

# The Economic Impact of America's Freight Railroads

ASSOCIATION OF AMERICAN RAILROADS

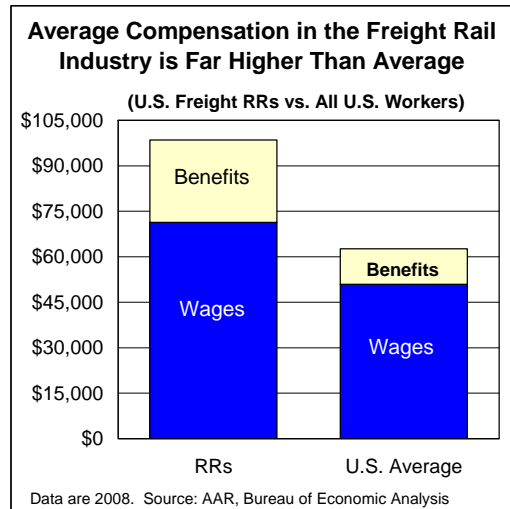
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## Summary

From the food on our tables to the cars we drive to the shoes on our children's feet, **freight railroads carry the things America depends on.** Railroads account for 43 percent of intercity freight volume — more than any other mode of transportation — and provide the **most efficient** and **cost-effective** freight service in the world. Every year, they save American consumers billions of dollars while reducing energy consumption and pollution, lowering greenhouse gas emissions, and cutting highway gridlock. In addition, America's freight railroads generate nearly \$265 billion in total annual economic activity and sustain 1.2 million jobs, including 184,000 in the freight rail industry itself.

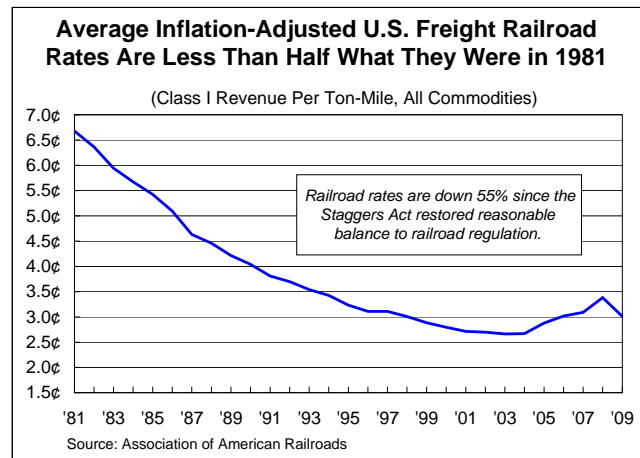
## Freight Railroads Mean More Jobs and a Stronger Economy

- In 2008, America's freight railroads had nearly 184,000 employees, and they were among America's most highly compensated workers. In 2008, the average U.S. freight railroad employee earned wages of \$71,300 and fringe benefits of \$27,200 for **total compensation of \$98,500**. By contrast, the average wage per full time employee in the United States in 2008 was \$50,900 (just 71 percent of the comparable rail figure) and average total compensation was \$62,600 (just 64 percent of the rail figure).
- In addition, railroads sustain more than **1 million additional jobs** at firms that provide goods and services to railroads or that are recipients of spending by the employees of railroads and their suppliers. Every job in day-to-day rail operations sustains another 4.5 jobs elsewhere in the economy.
- According to a U.S. Department of Commerce model of the U.S. economy, America's freight railroads generate nearly **\$265 billion** in total economic activity each year including direct, indirect, and induced effects.
- Rail employees are covered by the Railroad Retirement System, which is **more generous than Social Security**. In fiscal year 2008, some **600,000 beneficiaries** (including retired railroad employees and their survivors) received more than **\$10 billion** in retirement and survivor benefits from the Railroad Retirement System.



