BEFORE THE SURFACE TRANSPORTATION BOARD

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UNION PACIFIC CORPORATION AND
UNION PACIFIC RAILROAD COMPANY
—CONTROL—
NORFOLK SOUTHERN CORPORATION AND
NORFOLK SOUTHERN RAILWAY COMPANY

**COMMENTS OF THE AMERICAN SOYBEAN ASSOCIATION AND THE SOY TRANSPORTATION COALITION**

On behalf of the American Soybean Association and Soy Transportation Coalition, we write to submit comments to the Surface Transportation Board (the Board) regarding the proposed merger of the Union Pacific Railroad (UP) and the Norfolk Southern Railway (NS).

## I. INTRODUCTION AND INTEREST

The American Soybean Association (ASA) represents approximately 500,000 U.S. soybean farmers on domestic and international policy issues important to the soybean industry and has 26 affiliated state associations representing 30 primary soybean-producing states. U.S. soybean growers have long been committed to producing the world's food, feed, fuel, and thousands of bioproducts in a sustainable and abundant manner.

Established in 2007, the Soy Transportation Coalition (STC) is comprised of fifteen state soybean boards, ASA, and the United Soybean Board. The goal of the organization is to position the soybean industry to benefit from a transportation system that delivers cost effective, reliable, and competitive service.

ASA and STC represent U.S. soybean farmers with geographically and operationally diverse transportation needs. U.S. soybeans rely on a multimodal network when being transported to market. Freight rail carries 25% of the total annual soybean crop and nearly 38% of exports.[1] Further, with the expansion of domestic soybean crush capacity, soybean meal has grown to the fourth largest grain and oilseed commodity shipped by rail.[2] While ASA and STC are not taking a formal position in support of or opposition to the UP-NS transaction specifically, our comments underscore the broad position of our members that any transaction must enhance competitiveness and promote efficiency throughout the freight network. In addition to our comments, ASA and STC urge the Board to consider all communications submitted by affiliated state soybean organizations.

## II. RAIL CONSOLIDATION EFFECTS MARKET ACCESS

ASA and STC oppose any consolidation of Class I railroads that does not enhance competition for agricultural rail customers. The ability of U.S. soybean farmers to export their crop while

[1] https://www.ams.usda.gov/sites/default/files/media/TransportationofUSGrainsModalShare1984_2022.pdf
[2] https://www.ams.usda.gov/sites/default/files/media/GTR01252024.pdf

sustaining on-farm profitability is dependent on a cost-competitive and efficient transportation network. Reduced competition among Class I railroads leaves U.S. soybean farmers vulnerable to increased freight rates and service reductions.

Rail transportation in the U.S. already lacks adequate competition, with about 95% of all grain elevators served by a single railroad.[3] Geography and domestic markets dictate rail dependency and farmers who lack access to the Mississippi River system or local soybean processing are reliant on rail for long-haul shipping. Without alternative routing options, soybean shippers and their farmer suppliers are captive to single-carrier corridors, increasing exposure to transportation bottlenecks and higher shipping rates.

For agricultural rail customers, network redundancies are vital to maintaining grain movement during peak harvest and export windows. Redundancy protects soybean shippers from service disruptions caused by severe weather events, seasonal capacity constraints, infrastructure failures, or labor shortages. During harvest surges, just one bottleneck can cascade into system-wide service disruptions that result in stranded unit trains, demurrage penalties from missed vessel loadings, and reputational damage among international customers. For proposed mergers among Class I railroads, ASA and STC recommend the Board conduct independent analyses to identify all possible impacts on agricultural supply chain resilience and require applicants to maintain or establish sufficient structural redundancies to enhance reliable and efficient rail service for agricultural shippers.

Any merger that does not enhance competition increases the risk of a decline in global market share for U.S. soybeans and soybean products. A major determining factor for U.S. soybean prices is the landed price in export markets, which includes the total cost of goods (such as soybeans), insurance, and freight transportation. However, to compete with the landed price of South American soybeans, increased freight rates will largely be passed onto farmers rather than export customers.

U.S. soybeans remain competitive in global markets in part because of the cost-efficiency and reliability of our transportation system. As Brazil continues to invest in more efficient rail networks to move soybeans to points of export, U.S. soybean producers are losing a key competitive advantage.[4] ASA and STC encourage the Board to examine how the proposed UP-NS merger will impact export market access and competitiveness for U.S. agriculture.

## III. REDUCED COMPETITION WIDENS LOCAL SOYBEAN BASIS

The net income of U.S. soybean farmers is directly impacted by the cost of moving the crop to market. Reduced competition among Class I railroads historically increases rail transportation costs.[5] For U.S. soybean farmers, transportation costs can account for up to 30-60% of local basis[6] and represent a share of about 25% of the total soybean landed price.[7] Transportation costs are disproportionately passed onto farmers in the form of lower per bushel prices at the point of sale.

