

Opportunity Knocks for Rail Freight

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At a recent conference on freight transportation, attendees heard an insiders' assessment of the current challenges confronting truckers. This should be good news for the rails, but will it be? It could turn out to be a set-back for rail. In the past, when truck operators were faced with similar challenges they have often managed to use adversity to obtain liberalization of legal size, weight and combination (truck-trains) limits from key states, then leveraged such exceptions into more favorable nation-wide rules in the name of uniformity, consistency and efficiency. This could happen once again.

By all accounts, the problems confronting truckers do, in fact, represent a serious issue for the U. S. economy. The industry slogan that "America moves by truck" is indeed true and correct. But such public benefit, in commercial terms, has to be weighed against the off-setting public cost of road and bridge damage, highway congestion, safety, relative inefficiency of energy consumption, environmental degradation, etc. In an ideal world, much of the cargo presently moving on U. S. highways should be on rail, but under current political, economic and business conditions, that may be a utopian dream.

As with the Bible, people seem to be able to find just about anything in transportation statistics to prove their point, e.g. USDOT Bureau of Transportation Statistics. At the risk of oversimplification, trucks appear to handle as much as 70% of U. S. freight tonnage, compared with 15% or less by rail. The truck-share is heavily concentrated in relatively shorter-hauls, of fewer than 500 miles, and most of that is even much shorter, e.g. 250 miles or less. Rails, which capture more than 40% of overall ton miles, do much better, competitively speaking, in long-haul corridors. Obviously, there are many exceptions, e.g. coast-to-coast highway haulers of perishable agricultural products, and 50-mile rail hauls of crushed stone, sand and gravel.

Current rail freight prosperity -- and those appealing rail TV ads -- both of which are welcome developments, tout mile+long intermodal trains handling 250+ truck-like containers, and the rails' ability to move a ton of freight "almost 500 miles" on a gallon of fuel. The public is apt to draw the conclusion that the fuel-efficient claim applies to intermodal, which is a highly-unlikely. Also, there are relatively few markets capable of generating such large intermodal trains in the shorter-haul corridors where most of the truck-competitive cargo now moves. Despite numerous attempts, the freight rails have yet to come up with an acceptable (to them) technology and operating/service system that works in short-haul corridors. A major reason is the subsidized below-cost access to, and use of, highways that is provided truckers as a matter of public transportation policy.

If the freight rails have a great new competitive "thing" to introduce in the under-500-mile truck-dominated corridors, they'd better roll it out soon. Otherwise, shippers and highway movers of freight are going to demand and get some sort of emergency relief for trucks. Motorists all across America hope that freight rails will hear the knock of opportunity, and answer the door with an alternative that works.
