

May 20, 2019

To the Members of the United States Congress:

The Association of American Railroads and its undersigned members, which account for the vast majority of freight railroad mileage, employees, and traffic in Canada, Mexico, and the United States, urge you to approve the United-States-Mexico-Canada Agreement (USMCA) expeditiously to provide market certainty, stimulate further investment, and enhance the standard of living in all three countries. We commend you for the ongoing, bipartisan deliberative process being taken to resolve outstanding issues and encourage you to continue working to provide a path forward to bring up implementing legislation as soon as possible.

The freight railroads supported efforts to modernize the North American Free Trade Agreement and believe that the USMCA brings this long-standing trading relationship into the 21st century. Specifically, the USMCA includes essential provisions related to e-commerce and digital trade, both of which help drive intermodal rail shipments — one of the key sectors of the rail business.

Rail movements associated with North American free trade include countless commodities and every region of the country. This includes imports and exports of automotive products between factories in dozens of U.S. states, Canada and Mexico and nearly \$43 billion worth of agricultural goods.

It is difficult to overemphasize the importance of trade to railroads and the importance of railroads to trade. Based on conservative estimates, international trade accounts for at least 35 percent of U.S. freight rail revenue (\$26.4 billion out of \$75.1 billion); 27 percent of U.S. rail tonnage (511 million tons out of 1.88 billion); and 42 percent of the carloads and intermodal units (13.4 million units out of 32.2 million).

Simply put, robust international trade means good-paying jobs for American workers, and railroaders in particular who earn an average of \$125,400 per year in total compensation. Approximately 50,000 of these rail jobs, worth more than \$5.5 billion in annual wages and benefits, depend directly on international trade. This does not include other significant job-related impacts including employees at ports who handle rail shipments; jobs at firms that supply goods and services to railroads and others in support of trade-related rail movements; and impacts derived from expenditures of rail and port employees, and their suppliers.

The freight railroads and our customers require certainty to continue making investments that will support and grow seamless commerce between our country and two of our largest trading partners. We strongly urge you to support this modernized trade agreement and approve the USMCA to harness the full potential of the North American trading relationship.



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