

ARC Identifies Criteria for Judging Value of STB's Proposed Rail Merger Rulemaking

(Washington, D.C.) — Today, the Surface Transportation Board (STB) released its Notice of Proposed Rulemaking modifying its regulations governing proposals for major rail consolidations. While the Alliance for Rail Competition (ARC) has not yet had the opportunity to review this proposed rulemaking in detail, ARC has consistently expressed grave concerns about the status of competitiveness among the few remaining railroads in this heavily consolidated industry. ARC believes that all Class I railroads' ability to exercise monopoly control over large segments of their customers must be addressed through the application of pro-competitive rail policies immediately—by the STB and the Congress. Thus, ARC will be evaluating this proposed rulemaking based on three criteria:

1. **Need.** Does the proposed rulemaking recognize the need for competition to exist between rail carriers?
2. **Specificity.** Does the proposed rulemaking provide clear and concise guidelines for enhancing competition among railroads as well as other modes?
3. **Comprehensiveness:** Does the proposed rulemaking identify ways in which pro-competitive conditions can be applied throughout the industry?

If the rulemaking accomplishes these three things, then ARC will support the STB's efforts as a step in the right direction. ARC has already testified before a Senate subcommittee that failure to adequately address these criteria by the Board in this rulemaking should be considered grounds for scrutiny of the Board's annual funding.

ARC Executive Director Diane Duff stated, "The nature of the proposed rulemaking will make the Board's position with regard to the role of competition among railroads very clear. But whether the Board rises to the occasion—or falls short—Congress will still need to act to ensure that competition among railroads assumes its rightful role in the future." Duff continued, "Our primary focus will continue to be on legislative action."

Under the ongoing STB merger policy proceeding, the Board indicated that it would consider making changes to a broad spectrum of issues, many of which touch upon the underlying principles that, to date, have undermined the promotion of competition among railroads. ARC, along with more than 100 rail customers and customer advocates, filed comments to the Board detailing the need for achieving increased competition through this rulemaking. A process of official comments, replies and rebuttals to this proposed rulemaking will ensue over the next several months, concluding by January 11th, 2001.

###

The Alliance for Rail Competition is a coalition of rail customers representing the agriculture, coal, chemical, petrochemical, utility, steel, forest and paper products industries, among others. ARC's mission is to secure increased competition among rail carriers through legislative changes to rail policy. More information about ARC is available on our website at www.railcompetition.org.