

EXTENSIONS OF REMARKS

JULY 6 IS RECOGNIZED AS INTERNATIONAL COOPERATIVE DAY

HON. DAVID R. OBEY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 26, 1996

Mr. OBEY. Mr. Speaker, July 6 is recognized around the world as International Cooperative Day. This 74-year old tradition presents an opportunity to people from all corners of the Earth to recognize the important difference that cooperatives make in their lives.

The potential role of cooperative enterprises in promoting economic development in areas of most critical need, in many cases businesses, has been recognized by the United Nations. Last year, the UN declared that the International Day of Cooperatives should be celebrated every year by governments in collaboration with their national cooperative movements.

Next Monday, July 1, cooperative leaders from the United States and from around the world will meet at UN Headquarters in New York to celebrate in International Day of Cooperatives at an event organized by the UN, International Day of Cooperative Alliance, and the Committee for the Promotion and Advancement of Cooperatives. This event will provide an opportunity to discuss and to demonstrate the actual and potential contribution of cooperative business enterprise to the achievement of economic goals, including:

The potential of the cooperative movement to participate as a distinct stakeholder and full partner with the United Nations and institutional procedures and structures hereby such participation may be most effective.

The contribution of cooperative business enterprise to the achievement of the goals of the International Year and Decade for the Eradication of Poverty and the realization of the goals of the World Food Summit.

The potential of the cooperative movement to develop human resources and institutional capabilities.

The cooperative movement as a means for the economic, social and political empowerment of women.

The contribution of cooperative businesses to the provision of appropriate and affordable social services.

The capacity of the cooperative movement to undertake appropriate technical assistance as a complement to governmental multilateral and bilateral assistance.

The ways and means whereby partnerships may be strengthened between cooperatively organized business enterprises and the United Nations development system.

I have believed for many years that cooperatives provide people with an economic alternative that empowers them economically to help themselves. Throughout this century, this body has passed legislation that created the spark for cooperative development and opened the door for cooperatives in this country.

The result has been the creation of our rural electric and telephone cooperative systems, the farm credit banking system, the National Cooperative Bank, and credit unions and community development credit unions. All of those have been tools that allow people to accomplish together things they could not accomplish alone. All are owned by the members who benefit from them, and are controlled through the election of boards of directors by that membership.

It is fitting that the international community should recognize that power and the possibilities that cooperatives represent in developing countries. Today, over 760 million people around the world are members of cooperatives. And that fact has made all of their lives a little brighter.

I encourage my colleagues to look to their own districts and recognize the existence of cooperatives there that meet their constituents needs. What you will find is over 100 million Americans and 45,000 businesses ranging in size from small buying clubs to businesses included in the Fortune 500. Today, we have cooperative businesses in the fields of housing, health care, finance, insurance, child care, agricultural marketing and supply, rural utilities and consumer goods and services.

Cooperatives have helped to make this country the economic powerhouse of the world. It's a legacy we should share with the rest of the world.

ATROCITIES AGAINST ALBANIAN COMMUNITY IN KOSOVA

HON. ROBERT G. TORRICELLI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 26, 1996

Mr. TORRICELLI. Mr. Speaker, I rise today in order to draw this country's attention to the most recent atrocities committed by the Serbian Government against the Albanian community in Kosova. Time and again, the international community is bombarded with reports of violence and aggression by the Serbs toward the other ethnic groups in the former Yugoslavia. These actions repulse any decent human being with a sense of morality, but they pale in comparison next to this most recent offense.

Dr. Alush Gashi, who is respected in international circles as a human rights activist, served until lately as an advisor to President Rugova of Kosova. He is now being forced to stand trial before a Serbian-controlled magistrate court on July 1. The charges stem from a time in 1990 when Dr. Gashi, as the dean of the faculty of medicine at the University of Prishtina, opposed the enrollment of 250 Serbian students despite the Serbian Assembly's ruling to the contrary. His decision was not without validation because these students had apparently failed to take the university's entrance exam and were therefore not qualified for enrollment. Nevertheless, Dr. Gashi was

fired from his position and will now be subjected to a fraudulent trial along with all of its attendant horrors.

The Albanian majority in Kosova has been treated brutally by a Serbian regime which shows no regard for their fundamental human rights. Dr. Gashi's trial is yet one more step in this campaign to suppress all opposition to the Serbian domination. By voicing his disgust with the deteriorating health conditions faced by the Albanian people in Kosova, Dr. Gashi has taken a brave but dangerous step in criticizing the Serbian regime. If the rights of Kosova's Albanian citizens are to be recognized, though, Dr. Gashi and others like him must be permitted to speak out loud.

