

Surface Transportation Board Ends Formal Oversight of "Canadian National-Illinois Central" Railroad Merger; Finds No Competitive Problems

Surface Transportation Board (Board) Chairman Linda J. Morgan announced today that, after finding no competitive or other problems during the first and second annual rounds of general oversight in the "Canadian National-Illinois Central" (CN-IC) railroad merger proceeding, the Board has issued a decision discontinuing its formal oversight of the merger. In ending the formal oversight process, the Board emphasized that it remains available to address and enforce merger-related concerns arising out of conditions imposed on the merger by the Board.

In a decision issued in May 1999, the Board approved the merger of the CN and IC railroads. In doing so, the Board established general oversight for a period of up to 5 years so that the effectiveness of the various Board-imposed conditions and the competitiveness of CN-IC service and service provided jointly with The Kansas City Southern Railway Company (KCS) under the Alliance Agreement with KCS might be assessed. In the first oversight decision issued in November 2000, the Board found that the integration of CN and IC had been successful to that point and had not resulted in service failures or produced any evidence or allegation of competitive abuses by CN-IC or the parties to the CN-IC-KCS Alliance Agreement.

CN filed its second progress report with the Board in July 2001, indicating that the merger has been successful to date and that: CN has added new transportation services and improved transit times throughout its system; CN also has reported that rail-to-rail competition is vigorous in the areas where its Alliance Agreement with KCS is in effect; there have been no complaints regarding access through the Chicago gateway by North Dakota grain shippers or the pricing practices of Canadian lumber; and that, by selling its 50-percent interest in the Detroit River Tunnel and transferring its operational control, CN has resolved any outstanding concerns regarding the Tunnel.

In the second oversight decision issued in November 2001, the Board preliminarily concluded that, in view of the overall affirmative record, there is no apparent need to continue formal oversight for the full 5-year term or, for that matter, the next year (the third year). The Board therefore invited public comments on whether its formal oversight process for the CN-IC merger should cease. In its subsequent decision ending the formal oversight process, the Board noted that formal oversight during the first and second years revealed no significant problems following implementation of the merger and that the only comment filed in the second year was positive. While finding that the general oversight proceeding should cease, the Board emphasized that it has authority--independent of the formal oversight process--to enforce or revise merger conditions, as warranted, on its own initiative or upon the request of shippers or other parties.

The Board issued its decision today in the case entitled *Canadian National Railway Company, Grand Trunk Corporation, and Grand Trunk Western Railroad Incorporated--Control--Illinois Central Corporation, Illinois Central Railroad Company, Chicago, Central and Pacific Railroad Company, and Cedar River Railroad Company (General Oversight)*, STB Finance Docket No. 33556 (Sub-No. 4), Decision No. 4 (STB served Dec. 27, 2001). **A printed copy of the decision is available for a fee by contacting Da-2-Da Legal, Room 405, 1925 K Street, N.W., Washington, DC 20006, telephone (202) 293-7776, or via [http://Da_To_Da@Hotmail.com](mailto:Da_To_Da@Hotmail.com).** The decision also is available for viewing and downloading via the Board's website at <http://www.stb.dot.gov>.

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