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President and Chief Executive Officer

May 26, 2026

Chief of Case Administration
Office of Chief Counsel
Surface Transportation Board
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Washington, DC 20423

311474

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Public Record

Re: STB Docket No. FD 36873

Dear Chief of Case Administration:

The American Iron and Steel Institute (AISI) writes to express its strong concerns with the proposed merger between Union Pacific (UP) and Norfolk Southern (NS). AISI is concerned that this merger, given its unprecedented scope and scale, would undermine market competition, resulting in a freight system that reduces the ability of American manufacturers to compete with foreign competitors. This proposed merger would continue degradation of market competition in the Class I railroad sector. In fact, the steel sector will lose – not gain – options if this merger was to be approved. It would limit the continued resurgence of the American steel industry that has been a national policy goal for the past decade. For these reasons, AISI urges the Surface Transportation Board (STB) to reject this refiled merger application.

AISI serves as the voice of the American steel industry in the public policy arena and advances the case for steel in the marketplace as the preferred material of choice. AISI's membership is comprised of integrated and electric arc furnace (EAF) steelmakers, steel pipe and tube manufacturers and steel processors and fabricators, reflecting the production and distribution of both carbon and stainless steels. These steels are critical to America's national and economic security, including roads and bridges, buildings, the electrical grid, cars and trucks and all energy technologies. AISI also represents associate member companies who are suppliers to or customers of the steel industry.

Due in no small part to the current administration's policies, American steel makers are increasing production and making transformative investment that will help create good-paying jobs and ensure the industry's long-term competitiveness. The proposed freight rail merger has several key flaws that will undermine this industrial renaissance.

The UP-NS merger is predicated on increased intermodal efficiencies: The merger's promised efficiencies focus on purported gains in efficiency for the multimodal

sector.¹ Moving freight from truck to train is a key selling point of this merger, but for AISI members the merger's increased intermodal options are illusory. In fact, this merger poses significant threat to industries, such as iron and steel, which move goods via carload, not intermodal transport. First, not one AISI member has reported that they will transfer shipping from truck to rail on account of this merger.

Second, and most troubling, is the fact that carload shippers are at best an afterthought in this merger. UP has long operated at high margins – significantly above the margins achieved by its shippers. Maintaining and growing those margins, for shareholders, is a key component of this merger. If UP's projections about increased intermodal adoption are not met, intermodal rates will be cut to attract customers and better compete with trucking. The result is that industries shipping by the carload will face increased costs – undermining steel shipper profitability – to maintain profit margins and prop up a merger justified by Pollyannaish projections.

The UP-NS merger would inhibit freight shipments to the West Coast and Mexico: Recent policy decisions have created increased demand for American-made steel both on the West Coast of the United States and in Mexico. The proposed UP-NS merger threatens to impede American steelmaker's ability to efficiently meet this demand. In 2025, the Trump Administration strengthened the Section 232 steel tariffs to 50 percent and made the steel tariffs applicable to steel imports from all countries. As a result, there has been a significant decline in steel import volumes and an uptick in demand for American-made steel. This has resulted in the need to move greater volumes of steelmaking raw materials and steel products within the United States. In particular, there have been increased steel shipments to the West Coast as American-made steel replace foreign-made steel in the region.

The United States Mexico Canada (USMCA) agreement requires that in 2027, 70 percent of steel purchased by automotive Original Equipment Manufacturers (OEMs) be melted and poured in North America. Compliance with this melted and poured requirement will be key to automakers demonstrating compliance with the USMCA automotive rules of origin. The United States is, by far, the most significant producer of automotive grades of steel in North America and AISI expects the 2027 requirements to result in more steel shipments from the United States to Mexico.

AISI member facilities, which are mainly located in the eastern U.S., presently negotiate with Norfolk Southern and CSX about moving freight to the West. If this merger is approved, CSX will likely face reduced ability to ship West in a timely and efficient

¹ "A single-line, coast-to-coast option allows rail to better compete with long-haul trucking, giving shippers a new choice and putting real pressure on prices and service levels across modes." <https://www.up-nstranscontinental.com/competition> (last visited May 13, 2026).

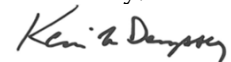
manner, undermining the capacity of domestic manufacturers to timely ship to the West Coast and Mexico. Union Pacific is a dominant player in U.S. rail shipments to Mexico and having less competition in Class I railroads will make rail shipments to Mexico more costly and difficult. When “just in time” delivery is essential for manufacturing, delays in service can disrupt production throughout the supply chain. The American steel industry relies upon affordable, efficient, and reliable rail service both to receive critical steelmaking inputs and to deliver products to customers. Approving this merger will increase costs and reduce efficiency for industry operations, ultimately undermining the economic and job-creating benefits of recent domestic steel investments. In fact, this merger could compel American-based production to move to Mexico rather than navigate a brittle rail system devoid of competitive options.

Actions that reduce competition and market incentives for safe and efficient delivery of goods undermine the American steel industry’s ability to compete with foreign competitors. This proposed merger could result in foreign-made goods arriving at our shores having more, better shipping options than do American steel makers. Such a loss of freight rail sector competition would undercut the Trump administration’s wide-ranging and aggressive efforts to revive American manufacturing.

On April 30, 2026, UP and NS refiled their merger agreement after the STB unanimously rejected the application as “incomplete because it does not contain certain information required by the Board’s regulations.”² Most notably, the STB found that those seeking to merge failed to provide the “full system analysis” as required by law.³ Failure to include this analysis is telling as it “include(s) actual and projected market shares of certain revenues and traffic volumes demonstrating among other things, the impacts of the transaction on competition.”

This proposed merger is focused on increasing the newly merged company’s intermodal market share. Those sectors shipping by carload are treated in the proposal as an afterthought at best and a captive revenue source at worst. That means that American manufacturers, farmers and ranchers, and ultimately consumers will pay more for less – less options and less reliable service. In particular, it would counteract recent policies that have fostered success and investments in the American steel sector. Accordingly, AISI urges the STB to reject this anti-competitive merger.

Sincerely,



Kevin Dempsey

² *STB Finds UP-NS Merger Application is Incomplete*, THE SURFACE TRANSPORTATION BOARD (Jan. 16, 2026) <https://www.stb.gov/news-communications/latest-news/pr-26-02/>.

³ *Id.*

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CERTIFICATE OF SERVICE

I certify that I caused the foregoing to be served electronically or by first-class mail, postage pre-paid, on the Secretary of Transportation, the Attorney General of the United States, Applicants' representatives, Administrative Law Judge Jenifer Soulikias, and all parties of record in this proceeding.

/s/ Jeremy Hekhuis

Attorney for the American Iron and Steel Institute

May 26, 2026