Crunch is on in Freight Car Capacities

Record grain exports to Russia are taxing the already strained capacities of the Nation's railroads.

The entire Soviet purchase amounts to 19 million metric tons—a fourth of all farm exports projected for fiscal '73. It consists of 10.9 million metric tons of wheat, 7.0 million of corn, and 1.1 million of soybeans. The grains are committed for delivery before June 30, 1973.

A high proportion of all soybean and grain exports move to port by rail. And food grains (primarily wheat), feed grains, and soybeans account for roughly three-fourths the volume of all farm products hauled by trains.

Demand for freight space to carry grain and soybeans—seen a fifth higher than in recent years—falls on a greatly reduced freight car supply.

From 1962 to 1970 the number of covered hopper cars and general purpose boxcars suitable for hauling grain plunged from 646,000 to 503,000. The retirement of many old and small boxcars was offset only partially by the addition of modern, high-capacity hopper cars. Consequently, instant capacity of the fleet dropped from 30.8 million to 28.1 million metric tons.

Skepticism

Back in mid-1972 when USDA announced the huge grain sale, skeptics questioned whether railroads could muster sufficient freight car capacity to meet delivery schedules. It's still too early to prove them wrong.

Locating empty rail cars to move grains proved quite difficult several years during the sixties, even when export volumes were well below those anticipated this year. Too, annual economic activity in fiscal '73 is expected to top last year's level, adding to competition for freight car capacity.

The rail lines most affected by the surge in grain and soybean exports are those serving Gulf ports. The Soviets purchased primarily Hard Red Winter wheat. Rail lines from production regions lead most directly to Texas ports. Over the past 2 years, nearly 90 percent of all Hard Red Winter wheat shipments moved through Gulf ports.

Gulf ports also provide the starting point for most U.S. feed grain and wheat exports to the Mediterranean area—gateway to Russia's Black Sea ports. Thus, if the Russians make heavy use of their Black Sea facilities, U.S. Gulf ports—and the trains that serve them—will receive the brunt of increased export levels.

Icebound Ports

During fiscal '72, roughly a third of all Russia-bound feed grains moved through Great Lakes and Canadian (St. Lawrence) ports. These ports, however, usually close from late December to mid-April due to freezing. Though North Atlantic ports may substitute during this period, a shift to these facilities lengthens rail shipments, tying up cars for longer periods.

During July-September 1972, only about 1.5 million metric tons of corn—of the total 19 million-ton purchase—left U.S. ports. Lack of shipping arrangements between the U.S. and USSR was largely to blame. Though an agreement was reached in mid-October, it brought no sudden pickup in exports.

The upshot was to push a larger-than-anticipated export load into the final quarter of '72 and first half of '73—creating a bigger crunch on rail and Gulf port capacities. Wheat shipments are now being expedited so that U.S. ports will clear by the end of May when export subsidy commitments on wheat sales are due to expire.

Congested Elevators

Huge shipments now moving to ports may at times clog train elevators and bottle-neck rail traffic. Experts contend, though, that holding capacity of non-farm country elevators, as well as interior terminal and port elevators, is sufficient to handle projected grain exports—provided rail facilities are adequate to assure prompt pickup and delivery.

(Continued on Page 43)