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November 18, 2026
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November 18, 2026

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: Docket No. FD 36873

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

On behalf of The Northwest Seaport Alliance, thank you for the opportunity to share our perspective on the acquisition of Norfolk Southern by Union Pacific railroad. As the primary containerized cargo gateway in the Pacific Northwest, we perceive both opportunities and risks when considering the merger. We urge the Surface Transportation Board (STB) to carefully evaluate the transaction's effects on competition, shipping costs, service, and market access for Pacific Northwest ports and shippers.

The Northwest Seaport Alliance (NWSA) is the marine cargo operating partnership between the ports of Seattle and Tacoma, managing container, breakbulk, auto, and bulk terminals in both harbors. NWSA cargo activity supports 52,100 jobs in Washington state, including 18,000 direct jobs. Thousands more Washingtonians work for importers, exporters, and other businesses that rely on NWSA marine terminals. Our gateway must remain competitive in order to support the more than 40 percent of jobs in Washington that rely on international trade, and maintaining excellent rail service is critical to our success.

**The Board should help ensure UPRR maintains the robust service levels needed to support competitiveness of the Pacific Northwest**

The efficiency of our rail service is a key advantage the NWSA is leveraging to compete with ports in Canada and keep global trade routes flowing through the Pacific Northwest. If the merger results in Union Pacific (UPRR) failing to maintain robust service levels at competitive prices for routings between Pacific Northwest gateways and the rest of its combined network with Norfolk Southern (NS), it would undermine the competitiveness of NWSA and other West Coast ports.

NWSA terminals in Seattle and Tacoma are served by both UPRR and BNSF railroads. We work closely with UPRR and BNSF to provide exceptional service to the customers that choose our gateway, ensuring both railroads position sufficient equipment here in the Pacific Northwest to move cargo to and from our terminals quickly and seamlessly. A critical component of being able to offer best-in-class service is the access we offer to the extensive rail networks of two Class 1 railroads, including, importantly, their connections via interchanges with markets in the Midwest and beyond. Over the last several years, UPRR has made great strides to position more railcars in the NWSA gateway, enabling our customers to enjoy an industry leading two- to three-day rail dwell.

In order for the NWSA to remain competitive for discretionary cargo, the Board should require and enforce commitments that ensure UPRR continues to provide at least the same level of service as is provided in our gateway today.

Beyond continuing to provide excellent service and equitable rates, the combined UPRR-NS railroad could help the NWSA make further progress towards its goal of regaining market share by investing in its rail infrastructure in our gateway. For example, UPRR's yards near NWSA terminals could be expanded to accommodate growth in discretionary cargo bound for inland markets. Investments by both the BNSF and Union Pacific are critical to the growth of cargo in our gateway.

**Preserve competition among Class 1 Railroads**

It is in the public interest to ensure that the US West Coast continues to be served by more than one viable Class 1 Railroad. Having multiple railroads encourages competition, which in turn encourages better service and lower prices. In addition, the BNSF and UPRR rail networks serve different destinations and offer different routing options. And where there is overlap, the redundancy the two networks provide is beneficial. It is essential that these benefits are maintained.

Currently, both UPRR and BNSF have interchange agreements with eastern railroads to reach markets in the eastern half of the US. If the STB permits UPRR to acquire NS, it should take action to preserve competitive access to eastern markets and protect against service or rate disadvantages for customers choosing the NWSA gateway. Maintaining equitable access for both the UPRR and BNSF to inland markets is critical to ensure economic growth throughout the region.

If the merger is allowed to proceed, it is critical that the STB takes steps to preserve rail optionality in the Seattle/Tacoma gateway.

**Ensure that the merger helps US ports remain cost competitive with Canadian gateways**

The port business is extremely competitive. Over the last two decades, US West Coast container ports have lost market share to competitors in Canada and Mexico that have been aggressively targeting US-bound cargo, specifically the ports of Vancouver and Prince Rupert in British Columbia. These two ports have been very successful in drawing US-bound cargo volumes from the NWSA, supported by a number of factors, including significant federal infrastructure investment, exemption from certain US import taxes, and favorable rail rates. Cargo diversion from US ports has serious consequences, impacting American jobs throughout the supply chain. We estimate that the diversion of cargo from the Puget Sound to Canadian ports from 2007 onwards represents a loss of at least $15 billion in revenue to the Washington economy, and at least 72,000 job years lost. Cargo diversion also reduces ocean carrier calls to our terminals and, critically, the supply of returning empty containers that our exporters depend on. This in turn increases shipping costs and erodes the competitiveness of exports from Northwest states.

Any major supply chain shift such as the proposed merger between UPRR and NS railroad should only be allowed to proceed if it will not contribute further to cargo diversion. We encourage the STB to take steps to ensure that the potential merger ultimately does the opposite—that it strengthens the competitive position of the Pacific Northwest ports and helps draw market share back to US gateways and trade corridors.

A study commissioned by the Railway Association of Canada in 2023 found that Canada's average freight-rail rate was 11% lower than that of the United States.[1] If the merger enables UPRR-NS to offer lower rates and more efficient service to inland markets, it could help West Coast gateways including the NWSA to recapture cargo that has shifted to Canada. If the merger is approved, we encourage the STB to monitor rail rates on an ongoing basis. The STB should adopt measures to ensure rates do not increase relative to the rates offered by Canadian railroads while maintaining service levels.

**Do not expand Canadian railroads' access into the US**

If the STB requires a combined UPRR-NS railroad to divest assets, NWSA recommends those assets should be transferred to US railroads, not Canadian railroads. Canadian railroads have acquired a substantial rail network in the US. These networks are a key factor encouraging US cargo to be diverted to Canadian ports, which has resulted in thousands of job losses in the US and in reduced capacity for American exports.

If the transaction leads to further access for Canadian railroads into US markets, it is essential that a land-border fee, equal or greater to the Harbor Maintenance Tax (HMT) be implemented to maintain competitiveness for US ports.

Currently, cargo shipped through ports in Canada and Mexico and then into the US over land borders can avoid the HMT, as well as other fees like the Section 301 fees on Chinese ships. This tax loophole provides a cost advantage to Canadian ports and railroads that is hurting the American economy. The effect of the HMT alone is substantial. In a 2012 study, the Federal Maritime Commission found that if Canada's HMT advantage were eliminated, up to half of the US-bound containers coming into Canada's West Coast ports could revert to using US ports.

Unless this flawed tax policy is addressed, providing additional rail access to a Canadian railroad will increase the number of inland locations where US ports and railroads are forced to compete on an unequal playing field.

With enforceable safeguards to preserve competitive access, the transaction could strengthen US supply chain performance and support Pacific Northwest jobs, trade, and exports. We thank the Surface Transportation Board for your consideration of the unique challenges and opportunities the merger presents to the NWSA and our essential role in supporting international trade throughout the nation.

Sincerely,



John Wolfe
Chief Executive Officer
The Northwest Seaport Alliance

[1] International-Comparison-of-Railway-Freight-Rates-2.pdf

BEFORE THE
SURFACE TRANSPORTATION BOARD

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FINANCE DOCKET No. 36873

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

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**CERTIFICATE OF SERVICE**

The Northwest Seaport Alliance (NWSA) hereby certifies that a copy of this comment has been provided via email to all parties of record in docket no. 36873.

Sincerely,



John Wolfe
Chief Executive Officer
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