

SUBMITTED FOR INCLUSION IN HEARING RECORD

TESTIMONY OF

Joanne F. Casey
President and CEO
The Intermodal Association of North America (IANA)

REGARDING

The State of Transportation Infrastructure and Supply Chain Challenges

BEFORE

The House Committee on Transportation and Infrastructure

FEBRUARY 1, 2023

On behalf of the Intermodal Association of North America (IANA), thank you Chair Graves, Ranking Member Larsen, and Committee Members for convening this hearing to discuss our nation's critical supply chains. IANA applauds your leadership on this important issue and appreciates the opportunity to share our views. As you begin your work in the 118th Congress, IANA would be pleased to serve as a resource and looks forward to working with you toward our shared goal of enhancing intermodal supply chain fluidity, efficiency, and safety.

As the only transportation trade association that represents the combined interests of intermodal freight providers and customers, IANA represents more than 1,000 corporate members, including railroads, ocean carriers, ports, intermodal truckers and over-the-road highway carriers, intermodal marketing and logistic companies, and suppliers to the industry. IANA's associate (non-voting) members include shippers (defined as the beneficial owners of the freight to be shipped), academic institutions, government entities, and non-profit trade associations.

IANA is pleased to offer the industry various technology tools and resources through its Information Services. These programs, which are designed to facilitate business processes and enable transactions, focus on information needs in the areas of environmental initiatives, risk management, safety, and security. Regulatory compliance and registration tools include the Driver Vehicle Inspection Reporting Service, the Global Intermodal Equipment Registry, and the Uniform Intermodal Interchange and Facilities Access Agreement. IANA also collects and maintains a range of data on the performance of the North American intermodal freight network. These databases provide critical tools for the effective management of business assets across the intermodal supply chain.

Intermodal freight transportation is the movement of cargo in shipping containers or trailers by more than one mode of transport – ship, rail, and/or truck. Globally, 95 percent of all manufactured goods are transported in a container at one point in their journey, generating over \$51 billion in intermodal revenues annually in the North American market.

Unlike single transportation modes, global and domestic intermodal freight supply chains are comprised of separate entities that work in concert to complete each intermodal movement. Together, third-party logistics providers, trucking companies, railroads, ports, and steamship lines provide a cost-effective, reliable, safe, and environmentally favorable way to move freight from origin to destination. Each link is a vital component of the overall intermodal supply chain and must operate seamlessly and efficiently to uphold systemwide performance and productivity levels.

The COVID-19 pandemic spurred rapid and unprecedented demand for freight services and supply chain capacity, demonstrating the critical importance of intermodal supply chains to transport and distribute essential goods. When much of the nation was asked to stay home, the intermodal industry continued working to deliver desperately needed medical supplies and equipment, food,

as well as everyday items previously taken for granted. Despite labor and capacity shortages, intermodal supply chains remained flexible and quickly adapted to accommodate shifting consumer patterns and demands.

IANA has supported the Biden-Harris Administration's ongoing work to address supply chain disruptions and develop holistic, systemwide, and industry-based solutions to advance our national goods movement network. Among other efforts, IANA has engaged with and served as a resource to the White House Supply Chain Disruption Task Force and the White House Port Envoy, the Federal Maritime Commission, and the U.S. Department of Transportation (USDOT).

IANA commends this Committee for its contributions to and enactment of the 2021 Bipartisan Infrastructure Law (BIL). In addition to the significant increase in funding available to freight infrastructure needs, we strongly support the BIL's establishment of the Office of Multimodal Freight Infrastructure and Policy within USDOT. Given the unique nature of intermodal transportation, a dedicated Freight Office stands to improve federal coordination and strategically address the diverse operational and economic needs of our interconnected intermodal freight system. It is IANA's hope that this newly formed office will serve an essential role in overseeing national freight system investments, guiding multimodal freight policy and planning, facilitating information sharing, and maximizing BIL resources. IANA and its diverse membership of supply chain participants are eager to work with the Freight Office and serve as industry partners.

Recognizing the broad array of issues the Committee on Transportation and Infrastructure is tasked with examining, IANA looks forward to working with the Committee on issues related to the long-term health of the United States supply chain. In particular, IANA's membership is eager to address:

- **Supply Chain Data Collection & Standardization:** The supply chain is a complex network of systems, each with unique stakeholders, standards, and requirements. Pandemic-related shipping challenges highlighted the supply chain's complexity and opacity, spurring discussion about the appropriate level of data sharing and standardization. Solutions must strike a delicate balance. While some level of data sharing and standardization is likely necessary to increase supply chain efficiency and visibility, viable solutions must recognize that 1) many supply chain stakeholders operate and/or are headquartered internationally, meaning consideration should be given to global solutions and the most appropriate facilitator(s); 2) some data is proprietary and serves as a competitive edge to private companies; 3) data must be sanitized such that its dissemination does not cause safety or security concerns; and 4) the process for collecting and disseminating such data must not be overly burdensome.
- **Project Permitting:** Although the BIL provided for some changes to the permitting process, IANA continues to advocate for the need to address inefficiencies and delays in the federal project approval process while upholding environmental protections. Existing



permitting regulations can cause significant delays and associated cost increases in the construction of transportation projects, which hinder improvements that improve system fluidity. Reforms are needed to increase transparency and predictability by streamlining reviews and facilitating more effective coordination between federal agencies, particularly for large, intermodal projects that traditionally require the approval of multiple agencies or USDOT modal administrations.

