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June 28, 2021

Hon. Martin Oberman
Chairman
Surface Transportation Board
395 E Street SW
Washington, DC 20423

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Chairman Oberman,

The Alliance for Automotive Innovation represents the manufacturers producing nearly 99 percent of the cars and light trucks sold in the U.S. In addition to vehicle manufacturers, our members include original equipment suppliers, technology and automotive-related mobility companies and trade associations. As the unified voice of the American auto industry, we urge the Surface Transportation Board (Board) to evaluate the proposed merger of the Canadian National and the Kansas City Southern railways based on its impact on overall competitiveness of the freight rail network. Any merger of major railroads in the United States should not result in reduced service, increased congestion or increased rates.

Auto production remains the United States largest manufacturing sector, with 14 automakers operating 50 light-duty vehicle assembly plants across 14 states. The American auto industry supports more than 10 million American jobs and represents nearly 6% of our nation's gross domestic product. Additionally, the American auto industry is a vibrant player in the global economy with exports of finished vehicles or parts to 213 countries around the world. In 2020, exports of cars and parts, amounting to over \$90 billion, were shipped from U.S. ports – representing a 22 percent increase since 2005.

As you and your fellow Board members know, supply chain challenges from the COVID-19 pandemic, both at the ports and throughout the rail network have demonstrated the need for continued Board oversight and engagement to ensure the availability of uninterrupted rail service.

We support the Board's focus, under the STB rules adopted in 2001, on several key tenets, including:

- Enhanced competition
- Achievable benefits
- Assured services
- Minimal downstream impacts
- Active oversight

A reliable, competitive, and efficient North American freight rail system is vital to the success of the U.S. auto industry and the North American auto sector, as a whole. Indeed, freight rail – both carload and intermodal service – helps to connect the United States, Mexican and Canadian auto industries to each other and to the rest of the world. Railroads carry upwards of 1.8 million carloads of motor vehicles and parts annually, accounting for nearly 75 percent of new cars and light trucks purchased in the United States.¹

On behalf of Auto Innovators, we appreciate the Surface Transportation Board's diligence in considering the efficacy of a merger between Canadian National and Kansas City Southern.

Sincerely,

A handwritten signature in black ink, appearing to read "John Bozzella". The signature is fluid and cursive, with the first name "John" written in a more compact, looped style and the last name "Bozzella" written in a more extended, flowing style.

John Bozzella

CC: All Parties of Record

ⁱ Association of American Railroads, *Where Railroads Haul: Motor Vehicles & Parts*. April 2021.

