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COMPETITION IN THE RAILROAD INDUSTRY
Will Market Place Solutions Trump Regulatory Intervention?

Among WCGroup's comments (April 8, 2011) to the Surface Transportation Board in *Competition in the Railroad Industry*, STB Docket No. EP 705:

[T]he burden of differential pricing borne by captive freight is largely a function of the effectiveness of railroad industry competition and market share for non-captive freight. The primary competitiveness problem, from the perspective of the experience of those on the lines of the former WC [Wisconsin Central] System, involves incentives and level of rail competition for non-captive freight.

Most freight in the CN/WC Region is “non-captive” to the Railroad, *i.e.*, truck competitive. Meeting with WCGroup, June 7, 2011, CN officials reaffirmed CN's commitment to compete for freight market share throughout the CN/WC Region, including all lighter density CN/WC lines. From this start has emerged a collaborative engagement of shippers, the Railroad and other stakeholders working today as the CN Advisory Board and, initially, through two task groups, the CN/WCGroup Log (Forest Products) and Intermodal Committees.

Our objective is to collaboratively overcome inertial and other obstacles to build business cases for the relatively higher risk, lower return infrastructure investments necessary to achieve sustainable, competitive rail service for non-captive, truck-competitive freight on lighter density rail lines serving the CN/WC Region. In coming years, we expect this private sector effort to expedite a major and dramatic shift of over-the-road freight to rail and rail intermodal.

WCGroup supports STB's and other initiatives to assure that regulatory policies and dispute resolution processes are effective for truly captive shippers. **WCGroup, however, believes that our collaborative efforts in the market place will be more effective in achieving sustainable, competitive freight transportation service and rates than regulatory intervention with its attendant delays, expense and risks of unintended consequences.**

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