December 22, 2015

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

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

The Honorable Debra Miller
United States Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

Dear Chairman Elliott and Surface Transportation Board Members:

I am writing today on behalf of Palmetto AgriBusiness Council (PABC), which represents some of the largest agribusiness employers in South Carolina. Our mission is to sustain the economic viability of our state’s largest industry—agribusiness, which contributes $41.7 billion to South Carolina’s economy and provides over 212,000 jobs. We have been following the recent public developments between Canadian Pacific Railway (CP) and Norfolk Southern Corporation (NS) with great interest. After reading CP’s proposal letter dated November 9, 2015 and listening to recent public comments made by Mr. Hunter Harrison, CP’s Chief Executive Officer (CEO), we have significant concerns that CP’s unsolicited proposal to acquire NS, if allowed to proceed, would have a negative impact on the State of South Carolina and for the United States of America.

The CP CEO F. Hunter Harrison made statements about reductions to NS physical plant and employment levels on November 19, 2015 that indicate severe cuts in resources will be a primary focus. These comments lead us to believe that there would be negative implications for employment and service levels if a merger were to occur.

NS has been a great partner to the State. It is the home to over 650 Norfolk Southern employees, who operate 762 miles of track integral to the state’s industry and communities. We are concerned that a combination between CP and NS would have a negative impact as outlined above. We also have significant concerns regarding the impact that a railroad merger would have on the many businesses in South Carolina, especially agribusiness, which depends upon the railroads to transport our products from farm to market.
Finally, we are concerned that a cost-cutting transaction as proposed by CP would result in decreased investment in our transportation infrastructure. This would be a detriment to economic development in our state, at a time when we need more options for transportation. Available and efficient transportation of products is not only essential to the expansion of existing agribusiness sectors, but also in attracting new agribusiness producers and processors to our state.

Accordingly, we do not believe any major railroad combination requires a compelling benefit to freight customers, which has not been demonstrated at all by the unilateral CP move on NS. As such, we intend to follow future developments between CP and NS closely and urge the Surface Transportation Board to do the same.

Thank you for your careful consideration of this important matter.

Sincerely,

Cathy B. Novinger
Executive Director