



Transporting Forest and Agricultural Commodities: Challenges for Rail

Q&A

In moving bulk cargo long distances while conserving fuel, avoiding traffic congestion and safety exposures, and maximizing economies of scale in transport, greater use of our country's rail lines has many advocates—including among forest and agriculture shippers, who evaluate shipping options with a strong eye toward competitive opportunities. Common sense urges that rail opportunities—along with barging—should be among the first considered when commodity producers examine ways to keep their customers' dollars flowing into their own cost structure, rather than into a third party's.

Why have rail and barging steadily lost market share in shipping raw forest and agricultural commodities to processing plants?

- **Are there structural limitations to shipping agricultural and forest products by rail?**
Harvest sites are numerous, diversely situated, and mobile. Obviously, it is impractical to lay track and build a rail siding to a harvest site that ships product for only a few days a year, or (in the case of forest products) for a few days a decade. With direct rail access impractical, every shipment must at least begin its way to the mill by truck.
- **But why not use trucking to concentrate the harvest of many producers at a central rail yard, and ship from there?**
This option is often practical, and when value can be added by merchandising and consolidation, the cost of the extra time and handling is justifiable. However, the equipment, manpower, fuel, and time associated with offloading and reloading cargo, and the rental and expenses of maintaining such a railyard, add cost to shipping. Unless the distances shipped are long (or the value added through merchandizing is large), adding those costs to the supply chain is not justifiable.
- **Couldn't rail provide savings in long hauls?**
Forest products and agricultural processors have long recognized that in-bound transport is one of their single largest operational expenses. The growth of these industries has led increasingly to locating processing facilities relatively close to the raw materials' point of origin. Thus, the distance between a harvest site and a processing plant, for forest or agricultural products, tends to be short—generally under 150 miles, and usually much less.

Using rail in short-haul situations, especially in view of the need for a load-transfer maneuver, is obviously uneconomical.
- **Why is rapid delivery important in reducing supply chain costs?**
Reducing the time between the expense of harvest and the realization of income from the processed product reduces the need for credit throughout the value chain, as well as reduces rent on storage yards, whether located at a mill or agricultural processing site or at an intermediate merchandising site. Transferring a load at a rail yard adds time.
- **Why is rapid delivery important in preserving product quality?**
In the case of agricultural and forest commodities, swift, dependable delivery following harvest preserves product quality, not only for fresh produce but to some degree for all products—pulpwood and grain included—from both the agriculture and forestry sectors.
- **Why is “flexibility” important to forestry and agricultural deliveries?**
Trucking inherently enables more flexibility in timing deliveries than rail can, which not only furthers the ability to create value, as noted above, but enables transport scheduling to respond to the weather-related emergencies to which the land-based industries are subject.