For this reason, I urge my colleagues to stand with me against this campaign of terrorism and intimidation. We should not continue to sanction these unrelenting attacks on the Albanian population with our silence. Only vocal opposition and recognition of the human rights abuses committed by the Serbs will force the regime to comply with the international community's accepted standards of behavior. Dr. Gashi and the rest of the Albanian population are depending upon us to act on their behalf.

OPPOSITION LETTERS TO THE UNION PACIFIC AND SOUTHERN PACIFIC RAILROAD MERGER

HON. ROBERT A. BORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 26, 1996

Mr. BORSKI. Mr. Speaker, I am offering recent submissions to the Surface Transportation Board regarding the proposed merger of the Union Pacific and Southern Pacific railroads by members of the Committee on Transportation and Infrastructure describing their opposition to the proposal.

This merger proposal has generated substantial opposition including from shippers, all levels of government (Federal, State, and local), farm interests, and labor interests. I am confident the Board will consider this opposition as it deliberates on the merger proposal next week.

HOUSE OF REPRESENTATIVES, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,

Washington, DC, June 20, 1996.

Hon. LINDA J. MORGAN,
Chairman, Surface Transportation Board,
Washington, DC.

DEAR CHAIRMAN MORGAN: I am writing to express my strong concerns about the proposed merger between the Union Pacific Railroad and the Southern Pacific Railroad. The Merger as proposed appears likely to substantially reduce competition and raise rates for shippers and consumers. For these reasons, the Departments of Justice, Transportation, and Agriculture have all opposed the merger. I agree with the recommendations of these agencies and urge that the merger be disapproved, unless it is possible

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

to develop a divestiture plan that would preserve competition and protect shippers and consumers.

Union Pacific and Southern Pacific are major competitors in hundreds of markets in the West and Midwest. A merger between the two would create a monopoly rail carrier in markets accounting for between \$800 million and \$1.5 billion in annual revenues. In hundreds of additional markets, accounting for between \$2.14 and \$4.75 billion in annual revenues, the number of rail competitors would be reduced from three to two.

For many of the shippers in these markets, rail is the only cost-effective transportation mode, either because these shipments are too heavy relative to their value to be economically moved by truck, or because of the distance that the shipment must be transported, or both. These shippers who depend on rail include shippers of forest products, grain, and plastic pellets and, on longer hauls, automobiles, iron and steel, and intermodal traffic. The Justice Department estimates that these shippers can expect a 20 percent price increase when competition is reduced from two rail carriers to one, and a 10 percent price increase when competition is reduced from three rail carriers to two. The Justice Department has estimated that consumers would have to pay higher prices resulting from the reduction in competition in these markets amounting to \$800 million per year.

The applicants assert that in the "three to two" markets, contrary to our experience in most other markets, they will compete vigorously with the remaining competitor and no one need worry. In the "two to one" markets, the applicants propose to remedy the loss of competition through a trackage rights agreement that would give the Burlington Northern Santa Fe Railroad (BNSF) the right to operate over portions of the combined UP/SP system and serve certain specified points that currently receive direct service from both UP and SP. I am not convinced that this trackage rights agreement would preserve competition for shippers currently benefiting from two-carrier competition.

I do not believe that a trackage rights agreement would permit BNSF to compete with UP/SP as effectively as would an independent railroad. Under the agreement, BNSF would be conducting its operations as a "tenant" over the tracks of the landlord UP/SP. The landlord, UP/SP, would have opportunities to favor its own operations over those of the competing tenant. For example, UP/SP could give preference in dispatching and switching its own trains and could give lower priority in track maintenance to track primarily used by BNSF. UP/SP would have incentives to use these powers to limit BNSF's effectiveness as a competitor. As one railroad put it, a trackage rights agreement "is the competitive equivalent of having United Airlines and American Airlines operating out of the same busy airport, but giving United exclusive authority over the control tower!"

The proposed trackage rights agreement also generally limits BNSF to serving customers who are on the lines of both SP and UP. BNSF is generally prohibited from serving shippers who are on one line but close enough to the other line that they benefit from competition from the other railroad. Such shippers are close enough to both UP and SP that they can currently use short-haul truck transport or the threat of building a branch rail line to maintain competitive pricing. For these shippers, the trackage rights agreement provides no remedy for lost competition.

