

# RAILROAD WEEK IN REVIEW

January 16, 2026

*“The Major Rail Consolidation Procedures promulgated by the STB in 2001 in Ex Parte No. 582 (Sub-No. 1) (‘2001 Rules’) codified several new merger policies that the Board would require future merger applicants to specifically address in their merger application to avoid further reductions to intermodal and intramodal competition, and to prevent the re-occurrence of the significant service failures that had occurred in the major railroad mergers that immediately preceded the 2001 Rules. The Application falls short of the letter and spirit of the 2001 Rules.” — National Feed & Grain Assn. STB Filing*

*“Given the scale and stakes of the proposed combination, the applicants must meet the highest standard of transparency and compliance. The information the applicants refuse to disclose is critical to understand their perspective on anticipated competitive harms and inform the Board’s public-interest and competition analyses. Rather than trying to convince everyone that there is ‘nothing to see here,’ the applicants should instead be focused on meeting the rigorous and heightened standard called for by the new merger rules.” CN Presser, January 12*

*“In Kentucky, the Paducah & Louisville has won three grants totaling \$776,831 for grade-crossing improvements at two locations in Hardin County and one in Grayson County. R.J. Corman received \$455,649 for one project each in Franklin and Logan counties, while Norfolk Southern received \$20,162 for a project in Jefferson County.” — Trains Pro Newswire, January 9*

*“The ‘unitary executive theory’ asserts the Constitution’s Article II provides for one executive, the President; others may not wield substantial executive power outside the elected President’s authority. It assigns the President the same broad executive power over members of supposed independent agencies (STB, e.g.) as the POTUS has over Cabinet and sub-Cabinet officers.” Frank Wilner, Railway Age, January ,2026*

**Let me cut to the chase.** Every issue of my *Week in Review* newsletter is prepared with the business development and customer retention efforts of the non-Class I railroad community first and foremost in mind. Accordingly, my comments and observations concern the proposed Union Pacific purchase of Norfolk Southern and the impact of the transaction on that group of railroads.

The Applicants argue that the US needs a single railroad. connecting the Atlantic and Pacific Coasts. Maybe. It’s a question of control. To begin with, the only advantage of

having one railroad owning a through Atlantic-to-Pacific route is ownership and control. UP may block a carload of potatoes at North Platte for Conway on Norfolk Southern but what happens in the last mile after Conway is up to Norfolk Southern. UP has no control over that the way things are. But if UP owns NS...

BNSF may block a car originating in Barstow for Atlanta or Jacksonville but what happens beyond is up to CSX. However, in run-throughs like this, the originating and terminating railroads have agreements as to how cars are to be handled once they get to that last node before the final mile. And their interline agreement is designed with *customer supply chains* in mind.

If I'm UP or BNSF and I want to be sure the final mile is served in a particular way, and I don't trust the delivering railroad, better to own that railroad. On the other hand, if I have a final-mile service agreement with a terminating railroad I can trust, then it is in everybody's best interest to behave according to the covenant.

In the final analysis, UP is buying NS for \$85 billion in cash to be sure it can control everything from origin to destination. But if BNSF and CSX can agree to handle a car in a particular way, and each party can trust the other to behave according to the covenant, there is no need to buy the other guy. Not in the best interest of investment bankers.

So if I wanted one word to describe a car moving on a through route from Barstow to Jacksonville, I'd have to call it a transcon MOVE, not a car on a transcon RAILROAD. "Transcon" implies ownership; through route implies partnership. UP has its way of doing things; Norfolk Southern has its way of doing things. See UP-SP Houston or NS-Conrail split. See also UP promises made, but not kept, with BNSF over Tehachapi. Lather, rinse, repeat?

**Tuesday morning ChatGPT opined** that "Canadian grain flows are gradually orienting away from the U.S. market and toward direct offshore outlets, particularly Asia and Europe. As Canadian shippers prioritize domestic port capacity, they reduce exposure to U.S. policy and pricing volatility. From this one might expect declining U.S. exposure to Canadian grain carloads and, in Canada, rising direct-to-port routing.

"This does not materially change global grain supply, but it does alter where competition shows up: less Canadian grain crossing the border into northern U.S. markets, and more Canadian grain competing head-to-head with U.S. exports at offshore destinations. The immediate effect is geographic rather than macro.

“For U.S. grain markets and growers, the shift is modestly constructive. Reduced north-south Canadian movements tighten supply in the Northern Plains and Upper Midwest, supporting local growers of spring wheat, durum, and feed grains. Offshore, U.S. exporters face incrementally stiffer competition in wheat and specialty grains, but domestic users benefit from steadier internal flows. Net result: marginal support for U.S. growers, especially in border states, without triggering meaningful acreage shifts.

“Input suppliers and equipment-makers ought to see stability rather than growth. Fertilizer pricing becomes more domestically-driven as Canadian demand is increasingly served offshore, supporting steady nitrogen and potash pricing for U.S. buyers. Farm equipment demand benefits indirectly as improved predictability reinforces replacement cycles rather than expansion. For railroads and elevators, the change favors internalized U.S. grain flows over cross-border arbitrage, reinforcing the relevance of interior ag infrastructure even as global competition intensifies.” Responses from actual humans solicited.

A friend suggests this could in fact bring new carloads for US short lines in the business of originating grain trains. Whereas the Class I prices move to the market price of grain, the short lines ask their grain customers where they see their best destinations and create the means to get there. If over a Class I connection, then price to the player best able to participate in the move. And if the short line can reach the water itself, so much the better.

**The Class I's report their 4Q2025 results** starting with CSX the afternoon of January 22 and conclude with Canadian National the morning of January 30. It will be interesting to hear the tone of the UP call as buyer of Norfolk Southern, and of Norfolk Southern as seller to UP. We already know both the Canadian roads have serious reservations about the transaction.

The wild card is CSX, where we have a new CEO bent on mergers even as he slices management ranks to save a few paltry \$million to appease the Street. IMHO this new guy was hired specifically to sell the railroad. The recent canning of 160 CSX souls in Jacksonville shows what can happen when your company may be about to be sold out from under you. Is NS/Atlanta next?

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