

1 A RESOLUTION

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3 Memorializing the U.S. Surface Transportation Board (STB), the  
4 U.S. Justice Department (DOJ) and the U.S. Department of  
5 Transportation (DOT) to carefully review, and the Congress of the  
6 United States to intently examine any plans submitted to the STB  
7 by Canadian Pacific Railway (CP) to acquire Norfolk Southern  
8 Corporation (NS), so as to consider the potential negative  
9 impact of the proposal with respect to building a more efficient  
10 freight network in the Commonwealth of Pennsylvania and the  
11 eastern and southern United States.

12  
13 WHEREAS, NS employs more than 5,200 Pennsylvania residents,  
14 operates over 2,300 route miles of track, operates 22 rail yards  
15 and intermodal terminals throughout the Commonwealth, has  
16 operating division headquarters in Pittsburgh and Harrisburg,  
17 maintains its primary locomotive repair shop in Altoona, and  
18 connects with 48 Class 2 and Class 3 railroads in the state, and

19 WHEREAS, In 2014 NS invested \$151 million in its tracks and  
20 facilities in the Commonwealth, purchased more than \$1 billion  
21 in goods and services from Pennsylvania vendors, was responsible  
22 for \$34.4 million in state and local taxes, and originated or  
23 terminated more than 1.7 million freight shipments in the state;  
24 and

25 WHEREAS, The Commonwealth of Pennsylvania has more freight  
26 railroads than any other state in the U.S. and has worked  
27 successfully with NS on a series of significant public-private  
28 partnerships to further strengthen the Commonwealth's freight  
29 rail network; and

30 WHEREAS, On November 9, 2015, CP submitted an unsolicited  
31 proposal to acquire NS, and has subsequently made public  
32 statements that if it acquires NS it is targeting \$1.8 billion  
33 in "synergies" that would be achieved through both locomotive  
34 and rolling stock fleet reductions, the rationalization of rail  
35 yards and other facilities, a lower tax rate, potentially

36 resulting in significant employment reductions, decreased  
37 investment in transportation infrastructure, and poor freight  
38 rail service to shippers doing business in Pennsylvania; and

39 WHEREAS, The CEO of CP expressed his intent to immediately  
40 assume control of NS by taking over as CEO of NS during the  
41 STB's review of the transaction through a "voting trust"; and

42 WHEREAS, Congress has given the STB the power to promote  
43 the public interest of consumers and shippers when considering  
44 proposed mergers, especially an acquisition of this scale; and

45 WHEREAS, Any attempt to circumvent the role of the STB and  
46 threaten the franchise of a competing railroad should be taken  
47 seriously; and

48 WHEREAS, The public interest of Pennsylvania is not served  
49 by ill-conceived actions that would result in poor freight rail  
50 service to shippers doing business in Pennsylvania; and

51 WHEREAS, The men and women of Pennsylvania who serve in the  
52 United States Armed Forces benefit from American owned  
53 infrastructure used to transport military equipment and that  
54 infrastructure should not be jeopardized by the sale to a  
55 foreign-owned company; and

56 WHEREAS, A recent joint letter from the heads of the  
57 Alliance of Automobile Manufacturers and the Association of  
58 Global Automakers pointed out that, "Previous rail mergers of  
59 this magnitude have been followed by prolonged periods of poor  
60 service levels and higher rates. We urge CP to abandon its  
61 merger ambitions and to focus its attentions upon enhancing its  
62 current levels of customer service"; and

63 WHEREAS, The manufacturers' associations of Kentucky,  
64 Indiana and West Virginia, the Michigan Agri-Business  
65 Association and the Palmetto AgriBusiness Council, also wrote to  
66 STB stating their concerns about CP's promised stripped down  
67 railroad. The chief executive of the Kentucky Association of

68 Manufacturers said, "We are justifiably concerned that CP's  
69 proposal to slash resources available to the current NS  
70 threatens the economy of our state." The CEO of Xcoal Energy &  
71 Resources, wrote he was "concerned that the short-term nature of  
72 CP's operating plan would be detrimental to the long-term  
73 requirements of the U.S. coal industry and energy sector." In  
74 another letter, the head of short line railroad holding company  
75 said, "The proposed CP-NS merger likely would result in a  
76 national duopoly, which would dramatically reduce competitive  
77 rail options for customers"; and

78 WHEREAS, Experts are stating that indications that this  
79 transaction could serve as a catalyst or domino effect for even  
80 more consolidation eventually leading to just two  
81 transcontinental carriers in the railroad industry leaving  
82 shippers with fewer choices, less competition and prolonged  
83 service disruptions; and therefore be it

84 RESOLVED, that the STB should view approval of any voting  
85 trust as triggering a domino effect. Under the current STB  
86 merger regulations, the Board must consider effects as rival  
87 carriers react to a merger. In 1999 when the BNSF+CN merger was  
88 proposed, other railroads notified the STB that they would find  
89 it necessary to respond in kind. The STB should try to stop the  
90 first domino from falling - by rejecting CP's voting trust; and  
91 be it further

92 RESOLVED, That any potential shift in traffic as a result  
93 of any transaction proposed by CP should be carefully reviewed  
94 to protect the citizens of Pennsylvania from shifts in the  
95 transportation of hazardous materials, including crude oil; and  
96 be it further

97 RESOLVED, That Congress of the United States should review  
98 the rail industry's current antitrust exemption which prevents  
99 the U.S. Department of Justice (DOJ) from stopping the merger

100 even if a review produces evidence of restricted competition;  
101 and be it further

102         RESOLVED, That the House of Representatives of the  
103 Commonwealth of Pennsylvania urge Congress to exercise due  
104 diligence on behalf of the citizens of this Commonwealth and of  
105 this Nation by exercising regulatory control and oversight in  
106 order to maintain fair competition, adequate connections with  
107 short line railroads and efficient, low-cost service for rail  
108 shippers; and be it further

109         RESOLVED, That copies of this resolution be transmitted to  
110 the Members of the Surface Transportation Board, the United  
111 States Secretary of Transportation, the United States Attorney  
112 General, the Speaker of the United States House of  
113 Representatives, the President pro tempore of the United States  
114 Senate and the Pennsylvania Congressional Delegation.

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