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REMARKS PREPARED FOR DELIVERY BY U.S. SECRETARY OF TRANSPORTATION
NEIL GOLDSCHMIDT TO THE AMERICAN CHAMBER OF COMMERCE, PANAMA CITY,
PANAMA, JANUARY 10, 1980

I am pleased to be here and honored by the opportunity to represent President Carter on this occasion, marking the 100th anniversary of the beginning of construction of the Panama Canal.

I bring you greetings from the President, and his congratulations--along with my own--on the success of this organization. With nearly 100 U.S. companies now members, you represent the new American presence in Panama, helping the Panamanian firms develop their exports and benefiting both the economy of this country and our own.

In the long and sometimes troubled history of our two countries, we have had our differences. But the ratification of the Canal Treaties in 1978 has served to secure the future of the Canal, and the peaceful transition of authority last October from the United States to Panama has led to friendlier relations between our governments.

The gracious acts of President Royo and General Torrijos in extending the hospitality of Panama to the Shah--acts that President Carter called "humanitarian and statesmanlike"--exemplify the new era of good will between our countries. The success of U.S. and Panamanian business ventures has contributed to that growing bond of friendship which in turn has produced the stable business climate that today encourages U.S. investment and Panamanian participation.

On this, its centennial, the Panama Canal has more than justified the vision of its first architect, the French builder Ferdinand DeLesseps, who conceived of a waterway "for the benefit of all mankind." It is that, and more.

In 1978, close to 13,000 ships passed through Panama Canal locks --vessels representing virtually every maritime nation on the globe. Nearly five percent of all the world's trade crosses the 50-mile channel cut across this Isthmus.

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Despite the increase in super-size tankers, and other ships too large to navigate the Canal, traffic has increased in recent years --going from 117 million tons in 1976 to nearly 143 million tons in 1978, almost equaling the records set in the Viet Nam war years.

While world conditions are much different than when the Canal was conceived, and transportation economics have changed dramatically since it was built, the Panama Canal is still a good bargain for shippers today and a valuable transportation asset for the future. An efficiently and economically operated Canal should continue to attract its historic share of world ocean trade for many years to come.

There are five good reasons for confidence in the future of the Panama Canal.

First, while there is some surplus tanker capacity today, most of that surplus is in the super tankers which exceed the dimensions of this Canal. The growing activity in "spot market" trading for world oil has actually boosted the demand for the class of tanker able to move through the Canal, and the time and distance saved help offset their higher unit costs.

Second, the Canal has become part of the channel for Alaskan North Slope crude oil flowing from West to East Coast ports. During fiscal '78 an average of 317,000 barrels of oil a day moved through the Panama Canal, for a total of 28 million tons, making crude oil and petroleum products the leading commodity in Canal shipments. In the future, pipeline competition may cut into this traffic somewhat, if one of the Northern U.S. or Canadian pipelines now proposed is built. Increases in grain shipments, however, are expected to make up for any losses in oil traffic after 1983.

Third, American farmers have a vital interest in the Panama Canal as a low-cost water route for grain shipments to Asia. U.S. farm exports tripled during the 70's. Ten years ago the yield from one of every five farm acres was exported; today, that figure is one out of every three acres. The recent halting of additional grain sales to the Soviet Union, in protest of that country's aggression in Afghanistan, may reduce grain traffic through the Canal temporarily, but the People's Republic of China and other Eastern countries represent growing markets for U.S. food exports--many of which can be moved most economically through the Canal from Gulf Ports.

Fourth, the volume of world trade is increasing. American export tonnage, for example, doubled between 1960 and 1977. The recent national transportation policy study forecasts a 70 percent growth in U.S. exports over the next 25 years.

Fifth, without the Panama Canal additional rail, highway and pipeline capacity would be needed in the United States to move goods from one coast to the other. Those costs, in many cases, would be higher and rail and truck transportation, in general, are less fuel-efficient than water transportation.

