

December 8, 2007

AAR sees passenger rail plan as threat to freight

A statement by the Association of American Railroads, which is dominated by freight carriers, is harshly critical of a new federal report that AAR said “rests the future of passenger rail on the freight rail system.”

“Piggybacking on privately owned and operated freight railroad assets will give America a third-rate passenger rail system, one that is not attractive to passengers or competitive with automotive and air travel,” said AAR President and CEO Edward R. Hamberger. “It will place limits on the capacity of freight rail operations, creating delays for freight customers, forcing more freight onto our already overcrowded highways, and harming our economic and global competitiveness.” What, in AAR’s opinion, would be a first-rate passenger system? “High speed passenger rail like Europe and Japan, where dedicated high speed passenger rail corridors separate 200-mph passenger trains from 50-mph freight trains,” Hamberger said. But many in the rail industry believe that ultra-high-speed passenger rail systems along the lines of the French TGV or Japanese Shinkansen, while an excellent idea, stand a slim chance of getting built in the U.S. for the foreseeable future. Improving the existing rail network holds much more promise, they say.

The passenger rail report, Hamberger stated, “does not adequately emphasize that fact that freight railroads need more capacity, not less, to help absorb the huge increase in freight traffic predicted by the U.S. Department of Transportation and others. Building capacity to meet the rapidly growing demand for freight rail service is the most significant challenge facing the freight rail industry. While we appreciate the study group’s efforts, we hope that changes will be made that do not hinder the operations of America’s highly-productive, world-class freight rail system. There must be enough capacity for both passenger and freight operations and we look forward to working with Congress and passenger rail advocates to make this a reality.”

The AAR statement responded to a report released Dec. 7 by the Passenger Rail Working Group of the National Surface Transportation Policy and Revenue Study Commission, chaired by U.S. DOT Secretary Mary Peters. The report proposed the investment of \$8.1 billion a year for 45 years (a total of \$357.2 billion) for improvements to the U.S. passenger rail system.

AAR’s statement did not sit very well with several prominent passenger rail advocates, like Capitol Corridor Joint Powers Authority Managing Director Gene Skoropowski, who operates one of the most successful passenger rail services in the U.S.—one in which hundreds of millions in public and private capital have been invested to the mutual benefit of a passenger rail agency and its host freight railroad. When asked by Railway Age to comment on AAR’s statement, the outspoken Skoropowski had this to say:

“I have rarely felt so betrayed and angry in my career. I have spent years trying to build a bridge with the freight railroads. It is apparent that, in spite of the niceties we hear about

‘working together,’ they really never pass up an opportunity to avoid it, and to say so publicly, as if it is a test of manhood or something, like ‘real railroaders cannot tolerate passenger trains,’ or some such drivel.

“We strived for ‘common ground’ with the freight rail industry that also addressed improving passenger mobility, and I believe we have found it. The AAR response, besides being unnecessary—silence would have been better, with a reservation to comment when the full Commission report comes out, if they felt they had to make a statement about the Passenger Rail Working Group Report at this time— undermines all the good working efforts between the freights and the passenger providers. Since AAR speaks for the railroads, it will take an enormous positive outreach effort by the railroads and AAR to gain the trust and support of any of us in the passenger arena.”

“Locally, my relationship with Union Pacific remains positive for the Capitol Corridor service,” Skoropowski added. “I will continue to work with UP for mutual benefits on the part of their railroad over which our Capitol Corridor service operates.”

The passenger rail study is similar in approach to the “National Rail Freight Infrastructure Capacity and Investment Study,” released in September, which identified \$148 billion in public and private capital required to handle growing freight rail capacity needs. Both studies are part of an effort by the National Surface Transportation Policy and Revenue Study Commission to present a comprehensive package of recommendations to Congress.

It is widely believed within many railroad industry circles that the freight railroads’ best mechanism for obtaining public investment capital for capacity enhancement is through cooperative programs with passenger operators. This concept, of which there are many examples (the Capitol Corridor being the best) has been discussed at length for many years at Railway Age’s annual “Passenger Trains on Freight Railroads” conference.