

January 19, 2021

The Honorable Joseph R. Biden, Jr.
President-Elect of the United States
The White House
1600 Pennsylvania Ave., N.W.
Washington, DC 20500

***Re: Support for the Appointment of Martin J. Oberman to be Chairman
Of the Surface Transportation Board (STB)***

Dear President-Elect Biden:

The undersigned organizations, whose members represent the breadth of America's expansive and diverse agricultural producer, commodity and agribusiness sector, respectfully urge you to appoint Martin J. Oberman to serve as the next Chairman of the Surface Transportation Board (STB).

The STB, an independent federal agency, serves a critically important role in providing regulatory oversight of the freight rail industry. While perhaps not as visible nor well-known as many other federal departments and agencies, the STB is the lone regulatory backstop for a freight rail market that has consolidated tremendously since the early 1980s and now is dominated by only four major rail carriers – two in the East (CSX and Norfolk Southern) and two in the West (BNSF and Union Pacific). These four railroads haul more than 90 percent of all freight rail traffic and increasingly exercise their overwhelming market power by unilaterally dictating the conditions, terms, frequency and cost of providing service. Significantly, many agricultural rail shippers and receivers are captive to a single rail carrier and do not have price-competitive access to other modes of transportation, such as trucks or barges, either because they are landlocked or the distances involved in the movement are too great given the large volumes of agricultural commodities, products and farm inputs being shipped.

The current rail marketplace also is characterized by the implementation of the so-called “precision scheduled railroad” operating model by six of North America's seven Class I railroads (of these largest carriers; only BNSF has not done so), under which they have dramatically reduced the number of locomotives, crews and other human and capital assets in an effort to reduce their operating costs to boost earnings and reward shareholders, often at the expense of serving customers. In some cases, agricultural rail customers have experienced “demarketing,” in which carriers in a drive to serve more profitable traffic have reduced service or increased rates to a level that makes it infeasible for agricultural customers to continue shipping by rail.

During the past few years, the STB has responded to these developments by engaging in a much more robust and long-overdue review of freight rail policy issues. In particular, the agency has developed momentum over the last three years in attempting to create a more streamlined method for freight rail customers to challenge unreasonable rates and to develop guidelines to address egregious and non-reciprocal demurrage and accessorial charges imposed by carriers. The current STB is striving to take a more prudent regulatory approach that balances the need of rail carriers to earn sufficient revenues to be profitable and invest in their infrastructure with the commensurate need of rail customers to receive more competitive, reliable, predictable and cost-effective service.

The ability of the STB to follow through on its agenda to pursue a modern and more balanced regulatory approach almost wholly is dependent upon it having a chairman who is committed to it and has the integrity, objectivity, sense of purpose, dedication, creative thinking and, importantly, the experience of having served at the agency for multiple years. We respectfully believe that person is Martin Oberman.

Mr. Oberman, a Democratic appointee who currently serves as STB's Vice Chairman, has been a member of the agency since Jan. 22, 2019. He previously served as a Board member and Chairman for Metra, Chicago's regional commuter railroad – the second largest in the United States – where he interacted extensively with Class I railroads and Amtrak. He also had a distinguished career as a Chicago alderman from 1975-87, during which he earned a reputation as a reform leader in promoting transparency in government and successfully tackling corruption and runaway spending. Prior to being nominated to the STB, Mr. Oberman most recently had served on the Board of the Chicago Metropolitan Agency for Planning until November 2018.

He is a native of Springfield, Ill., and a graduate of Yale University and the University of Wisconsin Law School, the latter of which he was a cum laude graduate and served as a Note Editor for the Wisconsin Law Review.

Since joining the STB, Vice Chairman Oberman has brought a refreshing, candid and inquisitive perspective to important and complex rail policy issues considered by the agency. He also has demonstrated the ability to collaborate and work extremely well with his fellow STB members and staff to advance the agency's mission.

There currently are several pending rulemakings underway at the STB – including rail rate reform and revenue adequacy of rail carriers – that make it advisable to promptly appoint a Chairman who is knowledgeable and well-versed on their status and background. Such leadership also is essential as the STB continues to implement the Surface Transportation Board Reauthorization Act of 2015, which will help farmers, agribusinesses and manufacturers be more competitive in the global marketplace, as well as to maximize employment opportunities and safe working conditions for rail workers.

For these reasons, we strongly endorse and respectfully request your consideration of Martin Oberman as the next Chairman of the STB.

Thank you for your consideration, and we look forward to working with you and your administration in support of agriculture and rural communities, and our great nation.

Sincerely,

National Associations:

Agricultural Retailers Association
Agriculture Transportation Coalition
American Farm Bureau Federation
American Soybean Association
Corn Refiners Association
Hardwood Federation

National Aquaculture Association
National Association of Wheat Growers
National Cattlemen's Beef Association
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Grain and Feed Association
National Milk Producers Federation
National Oilseed Processors Association
North American Millers' Association
North American Renderers Association
Pet Food Institute
Specialty Soya & Grains Alliance
The Fertilizer Institute
United Fresh Produce Association
USA Rice
U.S. Wheat Associates