June 20, 2021

Dr. Melissa R. Bailey
Agricultural Marketing Service
United States Department of Agriculture
1400 Independence Avenue NW
Washington, DC 20250

Re: Docket No. AMS-TM-21-0034

Dear Dr. Bailey:

On behalf of our nation's grain millers, the North American Millers' Association (NAMA) is pleased to submit comments regarding the request for public comment on, "Supply Chains for the Production of Agricultural Commodities and Food Products" (Federal Register Volume 86, Number 20652 (Wednesday, April 21, 2021) Pages 20652-20654).

NAMA represents millers of wheat, corn, oats, and rye across the continental United States, Puerto Rico, and Canada. Our thirty seven member companies range from single, family-owned mills to larger operations, with both ends of the spectrum sourcing grains from their local regions. Millers take locally and nationally grown raw grains and, through grinding and crushing, create flour and other products that are used to make favorite foods, such as bread, cereals, pasta, cookies, cakes, and snack foods. As the link between growers and final products, our members are deeply impacted by their various supply chains. We are pleased to see that USDA has taken an interest in our nation's food supply chains and we look forward to working with you to ensure the timely and efficient flow of food to consumers.

**Oat Trade Imbalance with Canada**

A major area of concern for the nation's millers is oat production. Currently, the majority of oats are grown in Canada, resulting in U.S. millers importing about ninety percent of the oats they use to make favorite staples like cereal and oatmeal. In 2020, 32,477,060.286 acres were used in Canada for harvesting oat[1], while just 1,004,000 oat acres were harvested in the U.S.[2] This imbalance is especially concerning when considering that U.S. oat consumption has been increasing as more and more Americans look to oats as a heart-healthy, safe, whole-grain addition to their diets. The limited geographical area where oats are produced presents a great

[1] Government of Canada; Agriculture and Agri-Food Canada; Market and Industry Services Branch. "Area, Yield, and Production of Canadian Principal Field Crops Report - Agricultural Industry Market Information System (AIMIS) - Agriculture and Agri-Food Canada (AAFC)." https://aimis-simia.agr.gc.ca/rp/index-eng.cfm?action=gR&r=243&signature=2A356A9AF3A1081BF4A6FD974737D2E4&pdctc=&pTpl=1#wb-cont.

[2] "USDA National Agricultural Statistics Service." National Statistics for Oats. https://www.nass.usda.gov/Statistics_by_Subject/result.php?C40BC92C-B251-3753-A5BC-0F02E1B9CD39§or=CROPS&group=FIELD+CROPS&comm=OATS.

risk to U.S. millers and consumers. Increased domestic research on oats would result in developing a more viable crop, thus increasing the attractiveness of oat production for U.S. growers and decreasing our dependence on Canadian oat production. In addition, incentivizing growing oats could also benefit the environment, and add to a farmer's economic stability.

**Federal funding for wheat and oat research**

While USDA Natural Resources Conservation Service (NRCS) notes that both wheat and oats can play a positive role in 3 or 4 year crop rotations, NRCS has stated that this shift can be difficult for farmers in part because of the market potential for small grain crops.[3] That being said, data show that oats have a growing role in the American diet with consumption increasing over the years while U.S. production has gradually decreased.[4] In order to address this issue, USDA Agricultural Research Service (ARS) has been funded by Congress to conduct genetic oat research aimed at overall oat crop improvement, including improving disease resistance and yield. Additionally, ARS resources that support activities, such as wheat genotyping, quality, genetics, breeding, pest and disease research are critical to improving the wheat breeds and technologies necessary to provide economical solutions to producers and quality food products to consumers. Specifically, the U.S. Wheat & Barley Scab Initiative (USWBSI) continues to be a valuable effort as it focuses on the development of scab resistant wheat varieties, disease forecasting, and food safety. Both wheat and oats, which rely heavily on public sector funding, would greatly benefit from increased research funding to maintain their competitiveness with other crops.

**Labor force and skills shortages**

Most of the world's societies are aging, with the shares of elderly poised to rise steeply in both advanced and emerging economies. In the milling industry, estimates are that fifty percent of the workforce will retire within the next five years. In a recent survey of International Association of Operative Millers (IAOM) membership, nearly 50% of the respondents were over 55 years old. The idea that the course of someone's professional life is settled in their twenties is no longer the case; however, the manufacturing sector has been slow to adapt to this fact. Work, education, and social safety nets need to be addressed to accommodate new approaches.

Currently in the U.S., there are limited opportunities for education and training for individuals interested in careers in the grain milling sector. Kansas State University offers the only U.S. milling science and management degree for undergraduate, graduate and doctoral students. It has significant support from the industry; but fails to graduate enough students to meet the current and future demand for highly trained employees for the approximately one hundred and fifty milling facilities in the United States.

