TOM G. WILLIAMS
Executive Vice President and Chief Marketing Officer,
BNSF Railway

BUILT FOR THE MOMENT

Why freight rail's next era of growth depends on keeping the competition that got us here.

U.S. freight rail is at a turning point. After years in which the industry's growth in intermodal, agriculture, consumer goods and industrial products was offset by declining coal volume, non-coal growth is now beginning to outpace that decline. Structural tightening in truck capacity, a data-center-led industrial buildout and policy support for agriculture are creating new demand, and the rail network is better positioned to handle it than at any point in recent years.

At the same time, the proposed Union Pacific-Norfolk Southern merger would reshape how that demand is served. This paper examines the forces driving rail's next phase of growth, the investments that have prepared the network for it and the competitive structure that made that readiness possible. It also reviews recent claims about the merger against the public record, so customers can assess what the transaction would mean for their rates, service and competitive options.



PART ONE: CAPTURING THE MOMENT

The growth in rail traffic is already visible in the numbers. At BNSF, non-coal business grew at roughly twice the industry average rate from 2022 through 2025, adding nearly 500,000 units. That growth was built on industry-leading capital investments.

Three forces driving the next phase of growth

- **Truck capacity is tightening, and it's structural.** The 2021–2022 crunch was driven by demand. Today's is driven by supply and regulation: English language proficiency enforcement, non-domicile commercial driver's license limits, logging-device accountability and tighter entry requirements. J.B. Hunt estimates these forces could remove **214,000 to 437,000 drivers**, or 5% to 12% of the driver workforce, over the next two to three years.
- **A data-center-led industrial buildout.** Every data center needs aggregates, steel, building products and power infrastructure. Northern Virginia alone has more than 300 facilities, and U.S. data center electricity demand has tripled in a decade. It is projected to double again by 2028.
- **Policy tailwinds behind agriculture.** A roughly **60% increase** in renewable volume obligations for biodiesel and renewable diesel, the 45Z tax credit and the Low Carbon Fuel Standard all point to more domestic feedstock, more crush capacity and more freight that moves best by rail. Over 10 years, BNSF grew agricultural products volume about **9%**, double the roughly 4.5% of all other North American Class I railroads combined.

This is not the post-pandemic supply chain crisis

In 2025, BNSF improved merchandise dwell **13%**, increased velocity about **10%**, delivered **60,000-plus additional service days** across 615 customer locations, cut the number of trains held in half and posted the safest year in company history. In 2026, while handling some of the highest volumes in five years, we've run the fastest average train speed among Class I railroads. Every hour a car doesn't sit in a terminal is capacity returned to the network.

BNSF RAILWAY

We've invested about **$17.8 billion over the past five years**, with a **$3.6 billion** plan for 2026. This year alone we finished new bridges in southern Washington on the Fallbridge Subdivision before harvest, added a second hump lead at Galesburg, Illinois (which then handled a record 2,375 cars in a day) and expanded our yard in Memphis by more than 200 cars of daily capacity. Memphis wasn't in our plan. Demand showed up, we approved the project in June and it was in service in September.

We're also building with partners: Quantum with J.B. Hunt (better than 95% on time), Shortline Select with 10 short lines, new inland terminals in Salt Lake City and Oklahoma City, and new direct intermodal service with CSX into Charlotte, Jacksonville and Atlanta that takes 24 to 52 hours out of transit. We run the industry's fastest transcontinental trains with **both** Eastern carriers, and our Chicago interchange takes less than an hour. That's seamless coast-to-coast service, today, without a merger. That distinction matters under the STB's merger rules. Former STB Chairman Martin Oberman recently noted that applicants must show not only that their claimed benefits are achievable, but that those benefits cannot be delivered through less anticompetitive alternatives such as interline partnerships. The evidence already shows that railroads can create growth with effective coast-to-coast service through partnership and competition, without eliminating competitive choices. We have done exactly that – since BNSF was formed 30 years ago, our annual volume has grown by **2.8 million units**, more than any other U.S. railroad.



PART TWO: THE STRUCTURE THAT BUILT THIS READINESS

The famous golden spike connected this country 157 years ago. Today, customers have four competing transcontinental options: BNSF-CSX, BNSF-NS, UP-CSX and UP-NS. If this merger is approved, the country doesn't go from four to five. It goes from four to two.

A combined UP-NS would control about **50% of U.S. rail shipments**, counting each loaded railcar or container as one shipment. In most industries, federal antitrust guidelines presume that a merger between competitors with a combined share above 30%, will harm competition. In key markets, the combined UP-NS railroad would control even more – about **85%** of intermodal shipments to and from Pennsylvania, **80%** of metal products to and from Indiana, **70%** of chemicals to and from Texas and **55%** of farm products to and from Kansas. It would also hold about **45%** of the nation's closed stations, where only one Class I railroad serves the customer. More than **10,000** customer facilities on UP and NS would be left with no rail-to-rail competition.

