



**Remarks of
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I am very pleased to be here today on behalf of President Bush and Secretary Mineta to talk with you about the importance of our transportation system to the Nation's economy, and the role that our waterways play in a balanced, efficient intermodal system. I also want to share with you some information about activities underway at the Department of Transportation that will help us ensure that we have the infrastructure necessary to handle the substantial increase in the volume of freight and goods movement that we expect to see over the next two decades. And I particularly want to highlight those initiatives that will help improve the efficiency and safety of the marine transportation system and integrate the use of our Nation's waterways into a more effective, more efficient, more intermodal system.

Transportation's Role in our Economy

Transportation is essential to America's security, to our economic prosperity, and to our quality of life. Our surface transportation system has supported America's economic performance throughout our history and has been a linchpin in the evolution of world trade.

The various modes of transportation carry over \$9 trillion worth of freight and goods annually, and that figure is expected to more than triple – in value terms – by the year 2020. Our ports and inland waterways play a critical role in moving those goods today, and in the future could well be expected to take on an even larger share of the load as congestion worsens on our roads and rail lines. In a study entitled *Trade and Transportation: A Study of North American Port and Intermodal Systems* released this past March, the U.S. Chamber of Commerce highlighted the link between transportation and economic growth by stating the following:

“Trade is critical to the global economy. But trade flourishes only if there is an efficient transportation system relying on a combination of modes: an ‘intermodal system’ that delivers cargo on time and at low cost. If the U.S. intermodal freight transportation system is allowed to fail, the impact on the nation’s economic future will be severe.”

That’s a point that needs no explanation to this audience.

Our job at the Department of Transportation is to ensure that we provide the transportation infrastructure needed to support the U.S. economy, and we have worked hard to develop safer, simpler and smarter transportation solutions. The challenge we face at the Department is to ensure that we make the most efficient use of all modes of transportation by integrating them into a seamless system that serves the needs of every sector of our economy.

SAFETEA

To help accomplish this goal, the Bush Administration has taken a number of steps to enhance the connectivity of our marine transportation system to our other modes, especially for freight and goods movement. Most importantly, our proposal to reauthorize the Nation’s highway, highway safety, and transit programs, sent to Congress last May, includes bold new proposals to facilitate the movement of freight and goods, in part by increasing marine access to our surface modes in order to foster more efficient intermodal connections.

As I’m sure you know, our surface transportation reauthorization proposal is called the Safe Accountable Flexible and Efficient Transportation Equity Act of 2003 – or SAFETEA. The bill would expand the capacity and efficiency of the nation’s freight system by establishing a new Freight Transportation Gateway Program. The purpose of the Freight Gateways program is to increase investments in intermodal connections at major freight transportation hubs around the country and to ensure that freight requirements are fully considered during the regional transportation planning process.

One provision in our SAFETEA proposal would dedicate a portion of National Highway System (NHS) funds to intermodal connectors between the highway system and freight facilities, such as ports and freight terminals. This one provision will help to ensure that the critical “last mile” before major freight transfer facilities is properly maintained and will not be a chokepoint. In the past, we have seen too many instances where the roads that link ports to the mainline Interstate Highways are incapable of moving the volumes of freight that they are currently being expected to handle efficiently and safely.

The SAFETEA bill would also allow private freight rail projects to qualify for credit assistance under the Transportation Infrastructure Finance and Innovation Act – or TIFIA – a program created under TEA-21 to provide incentives for more private sector participation in our transportation system. To broaden the availability of this important program, we would also lower the minimum eligible cost TIFIA projects from \$100

million to \$50 million. Finally, we would expand the availability of tax-exempt private activity bonds to include highway projects and freight transfer facilities for the first time so that more private financing is made available for these projects.

In order to help ensure that states fully consider freight and goods movement needs in their planning, we would require that each state establish a freight transportation coordinator position. Each coordinator would be responsible for fostering public and private collaboration in developing regional solutions to address freight transportation challenges, and by working closely with coordinators from other states and our Department, would begin to address our freight and goods movement needs in a much more comprehensive way throughout the country.

Unfortunately, we are now just five days away from the expiration of TEA-21, the existing surface transportation infrastructure authorization legislation, and yet Congress has not yet enacted its successor. Secretary Mineta has repeatedly called on Congress to live up to its responsibility by passing a six-year reauthorization bill to ensure that state and local officials and private companies throughout the transportation sector can plan for the future and we can put our new Freight Gateways initiative into place and start reaping its benefits.