## Freight Railroads Save America Money

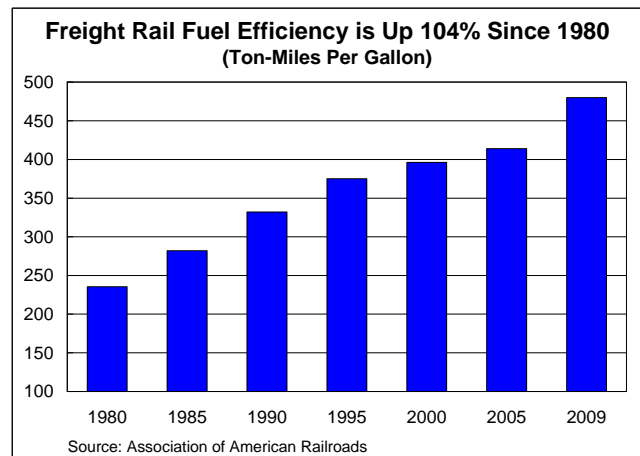
- Average rail rates (measured by inflation-adjusted revenue per ton-mile) were **55 percent lower** in 2009 than in 1981. That means the average rail shipper can move **twice as much freight** today for the **same price** it paid nearly 30 years ago.
- Railroads help their customers control their prices, saving them (and, ultimately, consumers) **billions of dollars** each year, **enhancing the global competitiveness** of U.S. goods, and **improving our standard of living**.
- A few years ago, the American Association of State Highway and Transportation Officials (AASHTO) estimated that if all freight rail traffic were shifted to trucks, rail shippers would have to pay an additional **\$69 billion** per year.



## Freight Railroads Provide Huge Public Benefits

In addition to their role as an economic engine, railroads offer substantial public benefits:

- **Fuel efficiency** – On average, railroads are **four times** more fuel efficient than trucks. In 2009, U.S. railroads moved a ton of freight an average of **480 miles per gallon** of fuel. If 10 percent of the long-distance freight currently moving by truck moved by rail instead, fuel savings would exceed **one billion gallons** per year.
- **Greenhouse gases** – Because greenhouse gas emissions are directly related to fuel consumption, moving freight by rail instead of truck **reduces greenhouse gas emissions by 75 percent**, on average.
- **Highway Congestion** – Highway gridlock costs the U.S. economy **\$87 billion** per year — and that’s just in wasted fuel and time. Lost productivity, cargo delays, and other costs add tens of billions of dollars to this tab. But a train can carry the freight of **280 or more trucks**. That means railroads reduce highway gridlock, the costs of maintaining existing highways, and the pressure to build costly new highways.
- **Pollution** – Moving freight by rail rather than truck significantly reduces emissions, and that means cleaner air for all of us. In March 2008, the EPA issued stringent new locomotive emissions standards that will cut rail emissions by up to 90 percent.



## Freight Railroads Are the Transportation Backbone of America

From one end of the country to the other, the United States is connected by the most **efficient, affordable, and environmentally responsible** freight rail system in the world. Without freight railroads, America's economy simply could not function:

- **Agricultural and Food Products** – Each year, railroads haul 1.7 million carloads of wheat, corn, soybeans, and other agricultural products, plus another 1.5 million carloads of animal feed, beer, birdseed, canned produce, corn syrup, flour, french fries, frozen chickens, sugar, wine, and countless other food products. **If it's on your table or in your pantry, railroads probably had a hand in getting it there.**
- **Chemicals** – The 2 million carloads of chemicals that America's railroads carry in a typical year help clean our water, fertilize our farms, package our food, build our cars and homes, protect our health, and **enhance our well-being** in thousands of other ways.
- **Coal** – Nearly half of America's electricity is produced from coal, and railroads haul 70 percent of America's coal. The electricity produced from rail-delivered coal is enough to **meet the power needs of every home in America.** By helping to keep coal-based electricity affordable, railroads reduce our dependence on imported energy and save us money.
- **Paper and Lumber** – In a typical year, America's freight railroads carry 1.3 million carloads of lumber and paper products — including wood to build our homes, newsprint and magazine paper, and cardboard for packaging. Railroads also haul tens of thousands of carloads of recycled paper each year.
- **Intermodal** – Intermodal service (moving shipping containers and truck trailers on rail cars) transports a huge variety of consumer goods, from electronics and greeting cards to clothing and furniture, as well as industrial and agricultural products. Approximately 60 percent of rail intermodal traffic consists of imports or exports, reflecting the vital role railroads play in international trade.
- **Motor Vehicles** – Each year, railroads deliver millions of new cars and trucks and many of the parts and accessories used to build them.
- Railroads also carry millions of carloads of raw materials and industrial products that are critical to our way of life, including **metallic ores** (such as iron ore and bauxite for aluminum), **steel** and other metal products, **petroleum, crushed** stone and gravel, **cement, scrap metal** for recycling, and much more.

