



Farm Action

310959

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Surface Transportation Board
395 E Street SW
Washington, DC 20423

ENTERED
Office of Chief Counsel
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Submitted via stb.gov

Re: Eliminating Regulatory Barriers to Competition — Review of 49 C.F.R. Part 1144

Dear Surface Transportation Board,

Farm Action respectfully submits this comment in support of the Surface Transportation Board's (STB) proposed rule to repeal 49 C.F.R. Part 1144 in order to eliminate regulatory barriers to intramodal rail competition.

Freight rail service plays a critical role in U.S. agricultural markets. Farmers rely on rail both to receive essential inputs, such as fertilizer and feed, and to transport bulk commodities like grain and oilseeds to domestic processors and export markets. Because many agricultural commodities are high-volume, low-margin goods, transportation costs account for a disproportionately large share of their final market value. At the same time, agricultural production and markets are highly time-sensitive. Planting windows, harvest schedules, and export commitments depend on reliable transportation. When rail service is unreliable or competition is limited, service delays and elevated freight costs can disrupt planting and harvest cycles, increase input costs, and reduce the prices producers ultimately receive for their crops.

In this context, regulatory standards governing competitive rail access are especially important for agricultural stakeholders. Yet the standards currently established under Part 1144 have failed to provide meaningful relief to shippers experiencing subpar rail service, due to an unrealistically high burden of proof. The STB's Notice of Proposed Rulemaking provides an important opportunity to realign

regulatory standards with the pro-competitive intent of the Staggers Rail Act of 1980 by restoring a workable, public-interest–based framework.

I. Background on Part 1144 and Intramodal Rail Competition

Part 1144 was adopted in 1985 to govern shipper requests for competitive rail access and to establish standards under which STB could authorize relief when competitive conditions were insufficient to discipline rail rates or service quality. In practice, however, the regulation has proven ineffective as a mechanism for addressing shipping problems. In the four decades since its adoption, Part 1144 has not provided relief to a single shipper.¹

A primary reason for this failure is the regulation’s evidentiary standards. Under Part 1144, shippers seeking competitive access must demonstrate that a railroad has engaged in anticompetitive conduct. This requirement effectively shifts the inquiry away from the practical question of whether competition is necessary to address service failures and instead requires shippers to prove broader market misconduct. As a result, complaints must be framed in terms of industry-wide behavior rather than localized service problems for facility-specific failures.²

This burden of proof has proven prohibitively high for shippers seeking improved service. By transforming what should be a public-interest inquiry into a retrospective assessment of market misconduct, Part 1144 has operated less as a mechanism for competitive access and more as a procedural barrier.

II. Importance of Rail Competition for Agricultural Shippers

Rail transportation is critical to agricultural markets because of the physical and economic characteristics of bulk commodities. Grain, fertilizer, and other farm inputs are produced and consumed in geographically dispersed regions, and rely on rail to move these commodities to and from farming communities and to domestic and export markets.

¹ Marquette, C. (2026, January 7). *STB proposes new rule holding railroads accountable to jilted shippers*. Politico Pro. <https://subscriber.politicopro.com/article/2026/01/stb-proposes-new-rule-holding-railroads-accountable-to-jilted-shippers-00714013?site=pro&prod=alert&prodname=alertmail&linktype=article&source=email>

² Marquette, C. (2026, January 7). *STB proposes new rule holding railroads accountable to jilted shippers*. Politico Pro. <https://subscriber.politicopro.com/article/2026/01/stb-proposes-new-rule-holding-railroads-accountable-to-jilted-shippers-00714013?site=pro&prod=alert&prodname=alertmail&linktype=article&source=email>

An estimated 63% of fertilizer³ and 39% of export grain shipments⁴ move by rail, underscoring the importance of reliable and competitive rail service.

Where meaningful rail competition is limited, shippers are vulnerable to deteriorating service reliability and elevated rates without corresponding improvements in performance. Service delays can disrupt planting and harvesting cycles, interfere with export schedules, and generate contractual penalties. Transportation accounts for a significant portion of the cost of agricultural commodities—for example, transportation comprises an estimated 38-39% of the landed cost of US corn exports on certain routes.⁵ This means that elevated transportation costs directly reduce the prices received by producers and increase the cost of essential inputs delivered to farming communities. Together, these service delays and increased transportation costs directly affect overall farm profitability.

The absence of effective recourse also undermines market accountability. When shippers lack realistic pathways to seek competitive access, dominant carriers may face limited incentives to improve performance—leaving shippers vulnerable to subpar service and excessive costs.

