

# The Onshoring/Reshoring Phenomenon And The Future Of Railroading In The U.S.

*Driving sourcing and manufacturing out of Asia and relocating it to the United States and neighboring countries will make freight transportation more efficient.*

MT. LAUREL, NJ, UNITED STATES, October 2, 2024 /EINPresswire.com/ -- In a recent survey on manufacturing trends, from Boston Consulting Group

<https://www.bcg.com/publications/2023/harnessing-tectonic-global-shift-in-manufacturing>), it was

reported that, "More than 90% of respondents said that they had relocated production or some of their supply base as a backlash towards globalization."

This sourcing backlash started as a reaction to supply chain inconsistencies experienced during the pandemic. Called "onshoring" or "reshoring", this concept is very much a dynamic initiative today

continuing to drive sourcing and manufacturing out of Asia and relocating it to the United States, North America and nearby neighboring countries. According to the U.S. Department of Commerce, recently, Mexico has become the leading U.S. trading partner, overtaking China.

Today, onshoring and reshoring continues to grow and flourish because companies believe that by manufacturing closer to customers, companies will have better control over production and logistics, experience a shortened delivery timeline, receive significant cost reductions including reduced transportation costs, and other benefits.

Brian Gorton, President and Chief Operating Officer of Conrail Corporation, the nation's largest rail terminal and switching service provider, says, "The phenomenon of relocating manufacturing from Asia to North America will lead to a paradigm shift in logistics and in railroading, in particular. It will cause managers to completely reexamine their transportation strategies, starting from mile zero, and consider some new alternatives such as rail freight for all of its advantages."

In theory, this new phenomenon should provide railroads with a bountiful growth opportunity resulting from their perceived proximity to the onshoring/reshoring ecosystem and its



Brian Gorton, President & COO Conrail Corporation



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customers, such as heavy equipment, food, chemicals, wood, automobiles and other categories. However, Gorton cautions that growth will not necessarily be automatic. He advises that the railroad industry will need to evolve, and quickly, in three key areas in order to maximize this onshoring/reshoring opportunity:

#### 1) Infrastructure

The passage of the Infrastructure Bill in Congress is a good step in the right direction, yet its benefit is mostly designed to shore up and modernize existing infrastructure. To accommodate the onshoring/reshoring phenomenon, plans need to be quickly conceived, funded and produced to support new infrastructure designed to more efficiently

bring rail accessibility and efficiency to the latest onshoring/reshoring manufacturing and supply centers. New track, new terminals and expanded back-office support will be needed.

#### 2) Service Quality

Timeliness is often used as a definition of railroad quality. However, when compared to other modes of transportation, railroads often lag behind in delivery speed and reliability. A focus on new operational strategies will need to be developed to improve service quality, satisfy supply chain distribution expectations and compete more effectively with other options.

#### 3) Technology

The rail industry, as a whole, needs to incorporate technology into its systems and operations as soon as possible. Competing against the technology in Asia that potential new rail customers recently left, they will continue to expect at least a similar level of technology for monitoring shipments, implementing AI intuition, aiding supply chain management, enhancing reporting of results and activities, and other uses.

The onshoring/reshoring phenomenon does offer great potential not only to grow rail business in the short term, but also to strengthen the rail industry as a whole, transforming and modernizing it for the future.

Said Gorton, “As we start to appreciate the growth potential the onshoring/reshoring phenomenon can deliver, the industry will do well to invest in its evolution. It is an exceptional opportunity to grow and profit, as well as to capture market share from other modes of freight transportation.”

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#### ABOUT CONRAIL CORPORATION

Founded in 1976, Conrail is a premier terminal and switching service provider, operating about 1,200 miles of track for its owners CSX Transportation and Norfolk Southern. The company

provides safe and efficient rail service to local freight customers in the areas of Detroit, New Jersey and Philadelphia. Operating in shared asset areas, Conrail connects customers to the national rail network through CSX and NS. Guided by the core values of Safety, Service, Value and Leadership, Conrail remains committed to providing excellent rail services. For more information, visit <https://conrail.com>.

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