NORTH DAKOTA WHEAT COMMISSION

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BEFORE THE SURFACE TRANSPORTATION BOARD

**Union Pacific Corporation and Union Pacific Railroad Company—Control—
Norfolk Southern Corporation and Norfolk Southern Railway Company**

Finance Docket No. 36873

COMMENTS OF THE NORTH DAKOTA WHEAT COMMISSION

November 16, 2026

The North Dakota Wheat Commission is writing to express its strong opposition to the proposed merger of the Union Pacific Railroad (UP) and Norfolk Southern (NS). If approved, this merger will cause significant economic harm to the wheat producers in our state by eliminating current competitive forces driving wheat rail shipments to domestic mills in the eastern United States, a significant share of our annual hard red spring (HRS) and durum wheat demand. As a result, our producers will face reduced access or significantly higher shipment costs to access those customers.

The North Dakota Wheat Commission represents wheat producers through a two cents per bushel check-off assessment at time of sale. This investment is used to fund U.S. and international market development programs, University research projects, and consumer and producer education. The NDWC also provides a voice for our producers on trade and transportation issues that directly impact their ability to access markets, and be a competitive participant in those markets. This proposed merger will have a direct, negative impact on our producers, and threatens our ability to continue to serve long-time U.S. flour mill and grain trade customers, which have been developed through our own producer investment.

North Dakota and the surrounding states are the source of roughly ninety to ninety-five percent of the U.S. HRS and durum wheat crops. These classes of wheat are known for their higher protein levels, and unique kernel qualities and end-use functional parameters that drives demand from mills, bakeries and pasta plants across the United States. The UP has little to no origination capacity where high protein HRS and durum is grown, and we are concerned they will quickly price in alternative origins to offset the inelastic nature of this demand, and challenge the long-time success we have had with eastern U.S. mill customers.

USDA estimates that between one-third and one-half of North Dakota durum and HRS demand is associated with domestic milling for high-protein flour and semolina. This significant and impactful share of North Dakota production is almost exclusively moved by rail, meaning demand is particularly sensitive to rail rates and operations.

Based on our own internal analysis, there are more than 15 mills that have exclusive access to our higher protein wheat and durum through a contractual pricing agreement between the Norfolk Southern and railroads originating in our production area. Price stability is critical to supporting

demand and commercial relationships. We believe the loss of competitive transportation pressures in servicing these customers would lead to higher rates and poor performance, a dynamic that could deal a significant blow to wheat producers in North Dakota and surrounding states. If this merger is approved, there will be no incentive for the UP to offer the competitive rates and volumes that are present in the current, unmerged market structure. In fact, we are concerned they will actively look for alternatives from our region, including origins in Canada, due to how rail crossing points would align with a merged railroad.

More broadly, this merger will only serve to further consolidate an already overly concentrated U.S. rail industry, and give one railroad more than fifty percent of U.S. rail capacity. This is an unprecedented scale and scope and will only lead to market dominance on rates and movement. It will not move the rail industry forward to a more competitive situation, and will only add an additional production and marketing variable for our producers into the vastly over consolidated basket.

Rail transportation costs are a significant variable in the take home price our producers receive, simply due to our geographical location in the U.S., and our lack of competitive river transportation. The BNSF is the dominant railroad in our state, followed by the CPKCS railroad. Oversight from the STB, congressional and producer political pressure, and the limited competition that currently exists at major U.S. switch points, are the only tools we have to work for fair and competitive rail rates and effective service. Wheat producers have long argued that rail rates for wheat are already excessive, relative to other crops, and other industries that rely on rail to move product. This merger will only exacerbate that situation, by leaving the BNSF and CPKCS held hostage to decisions by a single-line rail road that will dominate direct access to the U.S. mill customers in the eastern half of the U.S., as well as valuable export point moves.

Simply put, there is nothing in this proposed merger that will enhance competition or lower transportation and marketing costs for wheat producers in our state and the surrounding region. It will only serve to prohibit market access to long-time customers for high protein wheat and durum wheat producers in North Dakota. Our wheat producers will endure significant economic loss, likely leading to further contraction in a key segment of the U.S. wheat production industry. The North Dakota Wheat Commission urges a quick rejection of this proposed merger.

Thank you for your time,



Jim Peterson
Executive Director

cc: All Parties of Record