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[3] "ISU, Conservation Groups Studying Extended Crop Rotations." Natural Resources Conservation Service. https://www.nrcs.usda.gov/wps/portal/nrcs/ia/newsroom/features/71e31505-9887-4e66-bab4-9ced624da178/.

[4] "National Statistics for Oats." USDA National Agricultural Statistics Service. https://www.nass.usda.gov/Statistics_by_Subject/result.php?57954247-DAF6-3583-9A97-083E07E6D866§or=CROPS&group=FIELD+CROPS&comm=OATS.

However, there are current programs that work to get more students involved in milling that could be expanded with the help of federal resources. For example, Kansas has a program that offers tuition reimbursement to high school students in the state to enroll in college-level Career & Technical Education (CTE) courses. This allows for students to not only get a head start on their higher education goals, but the monetary savings offered for CTE courses provides a prime incentive to entice students to the milling field. If expanded to other states through federal grants, a program like this could open the industry to thousands of students.

Another area that works hand in hand with a program like the one offered in Kansas, is high school counseling. Many high school students, especially those not located in rural areas, are unaware that working in the milling industry is a rewarding, well-paid option for a career choice. In fact, every milling science student from Kansas State University has a full-time job at graduation. Federal resources could be used to develop materials that outline career paths in the milling sector, and food manufacturing at large. These materials could be used by high school staff to share with students and their families. In an ideal world, students would be able to see all of the career path options available to them so that our nation's young adults can make an informed decision about their future.

With the workforce retiring, there are limitless opportunities for the next generation of talent to build rewarding, challenging, and worthwhile careers in the grain milling industry. This is a noble profession in need of a growing workforce.

Not only is there a need for millers, but the agriculture industry is also facing a driver shortage that is only expected to worsen as older drivers continue to retire. According to the American Trucking Association, it is projected that the trucking industry will need to hire roughly 1.1 million new drivers over the next decade to keep up with demand. To address this, we recommend harmonizing federal and state commercial driving license restrictions. There are 49 U.S. states that allow 18-year-olds to obtain a commercial driving license (CDL), but until federal law is changed, they cannot drive across state lines until they are 21. A pathway should be created for CDL holders aged 18-20 to drive across state lines by incorporating the DRIVE Safe Act, which was introduced in both the U.S. House and Senate by a group of bipartisan legislators. Federal CDL restrictions that prohibit drivers aged 18-20 from crossing state lines create an obstacle to recruiting a new generation of drivers into the industry.

**Rail, truck, & waterway transportation policy improvements**

*Enhancing truck productivity*

In March 2020, Congress provided states with the option to determine truck weight limits for 120 days through Section 22003 of the CARES Act and efficiencies were gained safely. Lower Interstate Highway System truck weights relative to state road truck weight limits serve as a barrier to economic and environmental efficiency. The 80,000-lbs. gross vehicle weight (GVW) limit on Interstate Highways has been in place since 1982 despite major advancements in vehicle safety and paving technology. If a state's truck weight limit for its roads is 91,000 pounds and the Interstate Highway weight limit is 80,000 pounds, the driver's utilized freight limit is only 80,000 pounds if the best shipping route includes connection to an Interstate Highway, even

though the Interstate Highways are our nation's safest and best built and maintained roads. A tractor-trailer combination loaded to 80,000 pounds carries approximately 50,000 pounds of freight. At 91,000 pounds, the tractor-trailer combination carries about 61,000 pounds of freight, amounting to a 22 percent increase in freight efficiency and a commensurate reduced carbon footprint per pound.

An opt-in pilot program should be created to modestly increase GVW limits by allowing 91,000-lb., six-axle vehicles on federal Interstate Highways in ten states. This configuration complies with the federal bridge formula and is shown to have better braking capacity than trucks allowed on all Interstate Highways today.

*Establishing a tolerance to account for load shifts*
Load shifts during the transport of dry-bulk products can result in fines for companies because a portion of the truck becomes heavier despite the overall truck weight staying below the federal truck weight limit of 80,000 pounds. To account for these load shifts, a 10-percent axle tolerance for dry-bulk shipments should be adopted.

*Maintaining the current level of financial responsibility for trucks*
The existing minimum financial liability coverage for motor carriers should be maintained. Recent efforts to increase liability insurance for trucks beyond the current $750,000 level would increase freight costs, and ultimately costs of food to the consumer, with no direct safety benefit.

*Improving America's rail system*
Rail transportation is a critical mode for transporting milled products. Today, four railroads haul more than 90 percent of all freight rail traffic, with duopolies existing in the East (CSX and Norfolk Southern) and the West (BNSF and the Union Pacific). Further, six of the seven Class I U.S. freight railroads (the largest carriers) have implemented a form of the so-called precision-scheduled railroad operating model, which at its core involves dramatic reductions in what they spend to run the railroad. This results in furloughing of crews, downsizing of customer service personnel, and idling of locomotive assets while generating ever-increasing revenues to reward shareholders. While we believe it is important for railroads to earn sufficient revenues to invest in their networks and earn reasonable profits, the balance has shifted to the point that carriers are increasingly and arbitrarily dictating the terms and conditions under which they will provide service to our sector. Many facilities are captive to a single railroad and in some cases, railroads have "demarketed" traffic by either increasing rates or imposing service conditions that make rail infeasible for shippers and receivers.

