Improving Rail Service During Supply Chain Disruptions

The supply chain is a complex, interdependent network that has been rattled by the impact of a global pandemic on consumer purchasing trends, worker preferences, and rapidly changing global and national economies. Railroads continue to tackle these evolving challenges head-on with a multi-faceted approach to manage workforce and equipment needs, increase operational efficiencies and collaborate with customers and supply chain partners to improve service and reliability.

Understanding the Complexity of Supply Chain Disruptions

- **Global manufacturing capability, demand and consumption patterns have bucked historical trends.** The COVID-19 pandemic continues to wreak havoc on manufacturing worldwide, even as consumer demand for goods — including via e-commerce — remains high. Ports, trucking, railroading, warehousing and distribution centers continue to adapt to these unpredictable changes.

- **Port and warehouse congestion cause ripple effects throughout the intermodal system.** The lack of port, drayage, long-haul trucking and warehousing capacity, and differing working hours among supply chain partners set off a chain reaction leading to less efficient operations system-wide.

- **Nationwide challenge to recruit and retain qualified employees is straining the entire economy.** Many industries — including railroads and their largest competitor, the trucking industry — are having difficulty hiring and retaining employees to meet the surge in demand. As the STB recognizes, “carriers have reported hiring difficulties — difficulties that are not restricted to the rail industry.” Simply put, the inability to attract workers is economy wide.

- **Unexpected increases in customer car orders hurt dwell time and network velocity.** When demand grows, and rail capacity is in short supply, some customers increase their railcar orders beyond what they actually need. The influx of additional cars into an already congested system reduces the fluidity of the entire network.

- **Other external events are exacerbating service issues.** Recent extreme weather events, rising inflation, and the Russia-Ukraine War add further uncertainty to supply chains and upending global markets, including agriculture (Russia and Ukraine together account for 40% of global wheat exports), fertilizer and energy.

Multiprong Approach to Rail Service Improvement

Railroads continue to move huge amounts of cargo, despite current supply chain challenges. In the first quarter of 2022, railroads moved more chemicals than in any other quarter in history; the second-most grain for a first quarter since 2011, and the fourth-most intermodal units for a first quarter in history. The rail industry continues to work 24/7 to meet the nation’s freight transportation needs and return service to a level customers deserve and expect.

- **Developing and submitting data and plans to the STB.** Railroads are providing service recovery plans to the STB and updating the agency on progress on a bi-weekly basis. Railroads are also submitting service-related data to aid the STB's monitoring of service recovery.

- **Hiring, training and retaining train crews.** The Bureau of Labor Statistics reported 468,000 job openings in the transportation, warehousing and utilities industries in March 2022. Railroads are offering hiring bonuses, financial payments to refer-a-friend and other incentives to entice more skilled labor to fill current vacancies. Railroads are also encouraging their current employees to help meet demand, including through vacation buybacks and incentive payments to move to high-demand regions of the network.

- **Managing equipment needs to keep goods moving efficiently.** Railroads are pulling equipment out of storage, activating their reserve fleets and prepositioning resources where needed regionally to meet customer demand. Railroads are collaborating with customers to understand their rail car needs and schedule car movements to minimize the impact on the congested rail network.

- **Incentivizing customers to maintain network fluidity.** Some railroads offer financial incentives to customers to encourage weekend in-gating at certain facilities, while others offer incentives to those who can take a container out when they bring a container in to expedite freight flows.