The Surface Transportation Board (STB) — the agency that oversees freight railroad economic regulations — may force railroads to turn over traffic to competitors. This forced switching rule would slow rail operations and hurt shippers, consumers, the environment and the economy. Such market intervention is widely opposed and lacks justification.

Forced switching (which is a form of forced access) would allow the government to force Railroad 1 to hand-off traffic to Railroad 2 without any evidence of anticompetitive behavior. Switching is an operationally complex series of movements, so railroads only perform switching when the facilities allow it. That could change under this rule.

- **Switching already happens through private negotiations.**
  And the government can order switching in the event of anticompetitive conduct. Switching is usually reciprocal. To meet customer needs, railroads work together daily to perform necessary switches, pursuant to negotiated agreements. These switches are done in markets where it makes operational and economic sense for both railroads.

  Any shipper who believes a carrier is abusing its market power by engaging in anti-competitive conduct can already file a case at the STB, and if true, the STB can order the switch and then set the terms of the switch if the railroads cannot agree. Recent proposed regulation in this area has sought to remove the need to show anticompetitive conduct. This would lead to on-demand switching for a vast majority of shippers that has great potential to harm the network.

- **New regulation ignores the competition railroads face.**
  Railroads face fierce competition from trucks, barges and other market forces. To respond to a changing and competitive marketplace — and better serve emerging customers — railroads continually improve their networks through investments in infrastructure, equipment, training, operations and technology.

  Technological, regulatory and structural changes over time have disrupted the freight market and those disruptions will only increase in the future. Autonomous and/or platooned trucks will reduce costs for rail's top competitor, which could limit rail's competitive advantages of scale and distance. Policy should not be made in a vacuum or with the mistaken belief that freight markets are static.

- **Railroad consolidation has not limited competition.**
  Consolidation also is not a justification for forced access. Since 1960, shippers who were served by more than one railroad before a major rail merger are still served by more than one railroad after the merger. Additionally, consolidations brought greater efficiencies and more effective service that benefitted everyone. Most rail customers — including those served by only one railroad — do not need STB regulatory protection because market forces ensure competitive rates and service.
A Negative Domino Effect

Advocates of forced switching seek below-market rate levels for their traffic at the expense of other customers and the fluidity of the network. Forced switching is a form of backdoor rate regulation that would hinder U.S. commerce and increase the costs of consumer goods.

Railroads purposely concentrate and move traffic along certain routes to maximize operational efficiencies and network fluidity. The railroads’ routing practices, honed over decades, consider the health and operation of the entire network, which benefits all customers, not just a few. Because switching operations on a track from one railroad to the next requires extensive work — a switch of one rail car requires a multitude of steps to occur — widespread forced switching would significantly compromise the efficiency of the nation’s rail network. When you threaten rail efficiency, you threaten:

- **Carbon Efficiency:** Railroads are the most fuel-efficient way to move goods over land. Gumming up rail operations with more switches would not only hurt the many freight customers that depend on rail, but it would also negatively affect the environment. Increased wait times in yards and on the mainline would be a step in the wrong direction of decarbonization for freight rail, which currently accounts for just 0.5% of total greenhouse gas emissions. In addition, if railroads become less efficient, traffic will shift to trucking, a significantly less fuel-efficient mode.

- **Passenger Efficiency:** 70% of the train-miles operated by Amtrak are on tracks owned by freight host railroads. Many passenger railroads depend on fluid freight operations to meet ambitious schedule goals. If freight is slowed because of increased switches and shared tracks are congested with more freight traffic, commuters and intercity passenger rail travelers will be impacted.

- **Supply Chain Efficiency:** The Department of Transportation predicts demand for freight will rise 30% by 2040. Railroads — unlike other freight transportation modes — cover most costs required to maintain and modernize their privately owned infrastructure. The viability of the expensive network — railroads have spent well above $20 billion annually in recent years — depends on a broad base of business, sufficient revenue and an ability for railroads to compete. Yet a less efficient railroad is less competitive with other modes of transportation, which would undermine this ability to invest, driving down railroads’ ability to meet future demands. Furthermore, introducing more switching into the network will be felt throughout the supply chain, as it will introduce more points of failure and delay that reverberate throughout the integrated network.

- **Consumer Efficiency:** Together with trucks and barges, railroads help move around 61 tons of goods per American every year. Under-investments could have cascading impacts on the health of the network and increase shipping costs. By driving railroad rates for certain customers to below-market levels — at the expense of other customers — the STB would ultimately hinder U.S. commerce and increase the costs of consumer goods.

- **Infrastructure Efficiency:** The American Society of Civil Engineers (ASCE) awarded America’s rail network the highest grade in its last two report cards. Customers dissatisfied with rail service would likely move goods to strained highways. Diversion of traffic from rail to trucks, which are less fuel efficient, create congestion and would further damage the nation’s highway system.

- **Safety Efficiency:** The last decade has been the safest ever for the industry. Railroads’ holistic approach to rail safety focuses on four key areas: infrastructure and equipment investment; training and operational improvement; technology deployment; and community outreach and preparedness. The high standard that railroads apply to every aspect of operations underpins this approach and is evidenced by the fact recent years have been among the safest ever for the industry. Because switching operations are relatively riskier than line-haul operations, adding more switching means putting workers at greater risk.