

**Indiana Logistics Summit & 52<sup>nd</sup> Annual Dr. L. L. Waters Transportation  
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**Oil Prices Hit \$75? \$85? \$95? ... Per Barrel – What Does it Mean for the Rail and  
Water Transport Businesses and Their Roles in Logistics/Supply Chain Systems?**

I. What Does it Mean for Rail? – Impacts and Necessary Structural Changes

- Growth in truck-to-rail mode tonnage shifts
  - Long-haul *and* short-haul, in selected markets
  - Intermodal and carload/less-than-trainload multiple carload
  
- Rail infrastructure expansion – removal of network bottlenecks
  - Road and terminal trackage
  - Communication and signal systems
  
- Reduction in road-rail and rail-rail grade crossings
  
- Increased outsourcing of switching and short-haul feeder operations by Class I carriers
  
- Expansion of rail-truck and rail-water intermodal transfer facilities
  
- Construction of dedicated highway access links to intermodal transfer facilities
  
- Expanded population of rail-accessible distribution centers

- Accelerated acquisition of more fuel-efficient motive power
- Improvement in rail service quality
  - Reduction in transit time inconsistency through expansion of scheduled train operation
  - Adoption of information technology for increased precision in shipment tracking and tracing and monitoring of in-transit conditions of temperature-sensitive lading
  - Increased “user friendliness” in rail service transaction processes
- Growth in rail-oriented 3PLs
- Leveling of “playing field” for financing and taxation of rail infrastructure

## II. What Does it Mean for Water? – Impacts and Structural Changes

- Growth in super containership fleets will provide ocean line-haul cost economies to moderate if not offset increased bunkering costs in liner container service markets
- Expansion of container port capacity
  - Water-side, including harbor and berth depth
  - Shore-side, including number of berths, capacity/reach of cranes, and container movement, staging, and storage areas
- On-dock ship-to-rail transfer of containers
- Construction of grade-separated rail and dedicated truck road links to ports

- Renewal/replacement of aged and obsolete inland waterway infrastructure components

### III. Implications for Shippers, Consignees, and Distribution Center Operators in Indiana

- Think beyond the conventional “truck only” perspective
  - In carrier selection decisions for inbound and outbound movements from facilities
  - In the location and design of new shipping, receiving, and trans-loading facilities

### IV. Implications for State Government in Indiana: Broaden the plan, “Major Moves: Creating a Top-Tier Economy Through Top-Tier Transportation,” to accomplish:

- Improved road access to truck-rail intermodal terminals
- Elimination of high traffic volume road-rail grade crossings
- Public-private sector partnerships for rail infrastructure improvement
- Coordination with complementary rail infrastructure improvement initiatives in adjacent states, e.g., the CREATE project in the Chicago area