

Can Railroads Avoid Pending Freight Crisis?

Major railroads told federal regulators they are racing to add staff, locomotives and hundreds of miles of new track to meet what regulators and chemical producers fear may be a rail capacity crisis later this year. Michael Ward, president and chief executive of CSX, told the U.S. Surface Transportation Board that his railroad and other major rail carriers "are experiencing strong demand across virtually all markets, and this is expected to continue." Ward said CSX is acquiring new locomotives, adding more freight cars and hiring more train crews to meet what many believe will be a record third-quarter peak demand for rail freight. Ward and other rail captains were responding to a request by Surface Transportation Board Chairman Douglas Buttrey for railroad plans to meet demand. Jim Young, president and chief executive of Union Pacific, the largest U.S. rail carrier, said his company will add as many as 600 engineers and conductors and some 200 new locomotives in advance of the third-quarter peak. He said the rail line also will acquire as many as 2,000 additional freight cars by the peak freight period just before Christmas. BNSF Railroad said it expects to add more than 2,000 additional crew members and another 200 locomotives. Between them, the three railroads among seven major railroads that responded to Buttrey said they are adding more than 200 miles of new track and rail sidings, much of it to lay double-track capacity along routes that previously had a single line. In his letter to rail executives, Buttrey warned that rail freight capacity could face record demand in the third-quarter period due to the healthy domestic economy, growth in import and export traffic and a forecast of record agricultural harvests. Chemical industry officials are worried that rail traffic jams later in the year may impede their ability to obtain feedstock or get product downstream to customers. Chemical producers claimed hundreds of millions of dollars in lost trade due to the last major rail capacity crisis in 1997.

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