



DAVENPORT INDUSTRIAL RAILROAD (DIR)

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May 11, 2021

ATTN: Surface Transportation Board

RE: STB Finance Docket No. 36500
CP-KCS Potential Combination

ENTERED
Office of Proceedings
May 10, 2021
Part of
Public Record

Davenport Industrial Railroad (DIR), a Class III railroad connecting with Canadian Pacific Railway System (CP) in Davenport, IA hereby files this letter to express its concerns about the bid by Canadian National Railway (CN) to acquire the Kansas City Southern Railway (KCS) and express its support for the CP-KCS combination.

DIR supports swift approval of the CP-KCS combination because of the significant benefits the combination would bring, including expanded markets and port options, improved service options, and invigorated transportation competition. A combined CP-KCS would increase operating efficiencies for our customers and provide new marketing opportunities to the Eastern Iowa Industrial Center which our rail line serves.

By contrast, a CN acquisition of KCS would lead to a reduction in competition and deprive shippers of the many tangible benefits offered by the CP-KCS deal. Specifically, if CN were to acquire KCS, the merged firm would not provide a single-line haul, competitive option into the markets south of Kansas City which adversely affects our customers in the fertilizer, chemical, and plastics manufacturing industries.

From our perspective, the only combination involving KCS that is in the public interest is the one that CP has proposed. Unlike the CP-KCS combination, the acquisition of KCS by CN would result in harm to competition because the two railroads today serve many locations and shippers in common. Indeed, they operate parallel lines between Baton Rouge and New Orleans and Eastern Mississippi; they both serve grain and other shippers in large swaths of the Midwest and Southern United States; and they both reach the port of Mobile, Alabama. Even more fundamentally, between the Upper Midwest and Gulf Coast, a CN-KCS combination would reduce the number of independent routing options from four to three.

We expect a combined CP-KCS network to offer seamless, single-line service that will improve our transportation options and provide a better alternative to the options that already exist; that will help us serve our customers better. A CN-KCS combination would limit competitive carrier options to markets and ports south of Kansas City and not provide the benefits of a single line haul from the Gulf Coast or Texas areas to Davenport.

Respectfully,

Steve Berish
General Manager/Co-Owner
May 11, 2021

CC: All Parties of Record