



For Immediate Release:
www.railcure.org

Contact: Tad Segal (202) 884-7328
tad.segal@widmeyer.com

Senate Judiciary Targets Railroads Unfair Antitrust Exemptions

Committee passes bill to end broad railroad antitrust exemptions

Washington, D.C. (September 20) — Rail customers today applauded the Senate Judiciary Committee for its passage of legislation aimed at removing the railroads' antitrust exemptions to increase competition and fairness in the rail industry. The Railroad Antitrust Enforcement Act of 2007 (S. 772) was ordered reported to the full Senate by the Committee today by a bipartisan voice vote.

“The railroads enjoy one of the broadest remaining antitrust exemptions of any industry,” said Glenn English, Chairman of CURE and CEO of the National Rural Electric Cooperative Association. “In today’s consolidated rail world, these exemptions provide cover for the railroads’ unrestrained monopoly power, unfair pricing schemes and unreliable rail service across the board. This legislation will finally shine some light on a rail industry that has been allowed to operate in the shadows for far too long. We are grateful that the Senate Judiciary Committee is the first Congressional committee since 1980 to report legislation improving the nation’s current railroad policy.”

In August 2006, 17 state Attorneys General sent a joint letter to the House and Senate Judiciary Committees asking Congress to remove the railroad antitrust exemptions.

Since 1980, when Congress deregulated the rail industry, consolidation and mergers have left just a handful of Class I railroads that operate as regional monopolies. In October 2006, the General Accountability Office issued a report citing the fact that there was insufficient competition in the rail industry. Customers who have no competitive transportation alternatives have seen steady increases in prices while service levels have continued to erode. Meanwhile, the Surface Transportation Board (STB), the regulatory body charged with overseeing the rail industry, has been complicit, enabling—and even reinforcing—the railroad’s accumulation and exercise of monopoly power.

“The reality is that unrestrained monopoly power and an ineffective STB have led to a lack of fairness and competition in the Rail World that would not be tolerated under Real World circumstances,” English said. “The nation’s policy must hold rail companies accountable to real world standards of fairness and competition.”

--more--

Judiciary Committee—add—2

The Railroad Antitrust Enforcement Act of 2007, cosponsored by Senate Judiciary Committee Chairman Sen. Patrick Leahy (D-VT), Sen. Herb Kohl (D-WI) and Sen. Norm Coleman (R-MN), would:

- Repeal the railroad antitrust exemptions;
- Permit the U.S. Department of Justice and the Federal Trade Commission (FTC) to review mergers under antitrust law; and
- Allow state Attorneys General and other private parties to sue for treble damages and sue for court orders to halt anticompetitive conduct, both of which are not currently allowable under federal law

“Today’s action by the Senate Judiciary Committee is an important first step in repairing our broken rail policies and ensuring fairness across the board,” English said. “As we continue to gather supporters from both sides of the aisle, we are confident about the legislation’s prospect on the Senate floor and beyond.”

A companion House bill (H.R. 1650) is currently pending in the House Judiciary Committee.

###