That matters because the data shows that captive customers pay more. The American Chemistry Council reports that over 15 years, rates for its single-served members rose more than **200%**, compared with **24%** for members with competitive options.



SETTING THE RECORD STRAIGHT

In recent weeks, UP has made a series of claims to customers. Here is how each one compares with the record.

UP SAYS: *A combined UP-NS is less than 11% of the freight market, 40% of rail ton-miles and about 43% of rail carloads.*

THE RECORD: The 11% figure counts pipelines, barges and every truck on the road. A chemical plant, steel mill or grain elevator served by one railroad can't put its product in a pipeline. Ton-miles measure how far freight travels, not how many choices a customer has. And UP's own carload figure, **43%**, is still well above the 30% level that would trigger a presumption of harm in other industries. Measured by shipments, the share is about **50%**.

UP SAYS: *BNSF already holds 50% or more of the top 10 intermodal lanes where it competes with UP.*

THE RECORD: That's what competition looks like. In those lanes, customers have four different ways to cross the country, and they choose based on service and price. UP's revenue per unit is already about **31% above the industry average** year to date. The concern isn't lanes where customers still have a choice. It's the Northeast, where a combined UP-NS would control about **85%** of intermodal shipments to and from Pennsylvania.

UP SAYS: *A seamless coast-to-coast product will attract about 2.1 million truckloads to rail each year.*

THE RECORD: History says otherwise. After the last major round of rail mergers, Class I railroads lost about three share points to the highway. Less than **0.5%** of BNSF's intermodal volume comes from new lanes created by the BN-Santa Fe merger, and CPKC has missed its own, much more modest post-merger growth projections by about **65%**. UP and NS project **12%** volume growth in three years, yet their combined volumes have fallen about **14%** since 2006.

UP SAYS: *More than 500 customers representing more than 30% of UP's volume support the merger.*

THE RECORD: Measured against the whole market, supporting shippers account for **less than 6%** of U.S. rail cargo, while shipper associations representing **nearly 60%** of rail cargo oppose the UP-NS merger or have raised concerns. The Stop the Rail Merger Coalition estimates that only **about 5%** of UP's customers have voiced support.

UP SAYS: *45% of UP and CSX carload traffic in the East would be eligible for Committed Gateway Pricing, providing "haulage-like" service.*

THE RECORD: Eligibility for a pricing program isn't the same as competition. Even by UP's measure, more than half of that carload traffic would not be eligible, and intermodal customers in the West aren't addressed at all. Gateway pricing is a rate formula set by the merged railroad, not a competing railroad trying to win your business. The real question is whether customers will have meaningful competitive choices after the merger.

UP SAYS: *Its nearly 7,000-page application and extensive workpapers provide proof behind every major claim.*

THE RECORD: Having teams of lawyers and consultants bury stakeholders in paper is not the same as offering a complete, stable and dependable record. The application and supporting workpapers have changed repeatedly and significantly during the STB's review. When the analyses at the core of UP and NS's arguments continue to change, customers and other stakeholders should be wary about the conclusions UP and NS claim they support.

UP SAYS: *A quiet customer is not an opposed customer, and you can't count an association's filing as opposition from each of its members.*

THE RECORD: Silence isn't support, either. Trade associations take their instructions from their members, and speak for them because many individual companies prefer not to take public positions against their railroad. That's precisely why the STB wants to hear directly from individual customers.



NOTHING IS DECIDED. YOUR VOICE MATTERS.

The STB has said that allowing the review to continue "does not reflect any determination on the merits." Board Member Kloster wrote that the applicants "still have a long way to go to show that the transaction is in the public interest." Beyond the shipper and labor opposition noted above, Congress has issued 184 statements of concern or opposition, compared with seven in support.

- **File comments with the STB by Nov. 18, 2026.** The Board values association filings and it wants to hear from individual customers about their facilities, lanes and supply chains. BNSF can help.
- **Talk with your elected officials** about how reduced rail competition would affect your business and community.
- **Stay informed at BNSF.com/PreserveRailCompetition.**

Competition didn't slow this industry down. It built its readiness. At the moment supply chains need more capacity, options and resilience, cutting transcontinental choices in half is the wrong direction. The freight is coming. Let's go get it together, full steam ahead.

Learn more:
www.BNSF.com/PreserveRailCompetition

BNSF RAILWAY