Transportation Update

December 2025

Union Pacific and Norfolk Southern Apply for Merger Approval: What Shippers Need to Know

Union Pacific (UP) and Norfolk Southern (NS) have applied to the Surface Transportation Board (STB) for approval to merge their networks, a move that would create a single transcontinental railroad. If approved, the merger would reshape competition, service, and pricing across the national freight rail network. The STB's review presents a critical but narrow window for shippers to protect their freight options.

Why the Merger Matters to Shippers

For shippers, the merger poses an immediate need to assess risks. It could create a single coast-to-coast carrier, extend monopoly bottlenecks, force less direct routing, reduce competition, and cause severe service disruptions during integration. In the long term, it would likely trigger a final round of consolidation, creating a duopoly of two massive carriers and permanently reducing freight rail competition.

Rail customers with access to only UP or NS at origin or destination are particularly vulnerable. Because the merger could increase the haul length for these carriers, it might lead to:

- Higher rates and a loss of negotiating leverage
- Degraded service reliability and longer transit times during integration
- Reduced car supply and equipment imbalances
- Heightened vulnerability to unilateral changes in service terms

Even rail customers who do not use UP or NS or have access to rail competition should review the risk to their business. This is the first merger the STB will review under its stringent post-2001 merger policy, which requires that a merger's benefits outweigh its harms and emphasizes enhanced competition. The STB's decision here will set the precedent for all future large-scale railroad mergers.

How and When to Participate in the STB Process

Shippers can act to influence the STB's review. They can negotiate with UP and NS for tailored conditions that preserve competition and service quality. They can also file comments in the STB docket, request specific conditions, and seek discovery regarding the merger's impacts. The STB relies on specific facts from shippers to weigh a merger's benefits and detriments.

The formal procedural schedule has not been issued, but the STB has proposed several important deadlines for shippers to participate, including:

- February 2, 2026: Notices of intent to participate due
- April 18, 2026: Comments, protests, requests for conditions, and any alternative proposals due

Practical Steps Shippers Should Take Now

Identify the merger's impact on business. For example, a shipper should identify lanes where only UP or NS serves the origin or destination, origins and destinations that have competing rail service from only UP or NS today, gateways where traffic changes hands between UP/NS and another carrier, and choke points on the UP or NS system that cause disruptions for traffic today.

Decide whether to oppose the merger or seek conditions. Depending on a shipper's exposure, the merger's potential negative impacts may be addressed with conditions imposed on the merger approval. Shippers should consider seeking conditions from UP, NS, or the STB, such as reciprocal switching at affected facilities, targeted trackage rights, and bottleneck protections that ensure access to competition at existing gateways.

File a notice of intent by February 2, 2026 (subject to change). This notice secures a shipper's right to participate in the merger review but does not obligate them to do so.

Consider submitting comments. Shippers' facility-level facts (gateways, bottlenecks, geographic competition, etc.) will drive the STB's analysis and any conditions it imposes.

Coordinate strategically. Shippers can use trade associations and coalitions to advance broad safeguards (e.g., reciprocal switching, bottleneck relief) while pursuing facility-specific remedies.

The Clock Is Ticking

If a shipper relies on rail service and uses UP or NS, now is the time to act. They should begin evaluating the merger's impact on their business to ensure they have enough time to develop comments for the STB and seek conditions that protect their traffic. They should also file a notice of intent to participate to preserve their right to comment.

Our rail team is available to discuss how this merger proceeding may affect a shipper's business – or to develop protective conditions tailored to their needs.

FOR MORE INFORMATION

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