



**Regulation:** The key governing bodies which oversee railroad operations in North America are the Surface Transportation Board (STB), the Canadian Transportation Agency and Transport Canada. The Surface Transportation Board (STB) is the primary regulatory body in charge of overseeing all rail operations in the U.S., and was borne out of the old ICC in 1996. It has jurisdiction over rail rate reasonableness, mergers, line acquisitions, new rail-line construction, and line abandonment. Recently the industry has been grappling with rate caps, forced access, and commodity re-regulation. With rate caps, the STB is representing the shippers, particularly in coal and agriculture, in placing upper limits on what rails can charge for shipment. Forced access in the rail industry would mean mandated reciprocal switching, which is when a rail would have access to another rail's infrastructure for access to locations it would not normally have access to, giving customers access to more than one rail at its location. The goal is to promote competition and the measure will likely cause downward pressure on pricing as rails will be competing for customers on the same line. The commodity re-regulation push would establish a means for the STB to have oversight on rates but also how commodities are moved. While the STB regularly pushes for new regulations, we note that the rail lobby pushes back, and the likelihood of regulations going into effect is unclear. However, we still highlight that STB regulation as a potential issue for rails vis-à-vis price and costs.

Canadian rail operations are subject to administration by the Canadian Transportation Agency and Transport Canada. They also are primarily responsible for enforcing Railway Safety Act, one of the major frameworks for the Canadian railway industry which was first implemented in 1989. This act promotes railway safety and security and contains standards on the construction, maintenance, and alteration of networks, public safety concerning railways, and so on. Transport Canada enforces safety oversight and enforcement for the Canadian rail industry, conducting safety audits and regulating the equipment and engineering standards, and also overseeing the transportation of dangerous goods. The Canadian Transportation Agency sets the government's national transportation policy in the Canada Transportation Act. It has jurisdiction over tasks such as approving the construction of railway lines, licensing rail carriers, and giving financial and cost oversight and guidelines to certain railways.

**Unions:** All Class I railroads in North America have union representation. The major unions in the U.S. are the United Transportation Union (UTU), the Brotherhood of Locomotive Engineers & Trainmen (BLET), and the Brotherhood of Railroad Signalmen (BRS). Railway labor relations are governed under the Railway Labor Act (RLA), which has been in existence since 1926 and sets guidelines for contract negotiation, dispute settlement, and strike ending/repercussions. Strikes, while technically allowed by the RLA for "major disputes", are highly unlikely as it can only happen after exhaustive mediation (with no time limit as set by the National Mediation Board), and ultimately potential involvement by the U.S. President before a strike can be declared (the last major strike occurred in 1922 and ended with involvement by the National Guard). There are associated unions that present a more real risk factor: Ports, for example, can cause volume disruptions as the International Longshore & Warehouse Union did when it went on strike in late 2014.

Most of the major U.S. unions have representation in Canada as well as the Teamster Canada Rail Conference (TCRC), UNIFOR, the Canadian Auto Workers (CAW), and the United Steel Workers of America (USWA). The TCRC provides representation to over 16,000 Canadian rail workers and is the major collective