

RAILROAD WEEK IN REVIEW

January 9, 2026

“Paper barriers are restrictions on interchange imposed by contract at the time of the creation of the Short Line. Legitimate paper barriers are those that are designed as fair payment for the sale or rental value of the line that created the Short Line. Such barriers should not restrict the Short Line's ability to develop New Traffic with another carrier if the selling or leasing Large Railroad cannot or will not participate in the New Traffic. Excessive per car charges or other penalties imposed if a car is interchanged to another Large Railroad (other than legitimate paper barriers) are unreasonable and should not be permitted.” — Railway Industry Agreement, ASLRRRA/AAR, 1998

“Reading Blue Mountain & Northern and several of its customers and communities were severely impacted by the Conrail split proceeding and the transition to NS - effects that were felt for over 15 years. Given its past experience with a control proceeding involving its primary interchange partner, RBMN has concerns about the proposed Union Pacific control of NS and intends to vigorously participate in the proceeding.” — RBMN Filing, November 20, 2025

My comments about paper barriers in the context of the proposed UP-NS transaction brought forth some helpful observations from a dear friend with whom I have worked on shortline issues for more than 20 years. He writes, “Reference your WIR comments on paper barriers. Let me contribute a little background and structure:

“First, paper barriers are considered to be ‘contractual covenants’ between the parties that execute a shortline transaction. Stated differently, they are mutually agreed-upon conditions of deals. Second, at the rail industry level, and agreed upon between the AAR and the ASLRRRA and their members, reasonable remedies exist for dealing with truly ‘anti-competitive’ paper barriers.

“Such remedies (and the process associated therewith) are detailed in the *Rail Industry Agreement* (RIA). The RIA was consummated in 1998. It was amended in October 2004 to clarify certain terms and conditions of the RIA, especially around the concept of ‘new business’ and how and when paper barrier waivers needed to be granted by a selling or leasing Class I.

“Unfortunately, there are countless people in the rail industry today at leadership levels who probably have never heard of the RIA, much less read it and understand it. The primary tenet of the agreement is that inter-railroad ‘issues’ need not play out in front of

regulators, but rather be negotiated between the parties. Additionally, there are remedies detailed in the RIA if the parties cannot negotiate effectively.

“Having paper barriers/contractual covenants written into the vast majority of long-term leases is what helped make deals go. Legitimate paper barriers are part and parcel of what has led to the growth of the shortline industry.”

I remember the RIA well as I was running a short line in North Carolina where we had an issue with one of our connecting Class Is over rights as defined by the RIA. We built our case, took it to the Class I, had an adult, reasoned conversation, and reached a satisfactory agreement. So the RIA worked.

In another instance, a short line was created out of a BNSF branch line that physically connected with UP at one end. UP traffic was minuscule, and BNSF wanted to keep that way. The transaction was priced accordingly. Later on the short line developed for a customer a move that would work UP-direct but not BNSF-UP. The short liner approached BNSF which agreed to remove the paper barrier if the short line agreed to a renegotiated higher sale price. The short line said OK, wrote the check, and that was that.

Where I take umbrage with paper barriers is in the present UP+NS deal. Here a transfer of the Class I line ownership occurred well after the short line had been created. The selling line retained haulage rights over the line sold. But rather than let the short line interchange with the new owner, the seller imposed a non-competitive rate over the new owner.

IMHO, removing the fee or making it competitive would fit the STB goal of “enhancing rail competition.” I have suggested that the affected short lines bring this up in their STB filings re UP+NS.

A long-dormant Upstate New York rail line has returned to life after 25 years of inactivity. Genesee Valley Transportation subsidiary Mohawk, Adirondack & Northern restored freight rail service to its Newton Falls Line on Nov. 7, 2025, operating a five-car train to Benson Mines, N.Y. The commodity was high-friction aggregate material from the former iron-ore mine.

Astro Aggregates LLC, a Long Island-based supplier of stone, sand, and construction materials, said it had entered a strategic partnership with Benson Mines in December 2024, and that the five loads, shipped via MA&N, CSX, and New York & Atlantic Railway, would be the first of many, with volume expected to increase to 500 cars per year. [A short line on both ends! Kudos to all!!]

“This material will be used to build the skyscrapers of New York City and pave the roads of all of Long Island,” Astro Aggregates President Marc Furman said in a press release. “We see the volume of stone being shipped increasing from this initial load to using 500 cars per year and then steadily increasing thereafter.”

Benson Mines is northwest of Star Lakes, a hamlet of 800 residents within Adirondack Park. It closed in 1978, causing a dramatic loss of freight traffic and jobs. The remaining operations at the mine site have focused on overburden — the waste rock removed during mining.

The Newton Falls Line, part of MA&N’s Northern Division, is a 46-mile former Conrail branch line from Carthage to Newton Falls. MA&N began operating the line in 1991, with the Newton Falls Paper Mill providing steady freight business until its closure in 2000, running its final Carthage to Newton Falls freight train in November 2000.

Efforts to generate new rail traffic on the line never gained traction, and the Newton Falls Line went into hibernation, seeing minimal track maintenance and occasional car storage. The inaugural five-car train could lead to 500 carloads of traffic annually.

The Mohawk, Adirondack & Northern’s 34-year-history has been marked by challenges created by a series of paper mill closures around the turn of the century. The company sought new traffic sources as business shifted from the Northern Division in Carthage to the Southern Division in Utica. Support from the St. Lawrence County Industrial Development Agency and New York State Department of Transportation helped the Newton Falls Line avoid abandonment; the traffic from Benton Mills offers the hope of brighter days for the route. [Trains Pro on-line](#), January 6

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