

GULF COAST: PROTECTING THE INDUSTRIAL ECONOMY

The Stakes for American Manufacturing

- Gulf Coast energy and chemical facilities power the U.S. industrial economy.
- In Texas and Louisiana alone, more than 1,000 shippers are served only by Union Pacific (UP).
- More than a quarter of UP's total revenue comes from freight moving to, from and within those two states, even though UP operates in 23 states across the western U.S.

What's at Risk

Gulf Coast customers ship large volumes to eastern markets, where CSX and Norfolk Southern (NS) compete today. A combined UP-NS would remove that competition. That would let UP extend its pricing power in the Gulf Coast across the merged network.

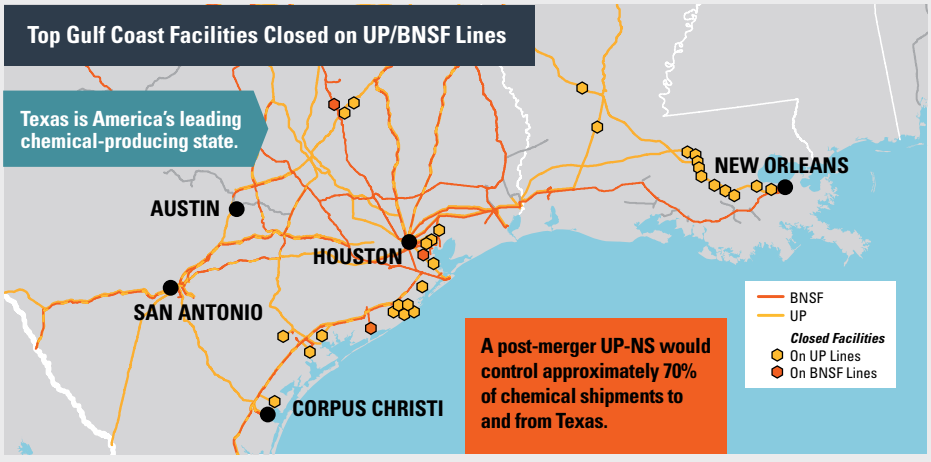
- **Faster rate hikes:** According to the American Chemistry Council, rail rates at its member plants served by only one railroad have risen 10 times faster over the past 15 years than rates at plants with more than one rail option.
- **Higher concentration:** A merged UP-NS would control about 70% of chemical shipments to and from Texas.
- **Service risk:** Network integration problems from UP's 1996 merger with Southern Pacific forced Gulf Coast factory shutdowns. Delays cost shippers an estimated $100 million per month.

What We Requested

A neutral terminal railroad: one independent operator that would allow UP and BNSF to serve all facilities in the region. It would open facilities that only UP or only BNSF serves today to both railroads, keeping competition balanced. This model already works. The Port Terminal Railroad Association in Houston has given multiple railroads neutral access to industries along the Houston Ship Channel for more than 100 years.

Why it Matters to You

Facilities that depend on one railroad today would gain a competitive option. That means more leverage on rates and service, and the protection of an alternative if service problems arise.





Scan to learn more about the effects of the proposed merger

BNSF remains firmly opposed to this merger. These conditions are necessary but not sufficient. They would only partly offset the harm to customers and competition. The Surface Transportation Board (STB) should deny this merger.

Learn more:
www.BNSF.com/PreserveRailCompetition

BNSF RAILWAY