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June 25, 2021

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E St, SW
Washington, DC 20423

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Office of Proceedings
June 25, 2021
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Re: The STB's application of the merger rules covering the proposed voting trust of the Canadian National Railroad control of the Kansas City Southern
Finance Docket No. 36514

Dear Ms. Brown:

Cargill supports the cautious approach that the Board has taken towards granting a voting trust to the Canadian National (CN) in their merger with the Kansas City Southern (KCS). Cargill is pleased that the STB ruled that the proposed merger would be subject to the current rules as provided in 49 C.F.R part 1180. Cargill believes that any merger of two Class I's should rise to the highest level of scrutiny to properly evaluate the long-term impact on competition in the marketplace.

In taking a cautious approach towards the voting trust, Cargill would like to see the CN layout in greater detail how they plan to enhance competition to cover the following areas as a pre-condition for granting a voting trust:

- **Promoting Gateways:** The CN claims that shippers will have direct access to multiple new gateways. These gateway moves exist today, but the combined rates and service keep them from happening. Cargill would like the CN to lay out, in detail, how they are going to increase gateway moves through competitive pricing and service. What assurance is the CN willing to give shippers that they will keep rates competitive to and beyond the gateways in the years following the merger if approved?
- **Divesting the Baton Rouge to New Orleans line:** The CN believes that divesting of the current KCS line from Baton Rouge to New Orleans will restore competition in the Louisiana marketplace and avoid 2 for 1 serving issues. The requirement for a merger is to show enhanced and not the

“same as” competition in the marketplace. Any acquiring third party carrier will want to cover their investment if they buy this section of the KCS line from the CN. This will likely mean a higher rule 11 rate or a higher through rate than what exists today. The CN needs to provide some guarantee that rates and service will improve post-merger over this segment of track.

- **Reciprocal switching service and rates:** Shippers on the KCS have reciprocal switching service and rates that are less expensive than what the CN is charging for similar reciprocal switches. Is the CN willing to commit to keeping these KCS reciprocal switches in place and at the same rate if allowed to buy the KCS? Further, are they willing to reduce their own reciprocal switches to match the KCS’ current rates to enhance competition?
- **Service levels post-merger:** If allowed to go through, the CN could be routing a lot more traffic in and around Chicago. Cargill would like to see the CN produce a study on how their traffic volume would grow through and around Chicago and how they will be able to meet this increased need given their current network and resources.

Cargill requests that as part of the voting trust process and timeline that shippers and other industry stakeholders get a chance to respond to the CN’s reply to the letters the STB receives at the end of June. The issues Cargill raises above will need to be addressed as part of the merger decision. However, we believe it is prudent and in the public’s interest to have them addressed now as part of evaluating the request for a voting trust rather than waiting for the issues to be clarified as part of the merger decision that the Board will ultimately make.

Regards,

Brad Hildebrand
VP – Global Rail and Barge Lead
Cargill Incorporated

CC: parties of record