Even the shippers that can receive BNSF service under the trackage rights agreement,

the trackage rights agreement is hemmed in with restrictions that limit the effectiveness of the competition that BNSF can provide. In some cases, the agreement limits the number of trains BNSF can run. More generally, because the agreement only allows BNSF to carry freight between certain points, it will be difficult for BNSF to generate sufficient traffic volumes to make its costs competitive. It is important to observe that nothing in the agreement obligates BNSF to provide service where the agreement allows it to provide service. BNSF pays nothing for the rights until they are actually used, so BNSF's incentives are not to offer service unless it can be sure of earning a profit on it. If SP is marginally profitable serving these lines with its unlimited access to the traffic, BNSF may not be able to offer service under the more restrictive conditions imposed by the Settlement Agreement.

The applicants have emphasized in their recent rebuttal that they have agreed to five years of annual oversight by the STB to confirm that the BNSF Settlement Agreement is working. But it was not the intent of the Congress in enacting either the Staggers Act or the ICC Termination Act to depend on STB oversight to ensure competition. The intent of Congress was to maintain structural conditions that would ensure competition. We preferred, from a policy standpoint, relying on competition rather than regulatory interventions by the ICC/STB. Moreover, we believe that limited resources make continuing oversight by the STB an inadequate substitute for an industry structure that would ensure competition. Even in its heyday, the ICC did not have enough staff to track the practices of railroads closely enough to ensure competition. Now, with its staff cut 90 percent, and facing continuing budgetary pressures, we clearly cannot rely on STB oversight to ensure.

UP and SP claims that hundreds of millions of dollars in economies will flow from their merger, but it appears that a substantial portion of these "economies" in fact represent losses for workers who will lose their jobs and for shippers who will pay higher prices for rail transportation. In any case, it is not clear that the proposed merger is the least anti-competitive way of achieving these economies.

UP and SP also claim that the imminent collapse of SP makes the merger inevitable. SP made the same arguments when it proposed merging with the Santa Fe railroad a decade ago, but it has somehow managed to stave off collapse and maintain itself as a competitive force in the market. Even if the collapse of SP is inevitable (and the issue is debatable), it is not clear that transferring all its assets to UP is in the public interest. The market power that UP would gain by acquiring SP allows it to pay the highest price to SP's shareholders, but the public interest requires that those assets be transferred to parties that will provide effective competition, not to parties that are willing to pay a high price for the assets because they foresee monopolistic profits in the future. Other carriers have expressed an interest in buying those assets, and could provide continuing effective competition for UP.

As I stated in my earlier letter, I am confident that you and your colleagues, confronted with all the facts, will make the right decision in this case. I offer my views only because there has been speculation by commentators in the news media that further consolidation of the railroad industry is "inevitable." I do not view it as inevitable, and I hope you do not as well. I believe a merger is consistent with the public interest only if the public is clearly not harmed by the merger. In the event that the Board should approve the merger, I encourage you

to attach such conditions to this proposal as are necessary, including divestitures of parallel lines, to ensure that the public is not harmed, without relying on your continuing oversight to achieve that objective. UP regards divestiture proposals as "killer conditions." Even if that is true, there would be little harm and much potential gain in denying the merger and inviting the applicants to develop a less anti-competitive proposal.

Sincerely,

JAMES L. OBERSTAR,
Ranking Democratic Member.

CONGRESS OF THE UNITED STATES,
Washington, DC, April 4, 1996.

Mr. VERNON WILLIAMS,
Office of the Secretary, U.S. Surface Transportation Board, Washington, DC

DEAR MR. WILLIAMS: We wish to express our concern about the merger application of the Union Pacific (UP) and Southern Pacific (SP) Railroads.

If this merger is approved, the consolidated UP/SP system will create the nation's largest rail carrier and could spur additional mergers in the Eastern United States. The merger could mean a significant decrease in competition, rail service and jobs, and would harm shippers and rail-dependent businesses. It could eliminate thousands of jobs in a workforce already struggling from a large number of mergers, reductions and corporate downsizing in other major sectors of the economy.

A consolidated UP/SP rail system certainly will create a monopolistic situation in the West but the trend toward megarailroads could lead to a wave of similar mergers in the East. This disturbing trend of consolidation is not in the public interest. Shippers will be left with few transportation choices. Communities and workers will face the threat of job loss and dislocation.

We question the wisdom of granting this merger when there are no compelling reasons to create such a large railroad. UP and SP have other options available to allow them to compete in the marketplace short of this merger.

We believe this merger is anti-competitive and will have far-reaching implications. It will harm shippers, consumers, communities, and working men and women. We urge the Board to preserve rail competition and protect American workers by rejecting the UP/SP merger.

