



THE NATIONAL INDUSTRIAL TRANSPORTATION LEAGUE

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## **NITL PROPOSES RAIL RECIPROCAL SWITCHING REFORMS**

The National Industrial Transportation League (NITL) today filed a petition with the U.S. Surface Transportation Board (STB) which requests the agency to adopt new rules governing reciprocal switching between Class I rail carriers. Under the League's proposal the Board would require a Class I rail carrier to enter into a competitive switching arrangement whenever a shipper (or group of shippers) demonstrates that certain objective operating conditions exist. The petition follows two days of hearings by the STB last month at which contrasting views were presented by shippers and the Class I carriers on the sufficiency of the competitive access rules that today govern the freight rail industry.

NITL is asking the STB to eliminate its existing competitive access rules and precedents as they apply to reciprocal switching. In their place the NITL proposal spells out unambiguous conditions which would trigger the imposition of a competitive switching agreement. Those conditions are:

- the shipper's or receiver's facilities for which switching is sought are served by only one Class I rail carrier;
- there is no effective inter- or intramodal competition for the rail movements; and,
- there is (or can be) a "working interchange" between a Class I rail carrier and another Class I within a "reasonable distance" of the shipper's facilities.

The NITL proposal also expressly states that a competitive switching agreement shall not be imposed if either rail carrier can establish that the arrangement is not feasible, or unsafe or, that it would unduly hamper the ability of either carrier to serve its shippers.

A special task group organized under the auspices of NITL's Railroad Transportation Committee together with the NITL's counsel developed the proposal. A recent survey of the Committee found that changes to the STB's reciprocal switching policies were deemed the most important reforms that could be undertaken by the agency and would be helpful in providing more efficient, reliable and cost effective rail transportation.

For a one-page summary of the petition, click here:

<http://www.nitl.org/NITLPetitionCompetitiveswitchingrules-summary.pdf>

NITL President Bruce Carlton said "the Board's existing competitive access rules have not worked. No shipper has ever succeeded in gaining access to a competitive line in today's regulatory framework. The new approach we are seeking would be a first step toward correcting that imbalance. The Board asked for straightforward, specific proposals with clear standards, and our proposal fits the bill. It is clearly not a move to reregulate the carriers. Likewise it is not a panacea for every rail service and rate problem we heard at the recent Board hearing. But it is a positive and balanced step that can be taken by the Board to enhance competition in many rail markets."

For a copy of the NITL petition, click here:

<http://www.nitl.org/NITLPetitionCompetitiveSwitchingRules.pdf>

The NITL is one of the oldest and largest national associations representing companies engaged in the transportation of goods both domestic and international. Its mission is to: “Advance the views of shippers on freight transportation issues and enhance their professional development.” The NITL was founded in 1907 and its members range from some of the largest companies in the nation to much smaller companies engaged in the shipment and receipt of goods. The League’s rail shippers are from a multitude of industries, including chemical/petroleum, agricultural, forest products and paper, and steel, among others.