- **Intermodal Infrastructure Funding:** Freight infrastructure investment contributes to economic growth and global competitiveness as well as job creation and improved quality of life. IANA strongly supports the funding increases provided by the BIL for various new and existing grant and formula programs with intermodal freight project eligibility. We recommend the Committee continue to support programs that not only address funding for and improvements to the nation’s roadway, rail and bridge infrastructure system, but also allow for significant investment in non-highway intermodal projects as well as intermodal connectors, which are the links that facilitate the transfer of freight between modes. Currently, non-highway/ intermodal freight projects are eligible for a maximum of 30 percent of available funding annually under the Infrastructure for Rebuilding America (INFRA) grant program and National Highway Freight (freight formula) Program. Such a cap limits the ability to fund critical intermodal projects at the levels that are needed.
- **Truck Driver Shortage:** According to data produced in 2022 by the American Trucking Associations (ATA), the trucking industry is shy nearly 80,000 drivers relative to demand. The number is expected to rise as more drivers retire from the field and recruitment and retention fall short. Presently, drivers must be at least 21 years old to operate a commercial motor vehicle (CMV) in interstate commerce. This age barrier serves as a deterrent for 18-to 21-year-olds who are interested in entering the workforce. Frequently these individuals undergo training and apprenticeship in other fields before their age qualifies them to operate a CMV in interstate commerce. IANA supports federal efforts that would allow for drivers between the ages of 18 and 21 to enter the interstate workforce, while maintaining safety objectives.
- **Worker Classification:** Motor carriers are crucial participants in the nation’s intermodal network, particularly under the current conditions of workforce shortages, as evidenced in the previous comment re. driver issues. For over 35 years, the prevailing business model for motor carriers supporting intermodal freight movements by water and rail has involved the use of independent contractors as drivers. With an estimated 80 percent of intermodal truck drivers classified as independent contractors – many of which are small, minority-owned businesses – this business model is indispensable to the intermodal transportation and drayage industry. By offering operational and financial flexibility to intermodal motor carriers, this model allows drivers to adapt and respond to natural volatility in the intermodal transportation market. Each owner-operator makes a conscious decision to remain an independent contractor, but also has the freedom to

choose to seek full-time employment in the trucking industry at any time. IANA strongly opposes any efforts to limit or eliminate owner-operators as independent contractor drivers for the intermodal industry. Such changes are currently under consideration by the Department of Labor (DOL) as outlined in its October 2022 Notice of Proposed Rulemaking. Several states have also sought to implement restrictive worker classification laws. In California, the issue has been the subject of an ongoing legal challenge in *California Trucking Association v. Bonta*. IANA has voiced its concerns to the DOL and other relevant entities, including states with similar initiatives as the DOL. We raise this issue in an effort to increase awareness of its potential adverse impacts to the health of the intermodal industry and its customers.

- **Train Crew Size:** Safety on our nation’s railroads is, and always will be, a priority for the intermodal transportation industry. Current regulations, which do not mandate minimum crew size requirements or regulate the number of crew members located in the cab, have served the railroad industry well for many years. Without such burdensome requirements, railroads have upheld stringent safety standards and maintained strong safety records. Despite lengthy evaluations by the Federal Railroad Administration (FRA) and other regulators, some of which have spanned over 15 years, there remains a lack of data or safety justification to support the FRA’s July 2022 Notice of Proposed Rulemaking, which would impose a minimum two-person crew mandate for most trains. In fact, many railroads – including short line, passenger, and most European railroads – already safely operate with a one-person crew in the cab. Crew size mandates would impose new burdens on the railroad industry, impacting its ability to make critical investments in safety technologies as well as other innovations to remain competitive and address customer needs. IANA has shared these concerns with the FRA and would appreciate Congress’ support and oversight as the proposal moves forward.

Thank you for your time and your leadership in support of intermodal goods movement and its related issues. IANA looks forward to working with you and would welcome the opportunity to further engage with your offices. If you or your staff have any questions, please do not hesitate to contact me at jcasey@intermodal.org or 301-982-3400 ext. 349.