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Chairman Patrick J. Fuchs
Vice-Chair Michelle A. Schultz
Members Karen J. Hedlund and Richard J. Kloster
Surface Transportation Board
395 E. Street, S.W.
Washington, DC 20423

RE: Merger of the Union Pacific (UP) and Norfolk Southern (NS) Railroads

Dear Chairman Fuchs, Vice-Chair Schultz, Members Hedlund and Kloster:

On behalf of the Washington Council on International Trade (WCIT), thank you for the opportunity to share comments regarding the proposed merger of the Union Pacific and Norfolk Southern Railroads. As an organization advocating for trade and investment policies that increase competitiveness across the region, WCIT seeks to promote opportunities for Northwest workers, farmers, and businesses. Recognizing the complexities of merging two Class I railroads and the potential impacts to the U.S. economy and Northwest trade sector, we respectfully urge the Board to give careful consideration to the potential impacts of this transaction.

Safe and efficient transportation networks are critical to the Pacific Northwest (PNW) economy and support billions of dollars of state and federal infrastructure investment made in the past decade and over many previous decades. In Washington state alone, freight rail supports more than 342,000 jobs[1] in diverse sectors including agriculture, aerospace, natural resources, and energy. Class I railroads also host Amtrak, Amtrak Cascades, and Sound Transit passenger rail service throughout the region. Billions of dollars of public investment in last-mile connectors, port facilities, grade separations, and other infrastructure ensure cargo and passengers continue to move through the region safely and efficiently.

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[1] "An Engine of Prosperity: Freight Rail's Pivotal Role in Pacific Northwest's Export Economy"; Philip J. Romero, professor of business administration, University of Oregon; September 2014.

Specifically addressing the UP/NS merger proposal, we raise the following concerns for your consideration:

- **Maintain current service levels with enforceable commitments:** Businesses and ports in the PNW currently benefit from competition between two Class I railroads – the BNSF and the UP. In a post-merger world, UP's continuing commitment to the region would be critical to ensuring rate affordability, scheduling flexibility, routing options, and the numerous other benefits of rail competition. If the merger proceeds to conclusion, enforceable commitments are critical to ensuring access and economic competitiveness for the ports, businesses, and working families reliant on robust competition in the rail sector.

- **Ensure regional access and competition:** Northwest trade relies on discretionary cargo, which is cargo that is not destined exclusively for local residents and businesses. The region competes aggressively against other West Coast ports as well as ports in Canada, the Gulf, and along the Eastern Seaboard. To the extent the merger would divert cargo to other West Coast ports or other regions of the country, Northwest businesses and working families would be severely disadvantaged. Similarly, local manufacturers and businesses rely on suppliers in other parts of the country, which could be held captive under a transcontinental merger of two Class I railroads. Therefore, it is essential that any merger ensures ongoing competition and viability by ensuring nationwide market access to competing railroads and, in doing so, prevents rate or service disruptions that would disadvantage Northwest customers.

- **Protect public investments:** Washington has one of the nation's most robust systems of public ports, which invest millions of dollars in infrastructure each year. Passenger rail systems, including Amtrak Cascades and Sound Transit, have invested billions of dollars in recent decades to improve passenger service across the region. State and federal investments in the past three decades have freed capacity on the region's roads and highways and helped capture the many benefits of migrating freight from roadways to railroads. These benefits include cleaner air and water, safer highways, and less traffic congestion in local communities. Any outcome that would lessen carrier competition, shift cargo to other regions, or reduce options for local shippers would also subvert the significant public investments made to support a safe and efficient transportation network across the region and must be avoided.

In closing, we recognize the unique nature of railroad mergers. Unlike standard corporate mergers, which seek to maintain existing levels of competition, the STB's merger rules require applicants to prove they will not only maintain underlying competition but will actually enhance rail-to-rail competition and protect captive shippers who rely on a single railroad without viable alternatives. This high threshold underscores the critical importance of railroads to businesses, communities, and working families across the country. We urge that you give close attention to the merger's potential impacts on ports, businesses, people, and communities in the Pacific Northwest

Thank you for your consideration.

Sincerely,

Lori Otto Punke

Lori Otto Punke
President
Washington Council on International Trade

CC: All Parties of Record