



Office of the Assistant Secretary for Public Affairs Washington, D.C. 20590

ADVANCE PRESS COPY

Contact: Catherine Bedell

Tele.: (202) 366-4531

REMARKS PREPARED FOR DELIVERY BY DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO PACIFIC COAST ASSOCIATION OF PORT AUTHORITIES REDWOOD CITY, CALIFORNIA AUGUST 9, 1989

Good afternoon, ladies and gentlemen, and thank you for inviting me to be with you here in the beautiful Bay Area. It is good to be back among my friends in the public ports industry on the Pacific Coast.

Through my years at MARAD and the FMC, I am very much aware of the many contributions of your member ports to the maritime industry and the economy of the United States and Canada. So, it's a special privilege to be able to speak to you today.

I believe exploring the themes you are addressing this week presents an opportunity to find creative solutions to common problems, as well as to strengthen your industry.

The coming 100 years have been dubbed "the century of Asia," and "the Pacific century" by an America that now does more trade in the region than with Western Europe. It must be clear to all that this region, as the gateway to the Pacific, is destined to grow into a major center for the development of the U.S. and world economy.

Old attitudes are changing. Trade doors are opening. Restrictions are easing. The profit potential is great -- but the competition is even greater. Asia's emergence as a center of global economic growth has made the entire Pacific rim a hotbed of new and expanding challenges and opportunities.

For its neighbors, and businessmen around the world, the question becomes: how does one take advantage of this explosion of economic growth and activity?

First of all, I believe, a global perspective is needed. This global awareness has always been a greater challenge for many U.S. companies than for their European and Asian counterparts, but the basic truths are the same. Global competition is the

key to economic survival. American companies must compete in today's marketplace by continually improving production and operating efficiencies and quality of service.

This is particularly true for our ports -- since more than 95 percent of U.S. overseas merchandise trade by volume and approximately 70 percent by value move in deepdraft oceangoing vessels. Consequently, the successful conduct of U.S. foreign waterborne commerce is vitally dependent on the services and facilities provided at U.S. seaports.

This afternoon, I want to discuss some initiatives to create a better business environment in which public ports can compete in this emerging market and further improve their service to the shipping public.

Over the past ten years, deregulation of our transportation system has become a powerful driving force for progress in our nation's economy. Thanks to deregulation of air, rail, truck and water, ocean carriers are offering international shippers efficient and cost effective services, particularly to and from the Pacific Rim. You, as gateway ports, are the essential links in building this integrated transportation network.

Shippers are favoring one-stop shopping, as opposed to separate transactions with several carriers for the coordinated transportation and distribution of their cargo. From a policy standpoint, the Administration also is pushing for a unified approach --- one which provides maximum flexibility within the marketplace and minimizes bureaucratic regulations.

Our task -- mine and yours -- is to work together to make sure these changes are institutionalized, so that the American economy can operate at its full potential. We in the government should do everything we can to promote America's ability to compete, and as key members of the transportation sector, you share a responsibility to hone your competitive edge.

In order to maintain and increase competitiveness, a renewed emphasis on productivity is essential. Every year the pressure on America's leading ports mounts as increasing demand for just-in-time, door-to-door transportation service forces them -- forces <u>you</u> -- to face imposing new challenges: to improve productivity, to upgrade electronic information systems, and to build the frighteningly expensive high-tech transport facilities that intermodalism requires.

It was a growing awareness of the commercial imperatives that new technologies create for the nation's ports -- and for the rest of the maritime community -- that originally led the Federal Maritime Commission, which I chaired, to propose an Automatic Tariff-Filing and Information System -- ATFI. And those same imperatives were the reason that I spent so much of my time as FMC Chairman working to keep remote retrieval capabilities included in the ATFI package. These days, maximum access to vital commercial information is the key to port productivity -- to all maritime productivity -- and remote retrieval meant direct, instant access.

By the way, I understand that ATFI remains on track and that the Commission intends to select a contractor this month. It's a project I'm proud to see coming to fruition.

Important as technology is to our competitiveness, the most important element in any service industry is the worker. The core of the competitiveness challenge is maximizing the effectiveness of the human element in modern transportation. In spite of many investments in advanced technologies, it still comes down to the fact that it is people who determine how well things will work.

