



Estimating the Competitive Effects of Larger Trucks on Rail Freight Traffic

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“This is a study of the potential for larger trucks to divert traffic from the Class I railroads. Increases in truck size/weights can be expected to have a large effect on rail traffic, with diversions of 10-15% of non-intermodal rail traffic possible if weight limits are increased from 80,000 to 90,000 pounds. Diversions of 15-20% would be possible if weight limits were increased to 97,000 pounds. Under the most aggressive scenarios for increasing truck size/weights, the majority of general merchandise traffic would be subject to diversion. While efficient unit trains and multi-car shipments will continue to be the most effective means of transport for bulk commodities, the largest trucks will be able to provide very effective competition against rail moves that involve very circuitous routes or very short trains, even for distances in excess of 200 miles.”

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“The actual diversion would be affected by the strategies adopted by railroads and trucking companies in response to higher size/weight limits. Railroads could compete with the larger trucks by lowering their rates, increasing productivity or improving service. Although these strategies could help the industry retain market share, they would likely result in lower profits for the railroads.”

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“The study was conducted in coordination with the Association of American Railroads (AAR).”

**Table 10 Estimated Impact of Larger Trucks on Mode Shares of Ton-Miles
(Analysis of 100 hypothetical rail/truck competitive movements)**

| Market | Mode | Base | 90,000 GVW | 97,000 GVW |
|----------------------------|-------------|-------|---------------|---------------|
| Merchandise | Rail | 57.8% | 36.5% | 28.4% |
| | Intermodal | 4.8% | 3.7% | 3.3% |
| | Truck | 37.4% | 59.8% | 68.3% |
| Bulk | Rail | 100% | 100% | 98.6% |
| | Intermodal | 0% | 0% | 0% |
| | Truck | 0% | 0% | 1.4% |
| Total | Rail | 79.2% | 68.6% | 64.0% |
| | Intermodal | 2.4% | 1.8% | 1.6% |
| | Truck | 18.4% | 29.6% | 34.3% |
| Decline in Rail Traffic | Merchandise | | 37% | 50% |