THE UP–NS MERGER: A MONOPOLY IN THE MAKING

Union Pacific and Norfolk Southern want to control nearly half of U.S. rail freight. *They claim this merger will "grow the industry" and "increase competition." The truth? It will eliminate competition, raise costs for consumers, and destabilize the supply chain that powers the American economy.*

UP's Growth Claims are Unachievable – This Merger is about Securing Unchecked Pricing Power and Operational Control

> *Combined volumes of UP and NS have* ***declined by 13% over the past decade****, their promise of* ***12% growth in just three years is unrealistic****.*

- CPKC made a similar but more modest promise – and missed by 90%.
- When growth does not materialize, shareholders will be paid through higher rates and decreased service – a pattern evident in the past decade, where UP's volumes dropped by 15% and revenue per unit grew by 17% – the highest revenue per unit in the industry.
- The activist shareholders who support this merger wouldn't do so unless they expected it to be extremely profitable. Without the anticipated growth, those profits inevitably come from the American consumer – in other words – from your pocket.

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UP's Plan Doesn't Enhance Competition – It Will Only Decrease It.

- One railroad controlling nearly half of U.S. rail freight = 10,000 facilities served by only one railroad with unchecked market power.
- As an example, Texas alone has 800 shippers captive to UP, generating a quarter of UP's total annual revenue.
- Past mergers raised prices and reduced service. This one is far bigger.
- UP's application ignores STB's 2001 rules requiring mergers to not just preserve but also enhance competition for rail customers.

Gateway Pricing Proposals Are Hollow

Only 0.4% of all rail freight would be eligible for UP's Committed Gateway Pricing (CGP)

- What's most notable is what's excluded: all intermodal, autos, unit trains, TIH/PIH and dimensional shippers. It is limited to four gateways and also excludes any facility owned by a railroad or served by the two Canadian carriers.
- If you happen to be lucky enough to be one of the few shippers who qualify for UP's temporary CGP remedy, that remedy is a "rate" that is designed to be higher than the rates on 70% of the comparable UP movements and will only be available during the oversight period.
- UP quietly removed $750M in concessions from its financials while adding to their revenue projections – their own admission these concessions are meaningless.
- The CGP is an irreparably flawed concept that cannot replicate the competitive options lost through the proposed merger and asks shippers to rely on untested promises similar to those made in prior mergers, and ultimately proven ineffective.

UP's Service Integration Plan is Nothing More Than "Trust Us"

- UP vows seamless service. History says otherwise – every major merger caused disruptions. This one is the biggest yet.
- UP claims it will prevent service meltdowns by having a buffer of crew, locomotives and equipment. The same promise UP made during the pandemic supply chain crisis right before issuing 1,000 embargoes denying service to customers, damaging their businesses and requiring STB intervention.
- CPKC's smaller deal led to misrouted cars and operational breakdowns. UP's proposal is much more complex and requires the integration of numerous technology systems across a new 55,000 mile network.
- UP's submitted service plan is light on details but appears to depend upon existing facilities that lack the capacity to handle projected growth. They claim there will be "no transitional service disruptions" even as they plan to grow volumes by 12% without purchasing a single new locomotive, railcar, or piece of maintenance of way equipment.
- UP calls out past experience leading the "successful integration" of CN's system with the small EJ&E railroad over a decade ago. But that merger caused congestion problems and impacts to local communities in the Chicago area that were so severe the STB had to extend its oversight period twice.

Opposition Is Overwhelming

2,000 letters of support cited in UP-NS merger application come from 500 shippers who represent less than 6% of all rail traffic in the U.S.

- The Rail Customer Coalition (which reports to represent half of all rail volume) and the Teamsters/BRS (half of rail workers) demand rejection.
- Why? Because this merger means higher costs for manufacturers, farmers, energy producers – and every American consumer.

Bottom Line

This merger is about power, not progress. It will raise prices, reduce service, and weaken U.S. supply chain resilience. Rail customers and all rail stakeholders must urge the STB to reject this monopoly and protect shippers, workers, and consumers.

Click here to make your voice heard!

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