The National Research Council completed a study in 1986 and found that while U.S. marine terminals, in general, are employing state of the art technology, they lag behind the productivity levels of many of their foreign counterparts. The study noted that communications between labor and management should not be limited to collective bargaining. It recommended that labor should have a more active role with management in promoting improved terminal productivity.

In short, what is needed to boost U.S. productivity is better management, better labor, and better labor management relations. One thing is certain: As we seek solutions and develop comprehensive plans for the future, we must create an environment in which both labor and management are encouraged to cooperate. The future success of many ports depends on this vital cooperation.

The industry must also pay more attention to economics. While creatures of state and local government, U.S. public ports are businesses and they need to be run as such. Rising costs and declining public subsidies are pushing ports to greater self-sufficiency. Many U.S. ports, in fact, have already begun to seek alternative sources of revenue. While I recognize that competition is fierce, port usage charges over time may have to become more compensatory to cover costs and increase revenues. Ports can discuss pricing among themselves with antitrust immunity, and should take full advantage of this unique opportunity.

Regional cooperation in marketing and promotion is another opportunity more ports are exploring. Port competition has become more regional and requires ports to develop a regional identity. The creation of the Golden Gate Ports Association here in the Bay Area is a good example.

Changes in ship design also affect the economics of port facilities. In this regard, port planners cannot always predict the size and capacity of future cargo vessels so that they can design facilities flexible enough to accommodate them. Today's bigger containerships are causing problems in some ports that are not always solved simply by providing additional berthing and storage space, faster cranes, or improved intermodal facilities.

For instance, keeping harbors sufficiently dredged to accommodate a new generation of containerships is a key factor in maintaining the competitiveness of many ports. A good example is right across the Bay in Oakland. Under an innovative plan, the Port of Oakland will relocate 400,000 cubic yards of bottom material to reinforce levees in the Sacramento-San Joaquin River Delta. This is an excellent example of how a broadly based coalition of regional interests produced a port dredging option which is both economically viable and environmentally sound.

In addition to greater productivity here at home, we must continue to promote the expansion of world trade. During my tenure as Chairman of the Federal Maritime Commission, I was at the forefront of such efforts.

Stepped up enforcement effort produced impressive results and led to recordbreaking civil penalty settlements. In one case alone, the FMC assessed penalties of \$2.5 million for illegal rebating in the Trans-Pacific trade.

Our efforts also laid the groundwork for subsequent investigations and settlements in the Pacific trade. More importantly, it encouraged the conferences to institute their own policing efforts against rebating and other malpractice. I am very proud of the men and women of the FMC for their efforts.

Now let me shift my sights from the real world here in California to another place: the nation's capital.

Infrastructure needs are the dominant transportation theme for the foreseeable future in Washington -- and the focus is on forming a strategic policy for all transportation modes. The time to move forward is now, because more than ever before, our domestic transportation system has the power to shape the terrain on which this country will compete in world markets.

The development process for a national transportation policy is underway at the Department. It is taking shape with the help of industry, labor, consumers, scientists, environmentalists, strategic planners, and public officials at all levels. If we can develop a comprehensive policy, this country will have a viable plan for rebuilding its transportation infrastructure.

Tom Larson, the FHWA Administrator, and I are co-chairing this effort. We have established six working groups focused on different markets. This summer, the groups are contacting transportation organizations, holding public hearings, and sponsoring discussion groups to obtain the views of interested parties. Additional public hearings on the West Coast are scheduled in Seattle on August 11, Oakland on August 22-23, and Los Angeles on August 24. Your participation in this outreach effort would be most welcome.

America is entering a new world economic order, and all available transportation resources must be devoted to the task of helping us prepare for it. To ensure our global competitiveness, we must build with the future in mind -- and the critical arena for much of that future faces us across the Pacific. As you know, it wasn't always this way.

In the early 1960's, Japan rated little more than an obligatory one paragraph mention in President Kennedy's major speech on international trade. Asia, as a region, was mentioned only in passing, and only once.

The accent in those days was heavily on America's trade relations with the European Community. And while that concern is still very much with us, the overall trade picture has changed radically since then. In these closing years of the 1980's, headlines on Asian commerce and finance take pride-of-place in our popular and business periodicals.

