

# Shippers fear railcar crunch

By Jackie Franky  
Reuter

WASHINGTON — The United States is heading for another winter of discontent among rail shippers. Freightcar shortages may reach last year's peak of 37,000 unfilled orders per day, according to government and industry officials.

Winter weather, record harvests of corn, soybeans and wheat, plus another year of large agricultural exports will heavily tax the supply of freight cars, an official of the Association of American Railroads (AAR) said.

The railroads also are concerned that with farmers expanding their grain storage, favorable prices could draw large amounts of grain from farms at one time.

"The nation's railroads are now moving all types of freight at record levels," the AAR official said. At the beginning of the month, the number of railcars loaded this year totaled 656.9 million, 3.6 percent higher than last year and the Interstate Commerce Commission (ICC) is predicting a 2.4 percent rise in 1979.

Joel Burns, head of the ICC's bureau of operations, said that there are about 12,200 unfilled orders daily for covered hopper cars, used to ship bulk goods and 5600 unfilled orders for regular boxcars.

Other officials at the agency say the problem will continue for the next five years.

At the same time, railroads have increased their fleets since last year by 8000 covered hoppers and 1000 locomotives. Manufacturers have orders for locomotives for up to one year and are unable to keep up with railroad demands for new freight cars, Burns said.

The problem is primarily a lack of cars, but the solution is not simply to add more. Much of the shipping problem is related to agricultural marketing methods, the AAR official said.

When prices are favorable farmers sell grain and when the price is down the grain is stored. If the peaks and valleys in sales could be evened out, railroads could afford to have an adequate number of cars on hand, he said.

"There were shortages during 1973-74 when grain exports boomed, but during the years 1975-77 railroads had excess cars most of the time," he said.

No grain was spoiled this century due to shipping delays, because it can be stored for nine years, a US Agriculture Department official said. But many farmers stand to lose if the price drops while they are waiting for freight cars.

The AAR believes one solution would be to deregulate the rail-shipping of farm products, a move the ICC is considering.

During periods of peak demand, barges and unregulated trucks are free to raise rates, which encourages shippers to use rails, the AAR official explained. But the rails cannot do the same.

ICC regulations provide only for lowering rates during times of low demand to encourage shipments.

The nation's railroads plan to ask the ICC for an eight percent rate increase on November 1. A recent report by the ICC said: "These increases appear to offer only limited relief to the industry's ills." Inflation and the forecast of a slowdown in business activity offer little hope that rails will reach an adequate revenue level, it said.

Government officials are concerned about the problem, but see their role as mainly monitoring complaints by farmers and grain shippers and to forward these to the ICC.

The commission can levy fines if the slowdowns are caused by violations of its rules. It will also watch weather carefully this winter and will use its embargo authority to keep trains out of areas likely to be tied up during storms.

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