Sincerely,

BOB BORSKI.
TIM HOLDEN.
PAUL E. KANJORSKI.
PAUL MCHALE.
CHAKA FATTAH.

HOUSE OF REPRESENTATIVES
Washington, DC, May 2, 1996.

Hon. VERNON A. WILLIAMS,
Secretary, Surface Transportation Board,
Washington, DC.

DEAR SECRETARY WILLIAMS: As you consider the application pending before the Surface Transportation Board regarding the proposed merger between the Union Pacific Railroad Company (UP) and Southern Pacific Lines (SP), I wish to bring before you a number of concerns which have been brought to my attention considering this proposal. Specifically, I am requesting that the Board consider the potential reduction in rail competition along the Chicago-Memphis-Houston corridor and the impact that would have on rates or consumers and shippers in Tennessee.

As proposed, the merger would grant UP control over approximately 90% of rail traffic into and out of Mexico, 70% of the petrochemical shipments from the Texas Gulf

Coast, and 86% of the plastics storage capacity in the Texas/Louisiana Gulf region. I understand that the proposal includes a trackage rights agreement with Burlington Northern Santa Fe (BNSF) to address this issue.

On the other hand, Conrail has submitted a proposal to purchase the lines referred to as SP East, i.e., the lines from Chicago through St. Louis to Houston, the line from New Orleans to El Paso as well as lines to Dallas/Fort Worth, Eagle Pass, Brownsville and Memphis.

There are clear advantages of having a railroad own the line as opposed to having a railroad operate over another company's line. First, owners of rail lines will have every incentive to invest in track and work with the local communities to attract economic development. In addition, owners who control the service they provide, i.e. its frequency, reliability and timeliness. Finally, an owning railroad offers the best opportunity to retain employment for railroad workers who would otherwise be displaced by the proposed merger.

I support Conrail's proposal and urge you to carefully review it as you consider the UP-SP merger application. I believe it addresses many of the issues raised with respect to the merger's impact on cities like Memphis.

I look forward to hearing from you.

Sincerely,

BOB CLEMENT,
Member of Congress.

CONGRESS OF THE UNITED STATES,
Washington, DC, May 15, 1996.

Re finance docket 32760.

Hon. VERNON A. WILLIAMS,
Secretary, Surface Transportation Board, 12th
Street and Constitution Avenue
Washington, DC.

DEAR SECRETARY WILLIAMS: I am writing in regard to an application pending before you that seeks approval of a merger between the Union Pacific Railroad (UP) and Southern Pacific Lines (SP). I am very concerned that the merger of these two railroads will significantly reduce rail competition and result in higher rates for shippers and consumers.

As proposed, the merger would grant UP control over a reported 90% of rail traffic in to and out of Mexico, 70% of the petrochemical shipments from the Texas Gulf Coast, and 86% of the plastics storage capacity in the Texas/Louisiana Gulf region. UP acknowledges that the merger would greatly reduce rail competition and proposes a trackage rights agreement with Burlington Northern Santa Fe (BNSF) as the solution. A trackage rights agreement, however, does not solve the problem as the several sets of changes in the agreement attest.

Owners of rail lines have incentives to invest in track and to work with local communities to attract economic development. Owners have control over the service they provide—its frequency, its reliability, and its timeliness. None of these things can be said about railroads that merely operate over someone else's tracks, subject to someone else's control, and required to pay the owner for every carload of traffic the tenant moves. An owning railroad, faced with none of these difficulties, and having major incentives to develop traffic for the line, can be more readily and consistently counted on to provide quality service and investment that is the best solution for shippers, communities, and economic development.

Conrail has offered to purchase the lines referred to as SP East, i.e. the lines from Chicago through to Houston, the line from New Orleans to El Paso as well as lines to Dallas/Fort Worth, Eagle Pass, Brownsville and Memphis. An offer from an owning rail-

road such as has been proposed by Conrail represents the best opportunity to preserve competition, enhance economic development potential, and save jobs.

For these reasons, I urge the Board to oppose UP/SP merger unless it is conditioned on a property-owning divestiture plan such as the one put forth by Conrail.

Sincerely,

EDDIE BERNICE JOHNSON,
Member of Congress.

CONGRESS OF THE UNITED STATES,
Washington, DC, May 21, 1996.

Re finance docket 32760.

Mrs. LINDA J. MORGAN,
Chairman, Surface Transportation Board,
Washington, DC.

DEAR CHAIRMAN MORGAN: I am writing regarding the proposed Union Pacific (UP) and Southern Pacific (SP) merger.