It has been said that people who live in revolutionary times rarely recognize how extraordinary those times are. And for many years, that was true of the economic revolution occurring in the Pacific.

But today, a new Pacific era has indeed begun. The Pacific is an area of exceptional and continuing promise for America's trade community. And, if this is truly the dawn of a "Pacific Century," we have a rare opportunity to build the new economic and commercial relationships that will support a productive and prosperous future for both America and the world.

Seizing the opportunity and making the most of it is the key challenge that we, as an industry and as a nation, must meet and master in the 1990s.

Thank you.





Office of the Assistant Secretary for Public Affairs Washington, D.C. 20590

ADVANCE PRESS COPY

Contact: Catherine Bedell

Becky McMahan

Tele:

(202) 366-4531

REMARKS PREPARED FOR DELIVERY BY DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO SEMINAR ON FUTURE TRANSPORTATION ENERGY REQUIREMENTS IRVINE, CALIFORNIA AUGUST 23, 1989

Good afternoon, and thank you for that kind introduction. The pleasure is always mine when I have a chance to return to California -- to see the people and the sights that tell me I have come home again. I appreciate being here, particularly to talk about the transportation-related energy and environmental issues that need a solution in a part of the country that is special to so many of us.

Since I became Deputy Secretary, I have had the opportunity to speak about a wide range of topics, but none are more important than those you are addressing at this seminar. That is why I especially wanted to speak to this group.

As in so many areas of our national life, California sets the trend in defining the outlines of the energy-efficient and environmentally sound transportation system that this country will need to compete in the coming century.

Anyone who has flown over the L.A. basin and seen what resembles a colossal city-state covered with light brown haze can tell you that the task is immense. According to the Southern California Association of Governments (SCAG), at least four million more people will reside in the Southern California area two decades from now -- the most that any region has ever added in such a short period.

It's no secret to those of you in this room that population growth is already reducing mobility in this area to a crawl -- with average traffic speed expected to drop from 37 to 15 miles per hour by the year 2007. During the next 25 years, the number of cars crowding your freeways will increase 35 percent and miles traveled will jump 68 percent, largely due to increased commuting distances.

This outlook poses the really big question: How can you ask 14 million people -- who speak 85 languages, live in 168 separate cities, drive 100 million vehicle-miles per day, and consume more gasoline than any other single place in the world -- How can you get them to cooperate in any scheme that calls for self-sacrifice for the "common" good?

The immensity of answering this question only makes it all the more crucial that Southern California become the laboratory for new approaches to our transportation and environmental problems. The Los Angeles area is an ideal place to pioneer the concepts that will determine whether metropolises of tomorrow can grow cleaner, as well as bigger.

In that regard, I noted with interest that the state Air Resources Board gave final approval last week to a controversial blueprint for cleansing the air in the Los Angeles basin. The plan is certainly vast -- nearly three feet high -- a 45-volume collection of documents that proposes an immense array of regulations affecting fundamental decisions about how Californians live, work, and travel.

However, I am concerned that in pursuit of the noble goal of cleaner air, the authors of this document have made a basic error by adopting a command and control approach to regional transportation and environmental problems, rather than one based on a market-oriented, incentive-based model. We must not ignore the creative potential inherent in a free economic system. Here in Irvine, for example, a privately financed monoril loop with a stop at the new John Wayne Airport terminal is now underway. Similar projects are being pursued in Tampa, Florida and Burbank.

President Bush's clean air proposal is a more balanced combination of soundly-based incentives and government regulations. Under the Administration plan, specific clean air levels would be established, but the private sector, rather than the government, would determine the most cost-effective means to achieve those goals. Businesses would be given credits for exceeding national emission standards --credits tradeable on the free market and motivating companies to keep up production and employment levels. Although it won't be easy, I believe this approach is the best way to achieve cleaner air without putting the economy into a straight jacket -- and destroying the jobs on which thousands of working Americans depend.

Surveys show that Americans are generally willing to pay for stronger environmental laws, but I think it is also true that we must not mis-judge the community's commitment and move too far ahead of public opinion when dealing with environmental and related transportation problems. Communications lines must be opened. The public must realize the cost/benefit ratios of a cleaner environment and more efficient transportation system -- and know where the tradeoffs are.

