



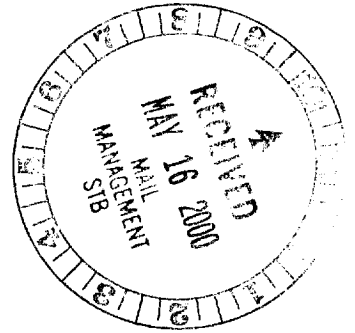
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AMERICAN FARM BUREAU FEDERATION®

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May 16, 2000

Via Courier

Office of the Secretary
Case Control Unit
ATTN: STB Ex Part No. 582 (Sub. 1)
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

ENTERED
Office of the Secretary

MAY 16 2000

Part of
Public Record

Dear Sir or Madam:

Please find enclosed an original and 25 copies of the Comments of the American Farm Bureau Federation in reference to the above matter.

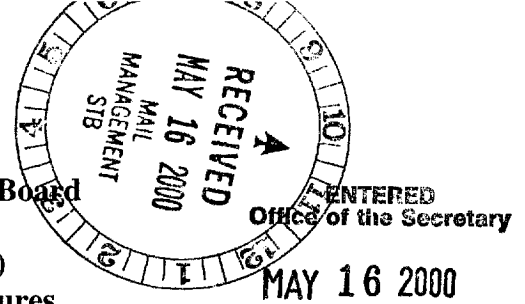
Sincerely,

Richard W. Newpher
Executive Director
Washington Office

pc: All Parties of Record

Before the Surface Transportation Board

**STB Ex Parte 582 (Sub. No. 1)
Major Rail Consolidation Procedures**



Comments of the American Farm Bureau Federation

**Part of
Public Record**

Now comes the AMERICAN FARM BUREAU FEDERATION (AFBF) and respectfully submits its comments to the Surface Transportation Board, pursuant to the board's order of March 31, 2000 as follows:

The AFBF is a national association of farmers and ranchers representing Farm Bureau families in every state and Puerto Rico. Farm Bureau represents these farmer-members in matters concerning regulatory concerns and the ongoing financial viability of the farming and ranching operations. In this regard, Farm Bureau has requested and received leave from the board to comment on the board's undertaking to evaluate and perhaps re-write its criteria for evaluating railroad mergers.

For a number of years, AFBF, its member state Farm Bureaus, and the farmer and rancher members they represent have grown increasingly concerned about poor railroad service, high rail freight rates, the increasing concentration of economic power in the rail industry, the apparent unwillingness of Class I railroads to compete with one another, and their unwillingness to permit regional and short-line railroads to facilitate competition.

These issues have a direct on the economic well-being of farmers and ranchers, because transportation costs are a key component of cost of goods sold; transportation costs are

passed back to producers of commodities to be transported in the form of lower unit prices at point of sale (community elevator, river terminal or railroad terminal).

Further, rail consolidation has led to abandonment of rail lines throughout rural America. This leaves many communities and elevator operators without rail service. This has an efficiency impact on these communities and shippers, since rail service is clearly superior from the economic efficiency standpoint to the only available alternative, trucking grain on public highways. Also, these abandonments have put significant strain on the ability of states and communities to maintain highway infrastructure in the face of new and unanticipated demands on rural roads.

While some consolidation was clearly necessary in order to allow the railroad industry to regain competitiveness, Farm Bureau and its members are concerned that the STB and its predecessor, the Interstate Commerce Commission, have permitted consolidation to proceed to the point where competitive rail service cannot be obtained in many areas.

The board identified several areas it wished to address in the above-named rulemaking, and asked participants to identify issues in these particular areas:

- 1. Safeguarding Rail Service.** As mentioned above, many rural communities have seen rail service disappear in the last twenty years as railroads have consolidated. We share the board's apparent concern that any change in the process of considering rail mergers should safeguard rail service to the greatest extent possible. In that regard,

we believe the board should examine whether the currently common practice of imposing "paper" and "steel" barriers on regional and short-line railroads (as a condition of obtaining title or use of track from Class Is) is in the public interest with regard to safeguarding rail service.

2. Promoting and Enhancing Competition. We believe strongly that the board should revise its merger policies to promote inter-modal and intra-modal competition for shippers to the greatest extent possible. The board should adopt changes to its merger policy to promote greater competitive flexibility. If the board feels it is constrained by its authorizing statute from effecting pro-competitive change, we suggest the board identify areas where legislative change is necessary to permit the board to make pro-competitive changes in merger and administrative policy to promote maximum competitive service opportunities for shippers.

3. Merger-Related Public Interest Benefits. Each major rail merger in recent memory has been accompanied by extravagant claims by the railroad companies of the benefits that will be enjoyed by shippers, railroad stockholders and the public at large if a proposed merger is permitted to proceed. It is arguable whether any of these parties have benefited in the manner or to the extent, claimed prior to proposed mergers. We strongly recommend that the board view such claims by railroads seeking merger much more skeptically than in the past and to weigh these supposed benefits against the negative impact of likely abandonments and loss of competitive service opportunities.

Respectfully submitted,

American Farm Bureau Federation

By:

A handwritten signature in black ink, appearing to read "Richard W. Newpher". The signature is fluid and cursive, with a prominent initial "R".

Richard W. Newpher, Executive Director
Washington Office

Certificate of Service

I hereby certify that this statement of the American Farm Bureau Federation has been duly served on all Parties of Record identified on the Ex Parte 582 (Sub. 1) service list via first class mail in the United States Postal Service this 16th day of May, 2000.

A handwritten signature in black ink, appearing to read "Richard W. Newpher", written in a cursive style.

Richard W. Newpher
Executive Director
Washington Office