The Surface Transportation Board (STB) – the independent federal agency responsible for providing regulatory oversight of freight rail practices – has initiated significant efforts to better balance the needs of railroads to earn revenues with the need for rail customers to have access to cost-effective and reliable rail service. These efforts have included the agency's instituting rulemakings to provide rail customers with a more streamlined, simplified and less costly process for challenging unreasonable rail rates – known as the Final Offer Rate Review procedure – as well as issuing guidelines addressing egregious and one-sided demurrage and

accessorial practices imposed by carriers. However, much more needs to be done if freight rail is to remain a viable mode for efficiently and reliably transporting U.S. agricultural products in the highly competitive global market.

Many of STB's current regulations and policies were implemented decades ago by the STB and its predecessor, the Interstate Commerce Commission, and are no longer relevant in today's rail marketplace and need to be updated or eliminated. These include the need to instill more rail-to-rail competition; define the meaning of railroad's legal common carrier obligation "to provide service upon reasonable request;" implement meaningful rail rate reform, and to review the current commodity exemptions from STB regulation.

It is critical that the STB provide meaningful regulatory oversight and serve as a neutral body to adjudicate rail marketplace disputes. Continuing efforts to modernize this critical agency under the Biden administration will help millers, farmers, agribusinesses, and manufacturers be more viable and competitive while still preserving a vibrant and profitable rail industry.

*Inland waterways*

U.S. inland waterways are critical to moving U.S. agricultural goods, and funding for improving and modernizing these waterways should be prioritized. For decades the U.S. inland waterways transportation infrastructure system has provided U.S. agricultural producers and agribusinesses with a strong comparative advantage, fostering the ability to efficiently and competitively serve domestic and global markets. U.S. inland waterways provide a low-cost, and environmentally sustainable way to move grain and other agricultural products. A towboat can move one ton of cargo almost 650 ton-miles per gallon of fuel and a single 15 barge tow transports the same amount of cargo as 216 rail cars and 1,050 semi-trucks. However, that infrastructure now risks becoming a potential detriment rather than a comparative advantage. Most locks on the U.S. inland waterways system have now surpassed their 50 year design life, with unscheduled lock outages increasing 700 percent over the past decade. Additionally, navigation channels need to be deepened and widened to accommodate larger vessels calling on U.S. ports. Funding for the existing backlog of 25 critical inland waterways modernization projects is imperative to maintain U.S. agriculture's competitiveness.

**Sustainability**

Milling is an energy and natural resource efficient, highly sustainable process in the food system, but the industry is always looking for ways to improve. One of the ways millers are working to improve systems is by working closely with our producer partners. While farmers can plant cover crops that benefit their soil as well as the broader ecosystem, current NRCS regulations limit the farmer's ability to harvest and market the resulting grain from a cover crop that was planted using program dollars. Both wheat and oats provide tremendous benefits to the soil when added into a crop rotation. The Field to Market National Indicators Report found that wheat's environmental impact improved between 1980-2015 across all five categories of environmental indicators, including energy use, greenhouse gas emissions, irrigation water use,

land use, and soil conservation.[5] According to the USDA NRCS, both wheat and oats, when used as part of a 3 or 4-year rotation, have been shown to improve soil health, reduce erosion potential, and increase yields. NRCS has been active in promoting soil health conservation improving activities, such as adding a third or more crop like oats into a rotation. Without proper incentives, USDA essentially disincentivizes farmers from growing crops that may have substantial benefits to overall soil health and biodiversity. We recommend that USDA consider creating incentives for growers who increase the length of their rotation for increased biodiversity through NRCS or other programs. USDA can also play a role in enhancing soil health by funding plant breeding projects for fall planted crops like wheat and oats.

**Conclusion**

As the link between grain and food, the milling industry is an irreplaceable part of the nation's agricultural landscape. While some of the supply chain issues being faced in our sector are unique, most reflect common concerns across food and agriculture, including ready access to raw materials, skilled workers, and reasonable transportation costs and availability. NAMA appreciates the opportunity to submit these comments and to partner with USDA to ensure that America's agricultural supply chains are as secure as possible.

Sincerely,

Jane DeMarchi
President
North American Millers' Association

[5] Field to Market: The Alliance for Sustainable Agriculture, 2016. Environmental and Socioeconomic Indicators for Measuring Outcomes of On Farm Agricultural Production in the United States (Third Edition). ISBN: 978-0-692-81902-9.