tl;dr – Rail Reciprocal-Switching Mandates
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Ian Adams

Background… Since taking office, the Biden administration has moved aggressively to use enforcement actions and rulemakings—many of them outlined in the administration's July 2021 executive order—ostensibly as a means to promote market competition. Among the targets of this approach has been the freight-rail sector. The administration advocates for mandated reciprocal switching, a form of compelled network interoperability, on grounds that it would improve the rail industry's competitive environment.

The Biden EO called on the Surface Transportation Board (STB) to "strengthen regulations pertaining to reciprocal switching agreements," which the board is expected to do in early 2022. The regulations would be based on a six-year-old notice of proposed rulemaking (NPRM), which was, in turn, based on far older data.

But… Concerns about competition in the freight-rail industry, and particularly about consolidation among Class I railroads, have been both overblown and misdirected, driving officials to seek counterproductive regulatory remedies. A reciprocal-switching mandate would render rail networks both less efficient and less resilient, as it would undermine firms' ability to schedule their operations precisely.

Such a mandate would be particularly counterproductive in the midst of the ongoing supply-chain crisis. Over the longer term, a switching mandate would undermine the very incentives that have yielded enormous private investment in the development and ongoing maintenance of rail infrastructure.

Read the full explainer here.

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