating constructively throughout the process.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Greissing". The signature is stylized with a large, looped "C" and a long, sweeping underline.

Chris Greissing  
Executive Vice President