

Union Pacific launches Mexico-Southeast service to meet growing demand



North American railroads are trying to convert freight between Mexico and the US Southeast to intermodal, targeting business that has traditionally used long-haul trucking. Photo credit: Paul Briden / Shutterstock.com.

Ari Ashe, Senior Editor | Oct 4, 2023, 3:52 PM EDT

Union Pacific Railroad launched a new domestic intermodal service this week connecting two markets in Mexico with the US Southeast, a service that will connect multiple railroads on a rail route that has never existed before.

Mexico-based Ferromex will haul domestic containers to Eagle Pass, Texas, where UP will take control of the cargo until Memphis, which

will then be trucked to one of the eastern US railroads for delivery to the US Southeast.

Norfolk Southern Railway will handle most of the service to the Southeast. CSX will serve Jacksonville and Winter Haven, Florida, but otherwise NS will be the primary feeder. NS partner Florida East Coast Railway will handle destinations between Jacksonville and Miami.

There is now strong demand for intermodal service on the route as automakers have opened plants in the Southeastern US. More than a dozen car companies have operations in Alabama, the Carolinas, Georgia and Tennessee, and several of them also have factories in Mexico. Other non-automotive shippers of food and beverages and household appliances also have distribution centers in the Southeast and factories in Mexico.

“I spent time in Mexico earlier this year and what I can tell you is that to a person, every customer that I talked to [said], ‘I need more intermodal capacity and I want access to the Southeast,’” Pat Linden, UP’s assistant vice president of intermodal, told the *Journal of Commerce* Wednesday. “We feel really good about what we’re able to offer to go after truck traffic.”

The Ferromex-UP-NS partnership is not surprising after Canadian Pacific Kansas City announced a joint service with CSX in the same corridor, to be launched in the second half of next year.

While transit times are still in flux, UP believes service will take seven to eight days to Atlanta and an additional one or two days to Charlotte and South Florida. CPKC-CSX have not announced transit times for their service.

One advantage of the Ferromex-UP-NS option is better access to capacity for non-asset-based intermodal providers. Top non-asset providers, such as Uber Freight and Mode Transportation, can provide service on the route using rail-owned EMP and UMAX containers. There are far fewer options for non-asset providers on the CPKC-CSX service.

“We have a large rail container fleet with both eastern railroads, we have private [container providers] that now have access between Mexico and the Southeast, bringing a tremendous amount of capacity to what is a heavy truck corridor today,” Linden said.

For shippers who use asset-owning intermodal providers, the options are relatively equal between the two services. Hub Group will likely provide container capacity on the Ferromex-UP-NS service, while Schneider National will offer capacity on the CPKC-CSX service.

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