Let there be no doubt – failure to pass a six-year reauthorization—and that failure appears to be a foregone conclusion—will have substantial costs. According to the American Association of State Highway and Transportation Officials (AASHTO), any delay in passage of a full six-year reauthorization bill will serve to compound state budget problems and result in delayed construction projects, added construction costs, and lost jobs.

This is a cost that all Americans will share, whether or not we are directly involved in the Nation's surface transportation programs. Unless SAFETEA is enacted soon, with the provisions I have outlined here today, it will be much more difficult for us to create the kind of seamless, efficient freight transportation system that America needs to support our future prosperity.

Marine Transportation System (MTS)

Let me spend a few moments talking more specifically about what we have been doing to promote a more efficient marine transportation system.

SEA-21

We are exploring some new ideas about the MTS—ideas that would enhance the effectiveness of our ports and inland waterways and help us to move freight and goods more quickly throughout the system. In that regard, we are working with other government agencies and our private sector partners to review current policy and discuss how we might go about modernizing our system to ensure that it has the wherewithal to meet future demands. These concepts, which might well be incorporated into a “SEA-21” package, are currently being explored both internally, within DOT, as well as by the

Interagency Committee on the Marine Transportation System, or ICMTS. The ICMTS consists of numerous federal agencies with marine transportation responsibilities – the Army Corps of Engineers, NOAA, Coast Guard, the Transportation Security Administration, EPA, the Agriculture Department—as well as DOT.

Many of you are undoubtedly aware of MTSNAC—the Marine Transportation System National Advisory Council, made up of industry members, state and local government agencies, port authorities, and labor representatives. MTSNAC met recently, and we expect it to send the Department their own thoughts about what a SEA-21 package might look like. Indeed, several of you in the audience today are members of that committee or its subcommittees, and we thank you for your hard work in that regard. MTSNAC provides invaluable advice and support to the Department’s leadership.

Working together, we have identified a number of key issues for further analysis and possible new initiatives. These range from exploring ways to enhance coordination among federal agencies, to methods designed to better utilize trust fund or other MTS resources. Regardless of the form such solutions might take, we are well aware of the critical needs facing our marine transportation system, and we know those needs must be addressed. Secretary Mineta has indicated to me on several occasions that he would like to do whatever we can to make the MTS a more robust element of America’s transportation system, and with Capt. Bill Schubert and your help, we are doing our best to help him realize that vision.

Short Sea Shipping

One specific area being explored by the Department advocated by Bill is the increased use of “short sea” or coastal shipping. Short Sea Shipping aims to take freight off already congested highways and use coastal shipping lanes to provide another alternative for shippers to consider. This concept has the potential to alleviate congestion at critical choke points and to expand the overall capacity of our transportation system. In addition to providing additional capacity within the U.S., short sea shipping can also enhance links to our North and South American trading partners. Short sea shipping is already a growth industry in Europe and has the potential to become part of an integrated, intermodal solution to our won growing freight congestion challenges. It is a solution that needs to be fully explored.

A Lot of Other Things

Heartland Intermodal Partnership

For example, we have formed a regional partnership to create a forum where federal, state, local, and business interests can promote transportation alternatives related to freight movement through the heartland of America called the A.I.P. It draws on representatives from ports and navigable waterways of the Great Lakes. The Mississippi River and its tributaries, and the Gulf of Mexico, and is already making important contributions by highlighting the needs of this region’s ports and inland waterways and improving coordination among the various parties involved in managing these resources.

Conclusion

In sum, a more intermodal approach can help us to provide the most effective transportation infrastructure while increasing throughput and improving connectivity. Although much has been done to date, the promise of intermodalism remains largely unfulfilled and will continue to be a goal that Secretary Mineta and everyone at the Department of Transportation aggressively pursues.

As demands on our transportation system continues to increase, the Department will be asked to facilitate projects that enhance intermodal efficiencies for both passenger and freight movement. Private sector involvement and leadership has been, and will continue to be, essential, but the federal government must also play a key role. ISTEA and TEA-21 provided a solid foundation for improving intermodalism and developing public/private partnerships to tackle complex transportation challenges. With SAFETEA, SEA-21, and the other MTS initiatives I have outlined, we will continue to build on this tradition.