III. Alignment with Broader Competition and Agricultural Policy Goals

Transportation access is a structural determinant of agricultural market outcomes. Limited rail competition can exacerbate consolidation by increasing marketing costs, narrowing access to buyers, and reinforcing geographic disadvantages faced by rural producers. When transportation bottlenecks constrain market participation, pricing power may shift away from producers and toward concentrated intermediaries.

Strengthening intramodal rail competition supports fairer pricing dynamics, broader market access, and improved resilience in rural economies. Policies that reduce structural barriers to competition in rail shipping, therefore, advance broader agricultural policy objectives, including supporting independent producers, enhancing supply chain reliability, and positively affecting farm profitability.

³ U.S. Department of Agriculture, Agricultural Marketing Service. (2024, September 19). *Grain transportation report*. <http://dx.doi.org/10.9752/TS056.09-19-2024>

⁴ Association of American Railroads. (n.d.). <https://www.aar.org/issue/freight-rail-agriculture-industry/>

⁵ U.S. Department of Agriculture, Agricultural Marketing Service. (2024, September 19). *Grain transportation report*. <http://dx.doi.org/10.9752/TS056.09-19-2024>

IV. Benefits of Repealing Part 1144 and Restoring a Public-Interest Standard

Repealing Part 1144 would replace the current requirement to prove anticompetitive conduct with a public-interest standard centered on service outcomes and competitive conditions. This shift would realign the regulatory framework with congressional intent and create a more attainable pathway for shippers to seek relief when service failures materially affect market participation.

A restored framework would also permit STB to evaluate complaints on a case-by-case basis. Service deficiencies frequently occur at discrete facilities or in specific corridors rather than across an entire rail network. A public-interest standard would allow STB to address localized harms and tailor remedies to the operational realities of individual shippers and regions. Such flexibility is particularly important in agricultural logistics, where seasonality and timing magnify the consequences of service disruptions.

The availability of competitive access further serves as a performance incentive. Under a framework consistent with the Staggers Act, shippers could petition the Board to authorize access to an alternative rail carrier if incumbent service proves inadequate.⁶ Even if formal petitions remain infrequent, the credible possibility of competitive entry can discipline pricing and improve reliability. Often, the threat of competition exerts meaningful influence on behavior and can spur better performance.

Some stakeholders, including the National Industrial Transportation League, have suggested a partial repeal of Part 1144 that would apply to reciprocal switching while retaining the heightened standard for through routes and through rates. However, the underlying rationale for repeal applies equally across these mechanisms. There is no stronger justification for requiring proof of anticompetitive conduct in the context of through routes and through rates than in reciprocal switching. Maintaining the elevated evidentiary burden in some contexts but not others would introduce regulatory inconsistency and preserve barriers that have already proven ineffective.⁷

⁶ Surface Transportation Board. (2026, January 9). *Eliminating regulatory barriers to competition: Review of Part 1144* (Proposed Rule No. EP 788) (91 Fed. Reg. 945). *Federal Register*.
<https://www.federalregister.gov/documents/2026/01/09/2026-00241/eliminating-regulatory-barriers-to-competition-review-of-part-1144>

⁷ Surface Transportation Board. (2026, January 9). *Eliminating regulatory barriers to competition: Review of Part 1144* (Proposed Rule No. EP 788) (91 Fed. Reg. 945). *Federal Register*.
<https://www.federalregister.gov/documents/2026/01/09/2026-00241/eliminating-regulatory-barriers-to-competition-review-of-part-1144>

V. Recommendation

Farm Action believes that the repeal of Part 1144 is a necessary and overdue reform. The existing regulation has not fulfilled its intended purpose and instead has functioned as a procedural obstacle to competitive access. Restoring the public-interest–based Staggers Act framework will better reflect real-world shipping conditions and provide shippers with meaningful avenues for relief when service failures occur.

VI. Conclusion

Part 1144 has failed to deliver relief or accountability in freight rail service. Repealing the regulation in its entirety will strengthen competition, improve service quality, and better align regulatory oversight with the needs of agricultural shippers who depend on reliable transportation to participate in domestic and global markets.

Farm Action urges the STB to finalize the proposed rule repealing Part 1144 and to restore a public-interest–based standard for intramodal rail competition.

Sincerely,

A handwritten signature in black ink, appearing to be 'SC' followed by a stylized flourish.

Sarah Carden
Research and Policy Director
Farm Action