



**Remarks of  
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I am very pleased to be here today representing President Bush and Secretary Mineta. I want to offer some thoughts about the importance of the transportation system to the Nation's economy and the role that ports and 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 ensure that we have the infrastructure necessary to handle the substantial increase in the volume of freight and goods movement through our transportation system that we expect over the next two decades. I particularly want to highlight those initiatives that will help improve the efficiency, safety, and security 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**

The Nation's ports and inland waterways are a critical element of our transportation system, and will play an increasingly important role in the years ahead. In 1998, the U.S. transportation system carried nearly 4 trillion ton-miles of freight valued at over \$9 trillion. By the year 2020, forecasts predict that the system will handle cargo valued at over \$28 trillion, of which \$24 trillion will be domestic movements and over \$4 trillion will pass through our Nation's gateways.

California's port gateways and the cargo they handle support industrial, retail and agricultural sectors throughout the United States. They also support thousands of jobs and help make California's economy larger than that of most countries. The huge volume of high-value cargo that moves through California includes a significant portion of the Nation's imported consumer goods and high technology products. Make no mistake: our ability to move cargo efficiently through the ports of this State is critical to America's overall economic vitality.

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. . . . [I]f the U.S. intermodal freight transportation system is allowed to fail, the impact on the nation’s economic future will be severe.”

### **Importance of the U.S. Marine Transportation System**

As Secretary Mineta noted during recent testimony before the House Transportation and Infrastructure Committee’s Water Resources Subcommittee, the waterway system in the United States was our Nation’s first interstate transportation system and continues to serve a vital role in ensuring the efficient movement of both freight and people. The U.S. maritime transportation system, consisting of waterways, ports, and their intermodal connections, vessels, vehicles, and system users, makes significant contributions to the U.S. economy that unfortunately are often overlooked.

Americans no longer fully appreciate that we remain a maritime nation, or that much of the clothing they wear, the food they eat and other products they buy are delivered to them via maritime transportation links. The temporary shutdown of the West Coast ports during 2002 was a stark reminder of the importance of port and maritime infrastructure to the Nation’s economy and to our ability to keep the just-in-time techniques our manufacturers have come to rely on running smoothly.

Our job at the Department of Transportation is to ensure that we use our programs to provide the infrastructure needed to support the U.S. economy and allow the marine transportation system to flourish. The challenge we face at the Department is to ensure that we make the most efficient use of the resources available to us in all modes of transportation. We are working to integrate them into a seamless system that serves the needs of all sectors of our economy.

### **SAFETEA**

To help accomplish this goal, the Bush Administration has taken a number of steps to connect the marine transportation system to our other modes, making transportation planning more coherent, especially in terms of freight and goods movement. Our proposal to reauthorize the Nation’s highway, highway safety and transit programs, released last May, includes bold new proposals to facilitate the movement of freight and goods through the transportation system, in part by increasing marine access to our surface modes in order to foster a seamless, intermodal system.

The proposals contained in the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2003 – or SAFETEA – 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.

More specifically, our SAFETEA proposal would dedicate a portion of National Highway System funds to intermodal connectors between the highway system and freight facilities, such as ports and freight terminals. This provision will help to ensure that the critical “last mile” before major freight transfer facilities is properly maintained and doesn’t become a chokepoint. In the past, we have seen too many instances in which the roads that link ports to mainline Interstate Highways are inadequate to move the volumes of freight that they are expected to handle efficiently and safely.

We would also allow private freight rail projects to qualify for credit assistance under the Transportation Infrastructure Finance and Innovation Act – 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 cost for eligible TIFIA projects from \$100 million to \$50 million. Finally, we would expand the availability of tax-exempt private activity bonds to highway projects and freight transfer facilities for the first time so that more private financing is made available for these projects.

Here in California, you have a strong appreciation for the need to have flexible federal financing programs in place that facilitate the development of major projects of national significance. The Alameda Corridor project was a clear example of how creative thinking and strong local leadership can result in infrastructure improvements whose benefits reach far beyond one particular region. That project has helped to unleash the true potential of the Ports of Los Angeles and Long Beach, and has substantially improved the movement of freight through the largest port complex in the United States.

In order to ensure that states fully consider freight requirements in their transportation 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. By working closely with counterparts in other states and our Department, these coordinations would begin to address our freight and goods movement needs in a much more comprehensive way throughout the country.

TEA-21 -- our existing surface transportation infrastructure authorization legislation – was scheduled to expire today. Unfortunately, instead of enacting a successor bill, Congress has been able to do no more than extend TEA-21 for five months. 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 are able to plan for the future, and so that we can put our new Freight Gateways initiative into place and start reaping its benefits.

Let there be no doubt: the delay in enacting a new six-year reauthorization 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 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.

### **Other DOT Initiatives**

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, and 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. It provides invaluable advice and support to the Department's leadership. 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 contributions.

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. There are no stronger advocates for our maritime sector than our Maritime Administrator, Captain Bill Schubert and, of course, Secretary Mineta. The Secretary has indicated to me on several occasions that he wants to do whatever we can to make the MTS a more robust element of America's transportation system, and with your help, we are doing our best to help him realize that vision.

### Short Sea Shipping

One specific area being explored by the Department – and a development that Bill Schubert has been advocating with particular energy -- 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. The 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 own growing freight congestion challenges. It is a solution that needs to be fully explored.

### **DOT's Role in Security**

As we discuss the substantial contribution that the transportation sector makes to our Nation's economic growth, it is also important to remember our responsibilities for improving transportation security. The horrible crime perpetrated on America on September 11<sup>th</sup> crystallized for all of us the importance of enhancing security across our transportation system, and while we have accomplished a great deal since that day, much more can be done.

Much of the focus since September 11<sup>th</sup> has been on aviation security, and rightfully so. But the Department has also been doing a great deal of work with our DHS counterparts in assessing the vulnerabilities and improving the security in our other modes of transportation. For example, the Maritime Administration has worked closely with the Coast Guard and TSA to evaluate security at our Nation's ports and to disseminate two rounds of port security grants, facilitating \$262 million in security upgrades as a result.

I have also witnessed first hand one of the best examples of interagency cooperation in the Operation Safe Commerce program. I have had the pleasure of serving, along with the Deputy Commissioner of Customs Doug Browning, as co-chairman of the Executive Steering Committee that oversees the OSC program. Fifty-eight million dollars in Operation Safe Commerce grants are being awarded to the three participating load center ports – LA/Long Beach, Seattle/Tacoma, and New York/New Jersey. Through these grants we are creating an essential test bed for new technologies designed to provide greater security for freight containers as they move on intermodal journeys through global commerce. Working closely with other federal agencies, these efforts are designed to create a comprehensive system of measures that will provide far greater security across the entire international supply chain than anything we have known before.

OSC is an innovative public-private partnership dedicated to enhancing security throughout international and domestic supply chains while facilitating the efficient movement of legitimate commerce, and I am very proud to be a part of that program.

### **Conclusion**

Let me just sum up by saying that 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. It is a goal that Secretary Mineta and everyone at the Department of Transportation will continue to pursue aggressively.

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.

Many thanks for allowing me to share these thoughts with you today.