January 15, 2016

Honorable Daniel R. Elliott III
Chairman
United States Surface Transportation Board
395 E Street, SW
Washington D.C. 20423-0001

Honorable Ann D. Begeman
Vice Chairman
United States Surface Transportation Board
395 E Street, SW
Washington D.C. 20423-0001

Honorable Deb Miller
United States Surface Transportation Board
395 E Street, SW
Washington D.C. 20423-0001

Dear Chairman Elliott and Surface Transportation Board Members:

On behalf of the Illinois Manufacturers’ Association (IMA) and our nearly 4,000 member companies and facilities across the state, thank you for the opportunity to provide comments with respect to the proposed acquisition between Canadian Pacific Railway (CP) and Norfolk Southern Corporation (NS). I urge the Surface Transportation Board to review this proposal by Canadian Pacific very closely in light of the potential significant public interest harms that may occur as the result of the acquisition.

The IMA represents a critical sector of the Illinois economy employing nearly 570,000 workers and contributing the single largest share – 12.4 percent - of the Gross State product. Last year, Illinois companies exported $68 billion worth of goods and services and 93 percent of these exports were manufactured products. Manufacturers rely on a strong transportation system that includes a healthy and robust rail industry to be able to receive supplies and move products around the world.

Our need for a strong, reliable, and efficient rail freight system is why we have very strong concerns about the proposed acquisition of Norfolk Southern by Canadian Pacific. We urge the United States Surface Transportation Board to put the brakes on this proposal that could harm manufacturing companies and have a negative economic impact. The STB should carefully evaluate the long-term impact that the proposed acquisition could have on the ability of all railroads operating in Illinois to meet the needs of a modern manufacturing economy.
The Surface Transportation Board is vested with the power to approve or disapprove mergers and acquisitions after assessing whether such action would serve the public interest and whether it will benefit or harm the rail industry. STB should also look at the proposed impact on consumers of the rail freight industry and how such mergers will impact their ability to compete.

With every Class I railroad operating in the state, Illinois is the center of the nation’s rail network with more than 9,900 miles of track. Nearly 8,000 miles of track are operated by Class I railroads that are large freight companies that serve manufacturing customers. The state often ranks first in the nation in terms of total rail freight volume. Chicago has been a hub of rail and passenger freight with more than 1,300 freight, passenger, and commuter trains passing through the region every day. Rail is vital to Illinois.

While a major rail hub, the Chicago region has presented many challenges in terms of efficiency because of the time that it takes to move freight through the region. Working in partnership through the CREATE program, the City of Chicago, State of Illinois, federal government, private rail carriers, METRA, and Amtrak have made great strides in improving route traffic. Hundreds of millions of dollars have been invested.

Unfortunately, Canadian Pacific has not demonstrated a history of collaboration and communication through the Chicago Transportation Coordination Office (CTCO) while NS has been actively engaged. If the acquisition occurs, CP’s limited participation in critical coordinating activities such as CTCO creates doubt about CP’s ability to capably deliver rail service in an already congested environment should they take on a greater operational role in the Chicago region. The STB should carefully evaluate CP’s operational history and the impact it could have on rail collaboration in the region.

The IMA has strong concerns that the proposed acquisition could jeopardize this progress and result in further congestion and gridlock in the Chicago region. It will reduce competition and will have an impact on manufacturing companies that rely on a strong and stable freight system. Further, it will have an impact on rail industry jobs in Illinois.

Illinois is home to more than 1,600 Norfolk Southern employees and the company is an important source of economic development. In 2014, NS invested $106 million in capital investment that led to $400 million in industrial development activity and the creation of 350 new jobs. The STB should review the merger’s impact on these employees.

Every member of the Illinois Congressional Delegation has written the STB expressing concerns with this proposed acquisition. The IMA shares many of their concerns and we ask that you consider the impact on shippers, consumers, overall congestion, operational capability, service, safety, rates, competition, and the long-term impact on the rail system. We ask that the STB oppose any request that will harm America’s economic competitiveness.

Thank you for your consideration.

Mark Denzler
Vice President & COO