

July 31, 2024

The Honorable Robert Primus
Chairman
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423

The Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
1400 Jefferson Drive, S.W.
Washington, DC 20250

The Honorable Katherine Tai
U.S. Trade Representative
Executive Office of the President
600 17th St., N.W.
Washington, DC 20508

Dear Mr. Chairman, Mr. Secretary and Madam Ambassador:

On behalf of the agricultural supply chain, we wish to call attention to rail service capacity issues in Mexico that are hindering U.S. agricultural trade with this critical partner. Partly due to the success of the United States-Mexico-Canada Agreement (USMCA), trade between the United States and Mexico is increasing faster than rail capacity in Mexico. The increased demand for rail service coupled with insufficient investment in rail infrastructure has led to embargoes, congestion, and slowed servicing of U.S. agricultural products by Ferromex, a main rail carrier in Mexico. The situation has been periodically exacerbated by migrants stopping trains, but the insufficient rail capacity to meet demand has been a persistent issue since late 2023 and seems to be the bigger issue impacting rail service for U.S. agricultural goods in Mexico.

Mexico is the largest export market for U.S. agricultural products. Over \$30 billion in U.S. agricultural products have been exported to Mexico in the past year. For grain, roughly two-thirds of U.S. exports to Mexico move by rail. As our most natural trading partner, Mexico is a critical stakeholder for the U.S. agricultural supply chain. However, the United States' proximity advantage over agricultural competitors like Brazil and Russia is reduced by the rail capacity problem, leading to higher exports into Mexico from these competitors.

USMCA passed Congress on an understanding that U.S. goods would be sold to Mexico and vice versa based on market forces. The rail capacity constraint is challenging trade and placing Ferromex in a position of having to choose products to ration rail service, resulting in U.S. agricultural products bearing the brunt of the rationing.

We urge you to speak with your colleagues in Mexico to encourage increased investment in the country's rail network and to ensure U.S. agricultural products do not disproportionately bear the burden of rail service constraints.

Sincerely,

Associations

Amcot
American Feed Industry Association
AmericanHort
American Malting Barley Association
Corn Refiners Association
Forest Resources Association
Fresh Produce Association of the Americas
Growth Energy
Midwest Dry Bean Coalition
National Aquaculture Association
National Association of State Departments of Agriculture

National Association of Wheat Growers
National Barley Growers Association
National Cotton Council
National Council of Farmers Cooperatives
National Grain and Feed Association
National Oilseed Processors Association
North American Export Grain Association
North American Millers' Association
North American Renderers Association
Pet Food Institute
The Fertilizer Institute
USA Rice
US Dry Bean Council
US Rice Producers Association
US Wheat Associates

CC:

U.S. Senate Committee on Agriculture, Nutrition and Forestry
U.S. House Committee on Agriculture
U.S. Senate Committee on Commerce, Science and Transportation
U.S. House Committee on Transportation and Infrastructure
U.S. Senate Committee on Finance
U.S. House Committee on Ways and Means