

# FREIGHT RAILROAD OVERVIEW

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## MODERN HISTORY OF FREIGHT RAIL

The United States has a long history with railroading. However, modern freight railroading has changed significantly during the last half of the twentieth century. In the 1970s, the six major railroads owned/operated the majority of the freight rail lines east of the Mississippi River. As completion grew from trucks using the newly built and subsidized interstate system and regulations that did not respond quickly enough to the speed of business, the companies began to suffer. As the railroads business declined, so did their investment in their lines and equipment. As a consequence they lost more business, and by the mid-1970's most had filed bankruptcy. In 1976, the federal government created Conrail to maintain and rebuild the east coast lines that had filed bankruptcy. By the 1980's, after the passage of the Staggers Act, which improved regulations surrounding railroads ability to compete with trucks, Conrail proved profitable and no longer needed a federal subsidy. In 1987, Conrail was privatized through an IPO. The stock proved so successful that in the 1990's, CSX and NS began attempted to take-over Conrail. However, ultimately an agreement to split Conrail among the two railroads prevailed. However today, Conrail still exists in Detroit and New Jersey/Philadelphia to manage shared assets between the two railroads.



### CLASS I RAILROADS

- Amtrak
- BNSF
- Canadian National
- Canadian Pacific
- CSX Transportation
- Kansas City Southern
- Norfolk Southern
- Union Pacific

### RAILROADS AND OHIO

- 4th in the nation in terms of miles of rail.
- 36 freight railroad companies
- Over 7,200 employees
- In 2009, railroads moved over 13.3 million truckloads of freight from, to or through Ohio.

## FREIGHT RAIL TODAY

Today railroads are classified into three categories Class I (Major), Class II (Regional) and Class III (Short-lines). Class II railroads are generally divided into east or west coast railroads. Historically, these east and west railroads would meet in Chicago to exchange freight for transcontinental

trips. However, because of increasing rail congestion in and around Chicago railroads have begun to move more difficult moves (like intermodal) outside of the Chicagoland area. This has brought increased rail traffic and return opportunities to places like Ohio and Kansas City.

## INTERMODAL CONTAINERS

A major growing revenue generator for the railroad companies has been intermodal container moves. Both major east coast railroads, the NS and CSX have heavily invested in "double-stacking" rail

corridors and developing major intermodal centers in Ohio to capitalize our strategic position and to avoid rail and road congestion in places like Chicago.

SOURCE: Association of American Railroads

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