



Wednesday, December 1, 2025

The Honorable Patrick Fuchs
Chairman
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

The Honorable Michelle Schultz
Vice Chair
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

The Honorable Karen Hedlund
Member
Surface Transportation Board
395 E Street, SW
Washington, D.C. 20423

Dear Chairman Fuchs, Vice Chairman Schultz and Member Hedlund:

I am writing on behalf of the membership of the National Association of Waterfront Employers (NAWE) to express our strong concerns with the proposed Union Pacific Railroad (UP)-Norfolk Southern Railway (NS) merger, and to encourage the Surface Transportation Board (STB) to only consider the proposed merger after rigorous review considering the potential impacts on the intermodal shipping communities that sustain the nation's supply chain and regional economies throughout the nation.

NAWE members operate the marine terminals that move the nation's supply chain through U.S. ports to the interior, supporting U.S. retailers, manufacturers, and service industries, and enabling exporters to deliver American goods to global markets. NAWE member companies handle over 90% of our nation's import and export containerized trade, much of the nation's breakbulk and automobiles, and manage the loading and unloading of almost all cruise ship operations. Our industry is the hub that connects international trade to the nation's interior and may represent the most critical component in sustaining the nation's supply chain.

While each port and terminal location operates differently, the scope and efficiency of inland intermodal service are largely determined by the extent and quality of intermodal rail service provided. For instance, the market for intermodal shipping service into Chicago, which in turn acts as a hub shipment for much of the nation's interior cargo, is serviced in large part through the Ports of Los Angeles and Long Beach where over 60% of import cargo is serviced by intermodal rail. These ports, and the terminals that operate in the port, are market dominant precisely because of the levels of intermodal rail.

Our industry serves as a regional economic engine, driving activity around the port complex as retailers and distributors create demand for warehousing, trucking, and logistical services. Many

businesses rely, in turn, on the competitiveness of their local port delivery system. As such, continued concentration of intermodal rail service could negatively impact local and regional trade if rail carriers prioritize services that meet their own needs while disregarding opportunities to serve other regional port areas.

The concern that an intermodal rail service provider could adversely reduce the competitive market of intermodal rail shipment is exacerbated when considering the current STB regulatory authority. The statutory provisions of the Interstate Commerce Act provide explicit authority for the STB to intervene to protect port interests. However, since the late 1980s, the STB has exempted rail operations associated with trailer-on-flatcar/container-on-flatcar services. As a result, rail intermodal services are not subject to many of the railroad economic regulatory protections afforded under 49 U.S.C. Subtitle IV. The competitive market for rail intermodal services has drastically been curtailed since that time, and the proposed merger of Union Pacific-Norfolk Southern could cause reduction to solely two trans-continental services.

The marine shipping and terminal operating industries have had a long history with the development of intermodal shipping, starting in the late 1950s when SeaLand Shipping developed the use of intermodal shipping containers, and later in the early 1980s, when American President Lines developed double-stack intermodal rail service. While our industry does work closely in partnership with the railroad system, the rail industry's development of intermodal has lagged significantly behind the commitment shown by the maritime and terminal sectors in investing in and expanding intermodal business opportunities through U.S. ports.

Current railroad practice in the investment of on-dock intermodal rail is negligible, and marine terminals are forced to bear all of the costs, while the railroad usually takes more of an, "if you build it, I may carry your cargo, if I see fit" approach. This results in a situation where the marine terminal industry finances and manages all the placement of intermodal on-dock rail transport, sometimes with very little in return on commitments in level of service. The commitment to intermodal shipping has been exacerbated by concepts advanced by the investment community to the valuation of "precision railroading" where railroad stock prices were lauded for investment because of reductions and consolidations of service.

Marine terminals need an intermodal rail service to handle increasing volumes of trade in order to provide streamlined imports and exports from increasingly strained port complexes. We need intermodal railroad services that expand the reach and capacity of medium-sized ports so they grow, but more fundamentally, we need to build a stronger business partnership with the railroads. Many NAWA member companies have established good working relationships with their railroad partners, and have seen business expansion, however, other port areas of the nation continue to struggle for commitment of service and greater level of investment to help spur growth. Intermodal rail expansion is and will be critical to support port and terminal development on a regional basis and will impact a huge percentage of the businesses operating through the marine terminal system. We are greatly concerned as to whether a reduction of two of the four major remaining competitors offering intermodal rail service will serve to benefit our industry.

We thank you for your consideration of this potentially landmark decision and look forward to working with you to ensure that the STB takes into account perspectives that will help the next generation of the rail network grow and effectively serve the nation's intermodal shipping system.

Sincerely,

A handwritten signature in black ink, appearing to read "Carl Bentzel". The signature is fluid and cursive, with a stylized "B" and a long, sweeping tail.

Carl Bentzel,
President, National Association of Waterfront Employers