2025 Supply Chain Report Executive Summary

New analysis from AAR's Policy & Economics team shows that freight rail acts as a built-in stabilizer in the U.S. economy. Amid rising transportation costs and supply chain stress, rail's efficiency, predictability, and resilience help buffer inflation and volatility. With its structural advantages—stable pricing, rapid recovery during disruptions, and superior fuel efficiency—freight rail remains one of America's most effective tools for keeping goods moving and prices in check.

Rail as an Inflation Buffer

Analysis of three decades of federal data shows rail costs are more stable than trucking:

- **A 10% acceleration in trucking cost growth correlates with a 2.3% increase in goods inflation**; when rail costs rise at the same pace, the impact is just 0.7%.
- **Trucking cost shocks hit consumer prices typically within one to two months**; rail cost changes are smaller, slower, and fade faster.

Rail's long-haul, bulk-focused model absorbs volatility, and with nearly 40% of long-distance ton-miles, this stability has measurable macroeconomic impact.

Resilience During Disruptions

Rail's operational resilience reinforces its inflation advantage. During COVID-19 and port congestion, rail briefly experienced an increase in transit times between Los Angeles and Chicago, but restored fluidity quickly, returning intermodal transit time on this corridor to 4-5 days. These actions prevented cascading cost spikes that drive consumer inflation.

Sector Impact: Agriculture & Energy

- **Grain & Food Exports:** Rail moves 25% of domestic grain and 40% of exports, offering forward commitments and shuttle services that reduce harvest-season volatility.
- **Energy & Industrial Commodities:** Rail moves three-quarters of coal and key raw materials, helping producers manage costs and shield consumers from price swings.

Efficiency & Systemwide Benefits

Railroads move a ton of freight 480–500 miles per gallon of fuel—three to four times more efficient than trucks—while producing just 0.5% of U.S. greenhouse-gas emissions. Since 2000, fuel efficiency improved by 22%, reducing exposure to oil price shocks. Shifting 20% of heavy truck freight to rail could save $13 billion in fuel and $11 billion in traffic congestion and pavement wear annually.

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