

News : Rail, industry officials push US Congress to act quickly to avoid a rail strike

By Kate Winston

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- Biden called on lawmakers to adopt September deal
- Supply chain could start to be impacted this weekend

Congress should answer **US** President Joe Biden's call to step in and avert a rail strike before operations start winding down this weekend in preparation for a Dec. 9 strike deadline, officials from the railroad, oil and other industries said Nov. 29.

A rail strike would potentially impact **power**, **natural gas** and **gasoline** prices and snarl supply chains across the economy.

"Shutting down our rail system, even for one day, would have a significant impact on **US gasoline** supply and could lead to higher prices for **American** consumers and businesses ahead of the holiday season," Mike Sommers, the president and CEO of the **American Petroleum Institute**, said.

It was not anyone's goal to have this end up being a congressional matter, Ian **Jefferies**, the president and CEO of the **Association of American Railroads** said. But now "**we** 've reached a point where there's no other option in our mind than to call on Congress to do its rightful duty," **Jefferies** said during a call hosted by AAR.

Congressional action

On Nov. 28, Biden called for Congress to pass legislation immediately to adopt the tentative deal between rail workers and operators that the **White House** helped broker in September. Four of the 12 rail unions rejected ratification of the deal.

"As a proud pro-labor President, I am reluctant to override the ratification procedures and the views of those who voted against the agreement," Biden said in a statement. "But in this case – where the economic impact of a shutdown would hurt millions of other working people and families – I believe Congress must use its **powers** to adopt this deal," he said.

Hundreds of organizations wrote to Congressional leaders Nov. 28 urging action to stave off a rail strike. "No one wins when the railroads stop running," the letter said.

House Speaker Nancy Pelosi said the House would consider legislation this week to adopt the tentative agreement reached in September – with no "poison pills" or changes to the negotiated terms – and send the measure to the Senate.

Commodity impacts

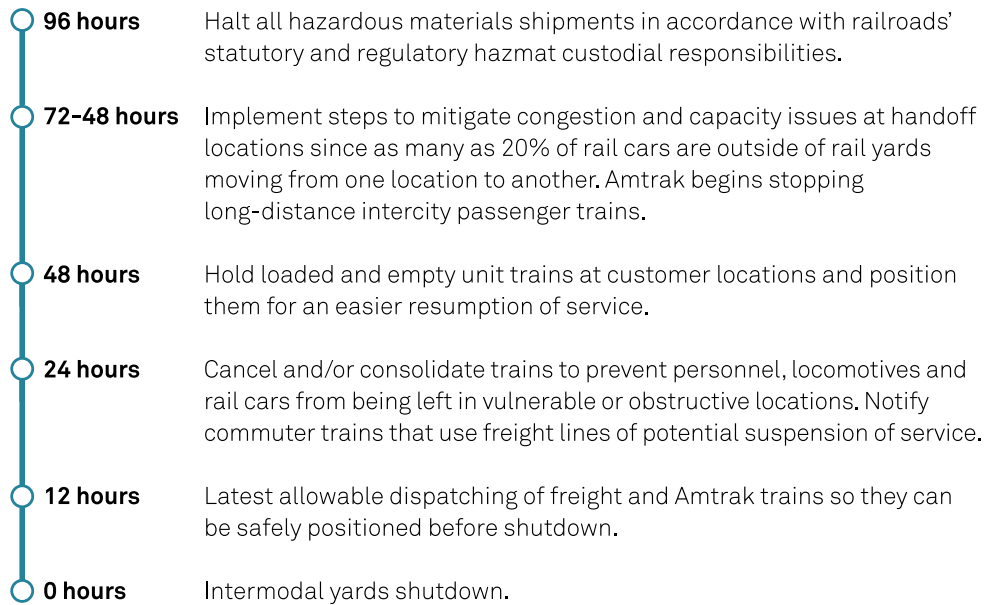
A rail strike **could interrupt coal deliveries to power plants** and put upward pressure on **natural gas** and **electricity** prices as **coal** plants conserve supplies to meet peak winter demand. **Coal** stocks would drop by up to 1 million tons for each day that deliveries are suspended, according to Morris Greenberg, senior manager of **North America power** analytics at S&P Global Commodity Insights.

Shippers are now cautiously optimistic that a rail strike will be averted, John Ward, executive director of the National **Coal** Transportation Association, said in an email. "Following the mixed bag of union ratification results, it was clear that the railroads and workers have reached an impasse and congressional intervention is the only option left to avoid a crippling strike," he said.

Most **US ethanol** is transported by rail, and more than 90% of the **gasoline** consumed in the **US** in 2022 contained **ethanol**, Sommers said. Coming up with backup transportation plans in the case of a rail strike is difficult because of the current truck driver shortage, he said.

"It's very difficult to contingency plan, which is one of the key reasons why a rail stoppage would ensure that **Americans** are paying higher prices at the pump," Sommers said.

Railroad shutdown timeline



Source: Association of American Railroads

The impacts of a rail strike could begin this weekend, because rail **carriers** have notified shippers that **ammonia** shipments will need to be pulled off the network starting about five days before a rail strike, said Corey Rosenbusch, president and CEO of The Fertilizer Institute, said during the AAR call.

It is estimated that for every day of a strike it will take about five to seven days for that supply chain to catch up, Rosenbusch said. There is zero elasticity in transportation because, in addition to the shortage of truck drivers, low water levels in the **Mississippi River** are curtailing barge shipments, he said.

At about 96 hours before a shutdown, railroads would halt all hazardous materials shipments, according to the AAR. Next, at about 72-48 hours before a shutdown, Amtrak would begin stopping long-distance intercity passenger trains, the AAR said

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