assertedly are seeking. Applicants state that this coordination and integration will enhance competition in the surface transportation industry; make GTW, in particular, a more efficient and viable property;[3] and provide substantial transportation benefits to the shipping public.

Applicants characterize the proposed transaction as ''akin to an end-to-end merger in which connecting railroads whose routes do not overlap, but rather complement each other, join forces to create a stronger competitor in a highly competitive transportation market.'' They view the resulting change in the competitive balance as a positive one because ''CN North America will be able to offer greatly improved service that will make it a viable transportation alternative for many shippers.'' According to applicants, the proposed transaction ''will produce no results which suggest an adverse effect on competition, such as significantly higher rail rates to shippers or poorer rail service levels.'' To the contrary, applicants contend that the integration of CN and GTW and DWP will reduce costs and improve service.[4]

Applicants project that some traffic currently moving by other carriers will shift to CN North America as a result of the transaction, but that this does not signal harm to competition.[5] Applicants state that the impact on its competitors will be limited and will certainly not affect their ability to provide essential transportation services. They also assert that no U.S. port will suffer a significant diversion of traffic to Canadian ports. Lastly, applicants argue that even if the transaction were to produce some anticompetitive effects, the public benefits would dramatically outweigh such effects.

Applicants state that the transaction will affect certain agreement and nonagreement employees. According to applicants, it is not possible for them to state precisely the ultimate impact of the integration transaction on labor, because in some instances this impact will occur only after fully integrated train service has been implemented. Applicants submit that if this transaction were among U.S. railroads and dealt with predominantly U.S. domestic traffic, the appropriate labor protection would be as prescribed in *New York Dock Railway—Control—Brooklyn Eastern District Terminal,* 360 I.C.C. 60 (1979) (*New York Dock*).

Applicants argue that to reflect the extraordinary circumstances involved in the integration of two U.S. railroads with a predominantly Canadian railroad, some adjustments to the standard *New York Dock* conditions should be made. This is because, according to applicants, Canadian immigration law will not permit most GTW and DWP employees to follow work transferred to Canada. Therefore, applicants propose the following modifications to the *New York Dock* conditions. First, modify Article I, section 6(d) to require dismissed employees to accept comparable positions in another craft or class at any location on the GTW and DWP. Such employees will receive the protective benefits of Article I, sections 5, 9, and 12 and Article II, regarding displacement allowances, moving expenses, reimbursement for losses on home removal, and, if necessary, retraining. Second, modify Article I, section 6(d) to require dismissed employees to make reasonable efforts to obtain employment with an employer in another industry, so long as such outside employment does not require a change in residence. (Applicants expand on what reasonable efforts include.) Third, impose on employees who may elect benefits of existing protection agreements under Article I, section 3, the same modified obligations to accept comparable employment described under the second modification. Fourth, clarify Article I, section 1 to provide for a 6-year protective period, with total labor protection costs capped at the cost of 4 years' protection multiplied by 1.19.

On December 28, 1994, the Transportation Communications Union and the United Transportation Union (collectively, Unions) filed a protest to applicants' proposed procedural schedule and to their characterization of the transaction as minor. The Unions argue that this is a major transaction and, as such, that the prefiling notification under 49 CFR 1180.4(b) must be 3 to 6 months, with an additional 3 months added to make up for applicants' failure to comply with the allegedly applicable prefiling notification requirements. Also, on January 9, 1995, the Brotherhood of Locomotive Engineers (BLE) moved to dismiss or reject the application and replied to applicants' petition for a finding of cause. BLE submits that the application must be rejected or dismissed because there is no basis for the exercise of the Commission's authority under 49 U.S.C. 11343. According to BLE, CN already controls the GTW and DWP, and this control authority includes the authority to engage in the various marketing and operating coordinations proposed in the operating plan accompanying the operating agreement. BLE argues that the only other purpose stated in the application is to abrogate or modify the provisions in the existing labor agreements, which raises the question of whether this is a sham transaction. Applicants replied on January 12, 1995.

At the outset, we note that under 49 U.S.C. 11347 the Commission is required to impose at least *New York Dock* conditions in 49 U.S.C. 11343 transactions. While we may impose enchanced protection, applicants have not demonstrated why negotiations and dispute resolution procedures (including arbitration) under the provisions of *New York Dock* cannot effectively accommodate implementation of the transaction.

Under 49 CFR 1180.4(b)(2)(iv), we must determine whether a proposed transaction is major, significant, minor or exempt. The proposal here does not involve the control or merger of two or more class I railroads and has no national significance. While the proposed transaction may have regional significance because it should increase the level of competition in the affected areas, it nevertheless concerns carriers that already are under common control and that arguably may accomplish much of what is sought here without need for our approval. The greatest impact of the transaction may well be on rail labor and management, but these concerns can be adequately addressed under *New York Dock.* Accordingly, we find the proposal to be a minor transaction as defined in 49 CFR 1180.2(c). *See RR. Consolidation Proced. of Significant Transactions,* 9 I.C.C. 2d 1198 (1993). Because the application complies with our regulations governing minor transactions, we are accepting it for consideration. We will deny the Union's request to amend the procedural schedule to conform it to a major transaction under 49 U.S.C. 1180.2 *et al.* with an additional 60 days to address labor protective conditions. We will also deny BLE's motion to reject the application. The arguments raised by BLE in its alternative motion to dismiss are also denied but can be considered in

[3] Applicants predict that the transaction will result in a dramatic improvement in GTW's financial performance. They characterize GTW's current financial status as ''suffering massive losses, which prevent it from making much needed capital improvements and which—unless reversed—threaten its ability to provide transportation services in the future.''

[4] Applicants predict reduced transit times, improved service reliability, and economies of scale flowing from the consolidation of shops and administrative functions.

[5] Applicants' projections of volume growth in intermodal traffic include 101,000 units of traffic currently moving by truck and 67,000 units currently moving by rail. This projected growth in carload traffic includes 22,800 carloads diverted from other railroads.