Freight Railroads:
A 24/7 Link in the U.S. Supply Chain

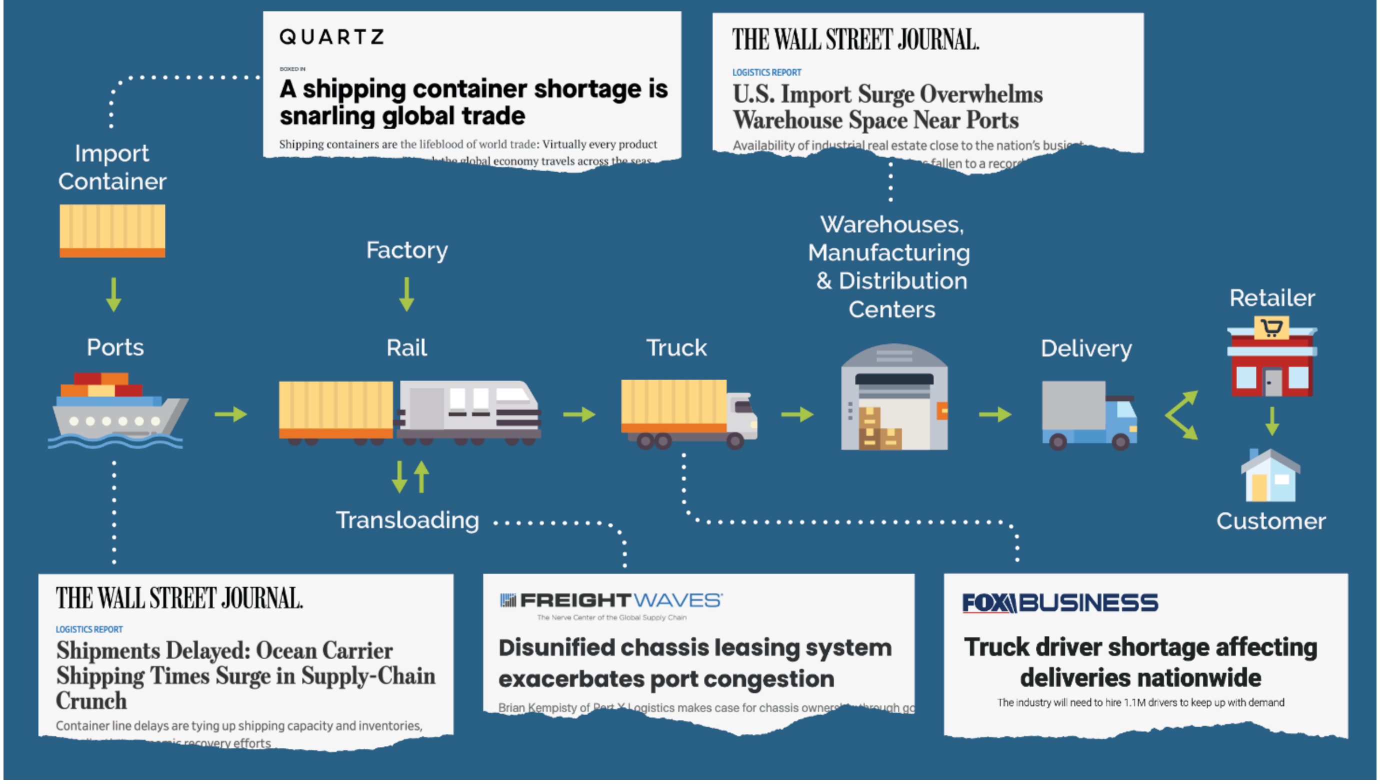
America's freight railroads remain a critical part of our nation's supply chain with a proven record of nimbly navigating disruptions such as the COVID-19 pandemic to deliver goods reliably and bolster the U.S. economy. As pandemic-related logistic and labor challenges persist globally, freight railroads remain resilient and are doing their part to keep the supply chain moving.