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[3] https://www.ams.usda.gov/sites/default/files/media/RTIReportChapter8.pdf
[4] https://www.ams.usda.gov/sites/default/files/media/Brazil_Quarter2_2025.pdf
[5] https://www.freightrailreform.com/wp-content/uploads/2021/07/Economic-Analysis-Consolidation-and-Increasing-Freight-Rail-Rates.pdf
[6] https://soytransportation.org/newsroom/FundingSurfaceTransportationDecember2010.pdf
[7] https://www.ams.usda.gov/sites/default/files/media/GTR01082026.pdf

Reduced competition among Class I railroads increases the number of captive customers in single-carrier corridors, thus giving rail carriers greater pricing power. Half of rail revenue from agricultural shipping comes from freight movement categorized as "non-competitive" based on the Board's revenue-to-variable cost ratios.[8] Unless the Board implements guardrails to curtail the growing pricing power of carriers following a merger, captive customers will be subject to higher freight rates and additional pass-through costs.

Loss of competition among Class I railroads increases transportation prices and widens soybean basis. Soybean farmers who deliver to grain elevators in inland states along captive shipping corridors are offered a lower price per bushel, resulting in a wider or more negative basis.[9] The dramatic increase in fuel surcharges further widens soybean basis. In November 2026, fuel surcharges surged 231 percent from the prior April to their highest ever rates.[10] In the third quarter of 2026, UP reported over $130 million in fuel surcharge profits, according to Board data.[11] Without alternative shipping options, soybean farmers in highly captive markets are left to absorb these record surcharges while rail carriers generate substantial excess revenue.

Through the Board's updated 2021 Major Rail Consolidation Procedures, applicants must demonstrate how a proposed transaction will both preserve and enhance competition.[12] The Board outlines in those procedures that a primary measure of enhanced competition is rail-to-rail competition. Enhancing rail-to-rail competition supports soybean farmers, as competitive shipping rates increase per bushel prices and improve soybean basis.

The proposed UP-NS merger prioritizes east-to-west service, which could impact soybean shipment routes already affected by low Class I carrier competition and typically wider soybean basis. Based on UP-NS filings, the applicants have addressed "enhanced competition" through its Committed Gateway Pricing (CGP) proposal, which would preserve existing two-carrier routing options for some customers including agricultural shippers. The CGP proposal benchmarks rates at the 70$^{th}$ percentile of UP and NS rail rates, which could increase rates for agricultural shippers, as outlined by several state Attorneys General.[13] ASA and STC urge the board to require merger applicants to demonstrate enhanced rail-to-rail competition and examine whether pricing schemes like the CGP proposal would increase rail rates for agricultural shippers.

## III. RETALIATION CONCERNS

ASA and STC express strong concern regarding comments made by UP Chief Executive Officer Jim Vena earlier this year where he suggested increasing rail rates for customers who do not support the merger. Threats of retaliation from the head of a major Class I carrier are deeply alarming. Many soybean farmers, processors, and grain elevators are captive to a single rail carrier, and the comments threaten future stakeholder engagement in the public review process.

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[8] https://www.fb.org/intel/markets/proposed-rail-merger-comes-at-farmers-expense
[9] https://agtransport.usda.gov/Grain/Grain-Basis/v85y-3hep/about_data
[10] https://www.ams.usda.gov/sites/default/files/media/GTR11052026.pdf
[11] https://www.stb.gov/reports-data/economic-data/quarterly-rail-fuel-surcharges/
[12] 49 C.F.R. §1180.1(c)
[13] https://dojmt.gov/attorney-general-knudsen-urges-surface-transportation-board-to-deny-railroad-merger-application/

ASA and STC strongly support the Board's commitment to ensuring a transparent review process free from intimidation or retaliation. We urge the Board to examine the captive carrier pricing power dynamics illustrated by these remarks as it evaluates the public interest of the merger.

**IV. CONCLUSION**

U.S. soybean farmers rely on a cost-efficient and reliable rail transportation network to move crop to market and receive critical farming inputs, and any merger among Class I carriers must enhance competition for agricultural shippers to ensure continued on-farm affordability. ASA and STC urge the Board to account for U.S. soybean and soy product market access, local basis dynamics, and agricultural supply chain resiliency in its review of the proposed UP-NS merger.

If the Board ultimately moves for approval of the proposed UP-NS merger and the purported benefits claimed by the applicants not only fail to materialize but also result in reduced service and increased rates for soybean rail shippers, ASA and STC encourage the Board to be prepared to offer an effective and accessible mechanism to provide relief to rail customers. Many customers continue to express concern that, if the merger is allowed to occur, there will be no accountability mechanism to ensure the promised benefits of the merger become reality following the mandatory period of Board oversight.

Respectfully submitted,

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Dated: November 18, 2026

**CERTIFICATE OF SERVICE**

I hereby certify that on this 18th day of November 2026, I caused a copy of the foregoing Comments by the American Soybean Association and Soy Transportation Coalition to be served on all parties of record on the service list for Finance Docket No. 36873 via electronic mail.

/s/ Steve Censky
Steve Censky

Dated: November 18, 2026