

**SURFACE TRANSPORTATION BOARD ANNOUNCES INTENT TO HOLD FALL 2006  
PUBLIC HEARING ON CERTAIN ISSUES RELATED TO RAIL TRANSPORTATION OF  
GRAIN**

The Surface Transportation Board announces its intent to hold a public hearing this Fall to address certain issues related to the rail transportation of grain. On June 21, 2006, the United States Government Accountability Office (GAO) released preliminary observations on rates, competition, and capacity issues in the American rail freight industry. GAO reported that the changes that have occurred in the rail industry since the Staggers Rail Act of 1980 are widely viewed as positive. The financial health of the industry has improved substantially as railroads have cut costs and boosted productivity. Moreover, most rates declined as productivity improvements were passed on to shippers. However, one category of rates examined by GAO--grain rates--diverged from the industry trends. According to the GAO preliminary report, the amount of grain traffic with comparatively high markups over variable cost increased notably between 1985 and 2004.

The Board intends to hold a public hearing after GAO releases its final report, as a forum for interested persons to provide views and information about the market conditions that led to these findings by GAO and about grain transportation markets in general. Because U.S. grain producers compete in a broader North American, and global, marketplace, the Board also anticipates inviting information regarding the interplay between the American and Canadian wheat markets, how the Canadian regulatory system differs from the American system, and what impact those differences might have on grain production in the United States. A date for the hearing will be set once the final GAO findings and recommendations are released.

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