In the first half of 2021, freight rail carried greater intermodal volume than in any year prior. As a part of an interconnected freight network, railroads have been dealing with challenging impacts that originated in other parts of the logistics chain. It is important to keep the following in mind:

Most of the disruptions facing the U.S. supply chain today began due to forces outside of railroads' control and have had spillover impacts on rail operations.

Lingering effects from trade disputes and shuttered manufacturing operations in the U.S. and Asia due to the pandemic, a lack of shipping containers, a surge in imports, weather events, and a dearth of trucks, container chassis and truck drivers are impacting every phase of the supply network from sourcing to manufacturing to last-mile delivery. Clearly, no railroad's action can address congested ports, a short supply of trucks and truck drivers, and terminals and warehouses that continue to lack storage space.

Chokepoints throughout the freight logistics chain are squeezing the rail network. Railroads are working to add intermodal capacity and maintain network fluidity to keep other essential commodities flowing.



Despite these external challenges, the rail industry is maximizing throughput capacity and delivering goods in the most efficient manner possible. During the first half of 2021, railroads handled the highest volume of intermodal traffic ever moved in a January-June period. Railroads are doing everything they can to increase capacity, including:

- *Improving coordination across railroads in busy rail hubs to better manage the flow of traffic and anticipate potential problems ahead of time.*
- *Managing the flow of intermodal containers into Chicago.*
- *Increasing storage capacity to offload intermodal containers and keep other trains moving fluidly across the nation.*
- *Reopening older, shuttered intermodal terminals to increase throughput capacity.*
- *Restoring services impacted by weather as safely and efficiently as possible.*
- *Recalling rail workers who were furloughed during the pandemic; hiring new train operating employees in key markets to handle increased and unpredictable shipping demand; and providing bonuses to workers who provide referrals for new hires.*
- *Maintaining idle locomotives so that they can be quickly brought back online.*
- *Working with trucking partners to move shipments from intermodal terminals as quickly as destination warehousing capacity becomes available. One railroad keeps a pool of truck chassis (the base frames of trucks) in their yards to help maximize truck hauling capacity. Another railroad will mount intermodal containers on any chassis brought to it to help reduce truckers driving without any cargo.*
- *Some railroads have coordinated in the Chicago region to directly interchange containers and trailers between two railroads instead of requiring short, cross-town truck movements known as drayage. This has alleviated pressure to the trucking community in the region.*
- *Some railroads are offering financial incentives to customers to encourage weekend in-gating at some facilities while others are offering incentives to those who can take a container out when they bring a container in to expedite freight flows.*

Railroads are taking additional steps to keep the economy moving as the recovery has stimulated demand and presented supply chain challenges for other modes:

- **Adapting to Traffic Shifts:** A report from the Northwestern University Transportation Center predicts that "post-pandemic, freight rail can lead the logistics industry and its customers forward in what is certain to be a volatile future." Freight rail responded with speed and reliability as intermodal freight traffic exceeded its 2018 and 2019 levels in late 2020. As consumers continue pivoting to e-commerce in the years to come, railroads stand ready to continue being as responsive as they possibly can to the needs of our customers regardless of the nature of a particular crisis.

- **Keeping Americans Safe & Goods Moving During COVID-19:** As part of the integrated supply chain network that ships around 57 tons of goods per American annually, railroads moved intermodal containers filled with consumer goods and e-commerce purchases, plastics for food packaging and personal protective equipment (PPE), grains, lumber and everything in-between during the pandemic.

Conclusion: Railroads are a critical part of our economy, supporting approximately 1.1 million workers across our customers' industries and helping them navigate supply chain challenges quickly and reliably. Though many of today's supply chain disruptions temporarily persist, the industry remains committed to a shared goal while navigating them: delivering the best possible service product for customers and consumers. Furthermore, Congress, the Federal Railroad Administration and the Surface Transportation Board should proceed cautiously when considering new requirements or regulations on the industry that could have unintended consequences that could further snarl the supply chain.