CONSOLIDATION HAS REDUCED ACCESS TO COMPETITIVE RAIL SERVICE

Since 1980, the industry has consolidated from over forty major railroads to seven. Four of the major railroads handle 90% of the nation’s rail traffic.

RAILROADS CAN LOCK OUT THEIR COMPETITION

Current STB policies do not require Railroad 1 to quote a rate for the short “bottleneck” segment from the shipper’s plant. That precludes the shipper from obtaining competitive service from Railroad 2 for the remaining trip to its customer.

STB SHOULD USE ITS AUTHORITY TO REMOVE BARRIERS TO COMPETITION

To help captive shippers and their customers gain greater access to competitive freight rail service, the STB should:
- Require competitive switching to serve shippers located in terminal areas.
- Require railroads to provide reasonable rates over bottleneck segments.
- Establish additional conditions necessary to promote healthy competition between railroads.

THE LACK OF FREIGHT RAIL COMPETITION HARMs SHIPPERS, THEIR CUSTOMERS AND THE U.S. ECONOMY

- The premium paid by chemical shippers for high freight rail rates totaled more than $3.9 billion in 2010.
- Eliminating the $3.9 billion in excessive charges on chemical shippers would create more than 24,000 jobs and would generate $6.8 billion in economic output.
- The problem is getting worse: between 2005 and 2010, the percentage of chemical products shipped at such high rates increased dramatically.
- In a recent survey, many chemical shippers reported that captivity and high rail rates hurt their ability to meet customer demand and hindered their company from making domestic investments.

78 Percent of Freight Rail Stations Are Captive to a Single Class 1 Railroad.
- Percent of U.S. Freight Rail Stations Held Captive by State

90% - 100%
80% - 89%
70% - 79%
60% - 69%
50% - 59%

* Percent of U.S. Freight Rail Stations Held Captive by State

Consumers United for Rail Equity, Escalation Consultants, Inc.