



**American
Fuel & Petrochemical
Manufacturers**

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November 29, 2022

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, D.C. 20510

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The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Speaker Pelosi, Majority Leader Schumer, Leader McConnell, and Leader McCarthy:

On behalf of the American Fuel & Petrochemical Manufacturers (AFPM),¹ I write to underscore the need for Congress's immediate intervention to avert an impending railway strike, which would have devastating and long-lasting effects on the U.S. economy. America's freight rail system is essential to national and global supply chains. Like other sectors, U.S. refiners and petrochemical manufacturers rely heavily on the rail network to deliver feedstocks and critical materials to their facilities and refined products to consumer markets. Thus, any disruptions to rail service would likely throttle production and delivery of critical products such as gasoline, diesel, heating oil, and petrochemicals at a time when demand is high and inventories low.

On September 15th of this year, rail carriers, rail labor, and the Biden Administration reached a tentative labor agreement that averted a strike. Unfortunately, four rail labor unions have since rejected the tentative agreement, setting the stage for a system shutdown when the "cooling off" period expires on December 9th. As we learned in September, railroads will begin to meter rail traffic and embargo shipments of materials critical to the refining and petrochemical industries ahead of a rail strike. In fact, the impacts of such a strike have already begun to affect the U.S. freight rail system and rail-dependent manufacturing sectors are starting to see railroads ramp down operations ahead of a work stoppage.

These curtailments will impact refiners' ability to maintain current high production rates and affect fuel supplies and petrochemical manufacturers' ability to produce the petrochemicals that are the building blocks for a myriad products. Other supply chains critical to the availability of finished gasoline stand to be impacted considerably as well. Without the ability to move essential materials in and out of refineries, ethanol plants, and fuel terminals with regularity, the liquid fuel supply chain could experience significant operational disruptions, which would be further felt by consumers.

A rail strike would deliver a major blow to our economy and could threaten supplies of fuels and petrochemicals. A study released by the Association of American Railroads found that a lockout would

¹ AFPM is the leading trade association representing both the U.S. fuel refining industry, which supplies gasoline, diesel, jet fuel, sustainable aviation fuel and renewable diesel around the country, and the petrochemical industry, which manufactures the essential building blocks for modern life, including health care, industrial manufacturing and high tech.

cost the United States economy \$2 billion per day.² A separate analysis by the American Chemistry Council found that a month-long strike would reduce GDP by one percentage point, or \$160 billion.³

The U.S. fuel and petrochemical industries are particularly vulnerable to the impacts of a rail strike. AFPM members annually ship by rail over 2 million carloads of raw materials and products, including crude oil, natural gas liquids, refined products, biofuels, petrochemicals, and plastic pellets.⁴ Any disruption to these critical supply chains would have immediate effects on production capacities and product availability. Refining and petrochemical manufacturing are incredibly complex processes that rely on numerous materials shipped via rail. Faced with a strike, refiners and petrochemical manufacturers will be challenged with multiple pain points that will hinder our ability to move feedstocks, critical refining materials, components of fuels, refined products, and petrochemicals.⁵

AFPM respects the negotiation process and the positions of both the railroads and rail labor unions, but as President Biden noted in his remarks last night, the consequences of a rail strike to the American economy are so significant that Congress must intervene. While a voluntary agreement with the four holdout unions is the best outcome, the risks to America's economy and communities simply make a national rail strike unacceptable. AFPM respectfully requests that Congress use its' authority under the Railway Labor Act to step in without delay to avert a catastrophic cessation of freight rail operations that could result in potential fuel supply disruptions and higher prices across the economy.

We urge you to take action immediately to address this critical situation.

Regards,



Chet Thompson
President and CEO
American Fuel & Petrochemical Manufacturers

² See Association of American Railroads' [The Economic Impact of a Rail Shutdown](#) (September 2022)

³ See American Chemistry Council's [Potential Impact of a Rail Strike on the US Economy](#)(November 2022)

⁴ See "Freight Rail Facts and Figures" February 2022, <https://www.aar.org/facts-figures>

⁵ See "Impacts of a Rail Strike will be felt Quickly Even Prior to a Strike" published November 22, 2022, <https://www.afpm.org/newsroom/blog/impacts-rail-strike-will-be-felt-quickly-even-prior-strike>