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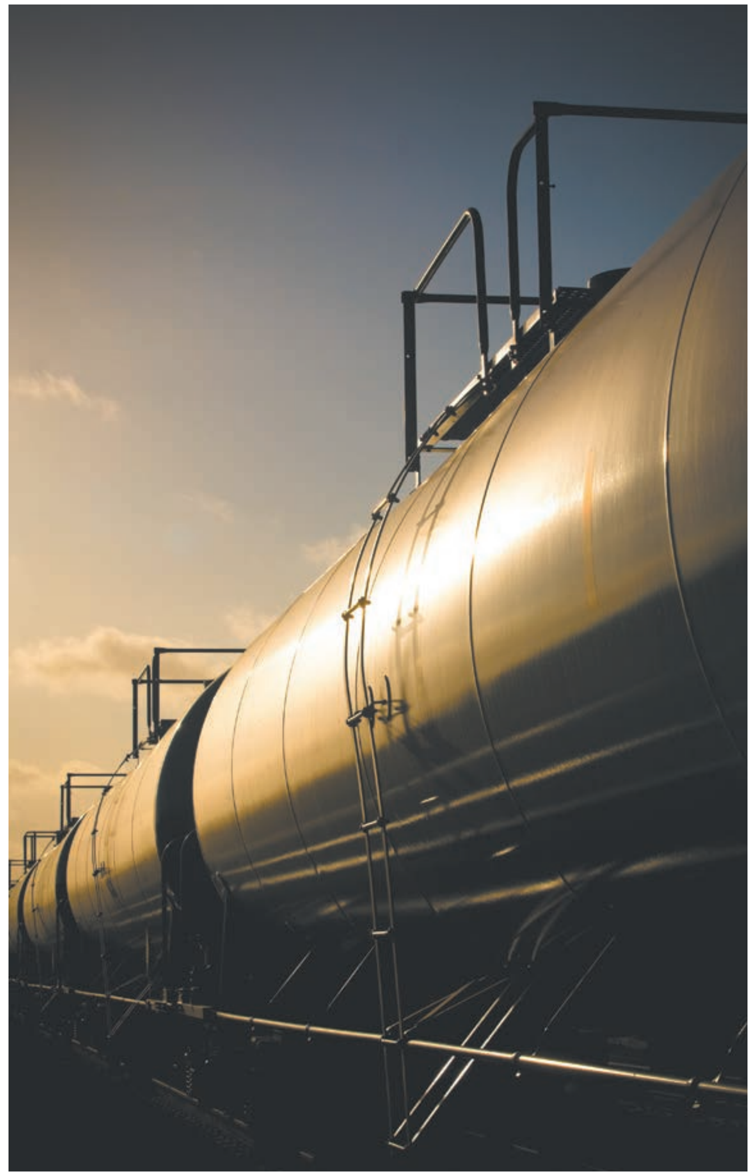
The Truth about Rail Mergers

The Union Pacific and Norfolk Southern merger creates a transcontinental monster. It would allow one railroad to control nearly half of the rail traffic in the U.S.—choking off competition, driving up costs for manufactures and consumers, and weakening America's industrial strength.

We need stronger supply chains, not a more powerful railroad monopoly.

President Trump has championed anti-monopoly policies and American manufacturing. This merger undermines both.

There's a better deal to be struck. One that creates more competition—not less—within the rail industry.



Four problems everyone must know:

1 COMPETITION LEAVES THE RAILS

Thanks to massive consolidation in the rail industry, **four mega-railroads control 90% of U.S. freight traffic**. A transcontinental merger would erase rail-to-rail competition and give one railroad enormous control over shipping products vital to the economy, leaving American farmers, energy producers and manufacturers with even fewer choices and higher costs.

As a result, even more companies would be captive to a single railroad for service, with no competitive alternatives they are in a "take it or leave it" situation.

2 SUPPLY CHAIN CHAOS

Past mergers have created a huge mess for the supply chain by causing system-wide service meltdowns.

The Union Pacific and Southern Pacific merger in 1996 led to chaos. It caused massive network paralysis and embargoes, which led the Surface Transportation Board to place a moratorium on mergers to revise its rules to address the negative impacts on competition and customers caused by consolidation.

More recently, problems stemming from the Canadian Pacific & Kansas City merger caused the newly formed railroad's on-time performance to plummet to just 26%—**delaying nearly three-quarters of shipments**—and resulting in serious disruptions at Gulf Coast refineries and chemical facilities.

3 ECONOMIC TOLL

American businesses are paying a steep price for past mergers. Inflation adjusted freight rail rates have risen **44% over the past 20 years**, far outpacing both demand and operating expenses. Rail rates also increased by almost **70% more than truck rates in the same period**. Consumers pay the price through higher costs and supply chain disruptions.

4 SMOKE AND MIRRORS

The claims supporting the UP/NS merger don't hold up.

Railroads don't need to merge to become more efficient. New partnerships between BNSF and CSX have demonstrated that cooperation and partnerships can improve the movement of rail traffic without the headaches of a rail merger.

Trucks are not a substitute for rail-to-rail competition. Many industries have built their operations around freight rail. Companies have made large long-term investments into rail car fleets and rail infrastructure at their facilities. Rail is so integrated into their facilities that product is manufactured straight into rail cars. And even if trucks could be used there is not enough capacity in the trucking industry to handle the massive amount of freight moved by railroads.

America Needs a Better Deal

Policymakers need to strike a better deal that fights off monopolies. One that creates more rail-to-rail competition to strengthen American supply chains, drive innovation, deliver lower costs, and put U.S. producers first. **That's a real win for America.**