The UP-SP merger will create one of the largest railroads in the world. While I do not have a problem with this concept, I am concerned that if this transaction is approved in its current form it will have severe consequences. Specifically, data I have reviewed supports arguments that the UP-SP merger, as proposed, is not in the public interest and will result in the loss of thousands of jobs nationally.

Furthermore, some of the proposals to address the anti-competitive aspects of the merger appear to unfairly discriminate against Northeastern Ohio, negatively impacting its economy and employment. I am troubled by this and believe a solution in the national interest can be reached without discriminating against the State of Ohio.

One such solution may be Conrail's proposal to purchase lines which have been referred to as SP East. I believe a proposal of this nature is the best way to ensure competition, boost economic growth and preserve jobs.

With this in mind, I respectfully request that the Surface Transportation Board give every consideration to conditioning approval of the UP-SP on a property-owning divestiture plan to ensure that this merger will be an equitable one in the national interest.

Sincerely,

STEVEN C. LATOURETTE,
Member of Congress.

SUSPEND TARIFF ON PARA ETHYL PHENOL

HON. JOHN M. SPRATT, JR.

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 26, 1996

Mr. SPRATT. Mr. Speaker, today I am introducing legislation to suspend for 3 years the tariff on a chemical called Para ethyl phenol (PEP—HTS—2907.19.20 00). This bill is critical to saving the jobs of 50 of my constituents who work at Hodgson Chemicals, Inc., in Rock Hill, SC.

The Hodgson plant produces two chemicals called Butylated hydroxy ethyl benzene [BHEB] and Mono butyl ethyl phenol [MBEP]. PEP is a critical component in producing both BHEB and MBEP. Enactment of the bill will ensure that Hodgson can compete against a Japanese company which is the only other manufacturer of BHEB. BHEB is used as an antioxidant in low and high density polyethylene and is sold to chemical producers. MBEP is used as an intermediate to produce an antioxidant. Hodgson informs me that there are no domestic sources for Para ethyl phenol

[PEP]. Hodgson must therefore import and pay a 10.7 percent tariff on all the PEP it uses. This extra cost is reflected in the retail price Hodgson charges for BHEB and MBEP. The cost is substantial since over 50 percent of the finished product for both BHEB and MBEP is PEP.

The Japanese company exports BHEB to the United States, but not the PEP itself. This means that it avoids a tariff on PEP and therefore enjoys a significant cost advantage over Hodgson. Unless the tariff suspension is passed, Hodgson may be forced to discontinue production of BHEB and MBEP.

Hodgson plans on beginning production in the United States of PEP within 3 years. That is why Hodgson is only seeking a 3-year tariff suspension. Although I do not believe the cost of this suspension is great, we will be seeking a cost estimate from CBO to determine the bill's price tag. We will also seek to confirm that there are no domestic sources at present for PEP. Assuming that the only sources for PEP are foreign and that the cost is modest, I hope that the Congress will pass this bill in a timely manner. The jobs of many of my constituents depend on it.

INTERNATIONAL FESTIVAL OF ARTS AND IDEAS

HON. ROSA L. DeLAURO

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 26, 1996

Ms. DeLAURO. Mr. Speaker, I would like to congratulate my hometown of New Haven, CT, on the occasion of the first annual International Festival of Arts and Ideas.

The festival brings together performers and thinkers from across the region and around the world to showcase the arts and discuss the ideas intertwined with such outstanding creativity. The festival includes drama, music, storytelling, dancing, and magic for children; discussions and classes focused on the ideas of the festival; and performance and works by Connecticut artists.

New Haven's cultural riches enable it to host this tremendous festival, a festival that will foster greater appreciation for the arts and will spur discussion throughout Connecticut and the region. Drawing on the historic New Haven Green, internationally renowned Yale University and its many theaters and museums, the Shubert Performing Arts Center, the Audubon Street Arts District, Long Wharf Theatre, and many more treasures, New Haven will come alive to embrace a world of creative performance and thought. The displays and discussions will be highlighted by performers from Connecticut and throughout the world.

I am particularly proud of the public and private partnership that brought the International Festival of Arts and Ideas to New Haven, the arts and cultural capital of Connecticut. Their exceptional support has been matched by individuals who have volunteered their time and energy to guarantee that the more than 75,000 visitors will see the arts, ideas, and Connecticut at their best. Putting Connecticut's best foot forward with the Arts and Ideas Festival will bring people to the region this week and throughout the year.

This is a proud day for Connecticut as we kick off the first annual International Festival of Arts and Ideas. Congratulations.