



SURFACE TRANSPORTATION BOARD

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SURFACE TRANSPORTATION BOARD DETERMINES CSX TRANSPORTATION, INC.'S PROPOSED ACQUISITION OF PAN AM SYSTEMS IS A SIGNIFICANT TRANSACTION

The Surface Transportation Board announced today that it will review the proposed acquisition by CSX Transportation, Inc. (CSXT) of Pan Am Systems, Inc. (Pan Am) as a “significant” transaction under the Board’s regulations for railroad mergers, rejecting the request of CSXT and Pan Am to treat the proposed acquisition as a “minor” transaction. The Board’s regulations governing “minor” transactions require less information and involve a shorter review period. In order to avoid unnecessary delay, the Board’s decision treats the parties’ application as the “prefiling notification” required in “significant” transactions and directs them to file a supplement containing additional information in accordance with the regulations for “significant” transactions. Today’s decision also instructs the parties to file a revised proposed procedural schedule that aligns with the timeline for processing “significant” transactions.

The Board’s railroad merger regulations categorize transactions as “major,” “significant,” “minor,” or “exempt,” and these distinctions, in turn, inform the procedural and substantive requirements for agency review. Because CSXT and Pan Am are Class I and Class II rail carriers, respectively, the transaction could be considered either “significant” or “minor” but not “major,” which applies only to transactions involving Class I railroads. The demarcation between “significant” and “minor” turns upon whether the transaction would have “regional or national transportation significance”; i.e., a transaction is classified as “minor” if the Board can determine at the application stage that (1) the transaction clearly will not have any anticompetitive effects; or (2) any anticompetitive effects will clearly be outweighed by the transaction’s anticipated contribution to the public interest in meeting significant transportation needs.

In finding that the CSXT-Pan Am transaction is “significant,” the Board focused on the potential outcome that, if approved, several shippers on affected lines might lose competitive access to two railroads, and that certain short line railroads might connect with a single railroad network, as opposed to having multiple connections. Considering these implications along with the potential proposed benefits, the Board decided that it could not “clearly” make the findings required under the regulations for the CSXT-Pan Am transaction to be deemed “minor.”

The applicants must file a complete application between April 25 and June 25, 2021. The revised proposed procedural schedule is due by April 1, 2021. Under the statute, a merger of this type is reviewed within 10 months of the filing of a complete application.

Referring to today's decision, Chairman Martin J. Oberman observed, "The Board's decision to treat the proposed CSXT-Pan Am transaction as 'significant' – as opposed to 'minor' – provides a greater opportunity to develop a more complete record upon which to consider the transaction's competitive implications and the public interest in meeting significant transportation needs."

The Board's decision in CSX Corporation and CSX Transportation, Inc. et al.—Control and Merger—Pan Am Systems, Inc. Pan Am Railways, Inc., Boston and Maine Corporation, Maine Central Railroad Company, Northern Railroad, Pan Am Southern LLC, Portland Terminal Company, Springfield Terminal Railway Company, Stony Brook Railroad Company, and Vermont & Massachusetts Railroad Company, Docket No. FD 36472, et al., may be viewed and downloaded from the Board's website [here](#).

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