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Union Pacific restricts fertilizer shipments, will not accept new orders - Michigan Farm News

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Union Pacific instructed CFI to reduce the volume of their private rail cars on its railroad by 20%, effective immediately. Non-compliance, according to CFI, would result in the embargo of its facilities by Union Pacific. That means CFI will be unable to accept new rail sales involving Union Pacific customers for the foreseeable future. | Photo by Union Pacific

U.S. fertilizer manufacturer CF Industries (CFI) is advising customers it serves, via Union Pacific rail lines, that railroad-mandated shipping reductions will result in nitrogen fertilizer shipment delays during spring planting season.

Union Pacific informed CFI, without advance notice, that it was mandating approximately 30 shippers, including CFI, to reduce the volume of private cars on its railroad effective immediately. CFI was told to reduce its shipments by nearly 20%.

Non-compliance, according to CFI, will result in the embargo of its

facilities by Union Pacific. That means CFI will be unable to accept new rail sales involving Union Pacific customers for the foreseeable future.

CFI ships to customers via Union Pacific rail lines primarily from its Donaldsonville Complex in Louisiana and its Port Neal Complex in Iowa to serve key agricultural areas such as Iowa, Illinois, Kansas, Nebraska, Texas and California.



Products that will be affected include nitrogen fertilizers such as urea and urea ammonium nitrate (UAN) as well as diesel exhaust fluid (DEF), an emissions control product required for diesel trucks.

CFI is the largest producer of urea, UAN and DEF in North America, and its Donaldsonville Complex is the largest single production facility for the products in North America.

The timing of Union Pacific’s announcement couldn’t come at a worse time for farmers, according to Tony Will, president and CEO, CF Industries Holdings Inc.

"Not only will fertilizer be delayed by these shipping restrictions, but additional fertilizer needed to complete spring applications may be unable to reach farmers at all," Will said. "By placing this arbitrary restriction on just a handful of shippers, Union Pacific is jeopardizing farmers' harvests and increasing the cost of food for consumers."

Union Pacific spokesperson Robynn Tysver told *Michigan Farm News* the company is committed to proactively supporting customers and working to address the impact of several disruptive events to address national supply chain issues.

According to Tysver, Union Pacific has added 100 additional locomotives to the fleet, trained 450 new employees and relocated an additional 80 existing crew members to high demand areas and is partnering with customers to begin a metered approach in the coming days.

"This allows us to continue serving all customers while simultaneously working through a backlog of rail cars, restoring our ability to process volume – an approach we successfully applied last year with West Coast intermodal traffic," Tysver said.

According to Josh Linville, fertilizer director for StoneX Financial, Union Pacific was behind on its own shipments, leading up to the restrictions on private rail cars such as CFI's, to catch up.

"This really hurts fertilizer shipments as companies such as CFI rely on their own rail cars to move product. Logistics were already going to be tough this spring, this makes that situation worse," Linville added.

CFI says it believes they'll be able to fulfill delivery of product already contracted for rail shipment to Union Pacific destinations,

albeit with likely delays, but questions their ability to meet late season demand for fertilizers due to the shipping restrictions.

CFI intends to engage directly with the federal government to ask that fertilizer shipments be prioritized so that spring planting is not adversely impacted.

"CF Industries' North American manufacturing network continues to produce at a high rate to meet the needs of customers, farmers and consumers," Wil said. "We urge the federal government to take action to remove these Union Pacific rail shipment restrictions to ensure this vital fertilizer will be able to reach U.S. farmers when and where they need it."

The Surface Transportation Board has scheduled a hearing for April 26-27 on rail service issues that have been prompted by complaints from the National Green and Feed Association and Ag Secretary Tom Vilsack.