This last point, I believe, is especially important. Energy is and will continue to be the dominant factor in transportation planning and in transportation decisions. Today's competitors for Canal traffic--the Western railroads that move goods from the Eastern or Gulf coasts to West coast ports, the containerized cargo bound for Asia by container ships out of Seattle, and air freight from U.S. airports to any point on the globe--offer only speed, not cost benefits.

The air cargo industry, for example, is expanding as a result of domestic deregulation and our efforts to increase international competition, but the sharply rising costs of jet fuel make air transportation a poor competitor for most of the products and commodities normally carried by ship.

By the same token, to the extent that Canal tolls and ocean transport cost increases can be held below land transport cost increases, the Canal will remain competitive with those modes.

We are, therefore, very interested as a government in the continuing efficiency of the Panama Canal. Beyond that, I am concerned that we have not done enough in recent years to improve the transportation links between our land systems and our port facilities.

We have, for example, an excellent highway system--but the super-slabs are seldom constructed so that truckers can haul their cargoes directly to dockside.

We have 200,000 miles of railroads, but there are not always enough freight cars--or adequate unloading facilities--to speed the transfer of coal or grain or fertilizer from rail to ship.

We have experienced a mini-revolution in maritime technologies in recent years--in containerization, roll on/roll off handling techniques, new super ports and computerized vessel traffic control systems--but we have been less successful in linking all the pieces together. This non-integration--the non-convergence of our land-side and port-side systems--is not crippling our maritime trade, but it does diminish shipper incentive to use the low-cost, fuel-efficient water transportation services that are available.

To correct that situation I recently announced two new initiatives designed to solve marine transportation problems and contribute to the strengthening of our nation's economy in the 80's.

First, I have directed that all regional transportation planning in the country must include a component which addresses goods movement and specifically the link between rail and highways, particularly in port communities. Typically, regional transportation planning looks only at the movement of people. Our concern for the economy requires that we enlarge our vision to include the movement of goods, so that we eliminate bottlenecks, assure future capacity and identify opportunities for efficiency improvements.

Second, with the Department of Commerce we are initiating a cooperative study of land-side transportation service at port cities. Working in concert with the maritime administration and the economic development administration, as well as the port authorities, we are conducting an analysis that will tell us what we can do to make sure that this nation's ports have the transportation system they will need to accomplish their international trade mission.

You are important to that mission, because this Canal is a part of that system. Traditionally, 70 percent of all Panama Canal traffic originates or terminates in the United States. The Canal remains an important component of our overall national transportation policy.

In developing and carrying out all aspects of that policy, we face many difficult challenges. At the beginning of a new decade, we find ourselves in the twilight of the oil age but not yet in the sunlight of a new energy age. If we are to emerge from the night of transition with our economy intact and our independence unimpaired we must bend every effort to conserve the resources at hand and make full use of those transportation systems that serve us most efficiently.

To that end I am committed to better public transit systems for our cities, more efficient cars for our highways, less regulation for our trucks and railroads and--in water transportation--greater use of marine commerce.

The goals are not easy. No transportation challenge ever is.

The Panama Canal is testimony to that.

Nearly 450 years ago Balboa stood on a hill in this land, the Atlantic to his back, the Pacific a new ocean before him, and speculated on the value of a strait of water connecting the two.

It took 400 years to achieve that goal--a dream driven almost entirely by the incentives of commercial enterprise.

Now, with the first shovelful of earth turned in the quest of that venture a hundred years behind us, and the Canal itself a reality for 65 years, we can say--with the confidence of experience--it was worth all the effort and all the expense and all the sacrifice. The Panama Canal--this "Big Ditch"--is the product of the greatest attempt ever made to alter the physical face of the world we live in. It also has done more for world commerce than any other transportation project in the Western Hemisphere.

So, let us also say, with the confidence of our traditions and with faith in the future, that we will develop the more efficient machines, devise the necessary technologies and pursue the new energy sources that will assure our ability to transport ourselves and our products, in the 21st century. That has been the pattern of our past and it is our only course for the future.

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