That is one of the reasons why it is so important that you are here today. These roundtable sessions are part of more than 90 meetings scheduled this summer to reach out to a cross-section of the American public and determine their views on a wide variety of transportation-related issues.

Your focus on energy trends, fuel economy, and alternative fuels is crucial to helping government policymakers arrive at a better understanding and definition of alternative policy options and their impacts.

In looking through the agenda of the various sessions, they seem to be built on an acknowledgement of the fact that the primary source of energy for all the major transportation modes -- ships, planes, trucks, trains, and automobiles -- is petroleum. Not only petroleum -- but petroleum that is scarce, comes from overseas, pollutes the air when burned, and threatens ozone levels.

So, if you look closely at these four panels of speakers, they are really exploring transportation and its relationship to petroleum from different perspectives. This is exactly the type of dialogue that needs to be laid on the table and applied to the policymaking process.

During your panel discussions, I ask you all to think not only in terms of analyzing a problem, but also in terms of how you would actually advise the Secretary of Transportation or any other government policymakers on how to respond to these problems.

As Secretary Skinner has said: "We're asking for ideas -- not complaints. It's not : enough to say 'We've got gridlock -- someone should do something about it.'" We are here today to find out what all of you want to do about it-- and we need your input.

For our part, we are here to listen in a creative way. We are trying to gather information for the policy-development process which is in high-gear for the next few months. This will directly affect the national transportation policy which Secretary Skinner plans to announce next January.

This national transportation policy is the Secretary's top priority, and reflects the basic belief that policy in this area must be integrated at the top. Our national transportation policy will evaluate short and long-term transportation requirements, and review the various ways of meeting them. In its simplest form, we hope to identify the extent of the problem, analyze alternative solutions, and select the ones that make the most sense.

It is generally accepted that a modern, well-maintained transportation infrastructure is absolutely critical to this country's continued economic well-being. But I believe the quality of the national transportation system is only as good as our strategies and policies. If we don't have a system that meets the needs of the year 2020 and beyond -- and if we're not planning for that system -- we're going to let this important resource to our nation go downhill.

We cannot allow this to happen. Hopefully, the ultimate result of this tremendous outreach effort will be a strategic plan under which federal, state and local governments can work together with the private sector to keep our national transportation system the best in the world.

Clearly, these are challenging times for transportation. It is a very significant period of growth -- and I've talked about some of the growing pains here in California and across America. Years from now, I hope to look back and say that we weathered this period of stress and came up with creative solutions that work.

It will not be easy, but development of a diverse and environmentally sound transportation system is an obligation which this vast country has undertaken since its beginning, with far-sighted and unparalleled success.

We're not going to change that now. While there may always be environmental problems, it is my sincere hope that in the next century, transportation and the environment will be more reconciled -- and that with insightful policies, our vital means of transport will make a smaller contribution to air and water pollution.

I greatly appreciate your contribution to this effort and the support shown by your presence here. I look forward to working with you toward achieving this worthwhile goal.

Thank you very much.

REMARKS PREPARED FOR DELIVERY BY DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO WHITEMAN AIRPORT TRAFFIC CONTROL TOWER PACOIMA, CALIFORNIA AUGUST 11, 1989

I am delighted to join you for the opening of the new permanent Air Traffic Control Tower at Whiteman Airport here in Pacoima. As Mike Antonovich has said, I truly hope this will be the beginning of a "new era of aviation safety in the San Fernando Valley."

Events have moved quickly. On April 30, 1988, Mike and I, and Senators Pete Wilson and Nancy Kassebaum held a news conference to announce establishment of the Whiteman Airport contract tower operation.

It's no secret that the FAA was not enthusiastic about this facility. It reminds me of a politician who changed votes on an issue and was congratulated by a colleague who said, "I'm glad you saw the light." Came the reply, "I didn't see the light -- I felt the heat."

Well, the demands on the air traffic control system have generated the heat that led to this ceremony today. Under difficult circumstances, the system has done fairly well, but I am convinced that air traffic control facilities must be modernized and expanded to ensure that airline passengers are safe in the crowded skies we have now -- and will have in the future.

The dedicated men and women who serve as air traffic controllers have a difficult, high pressured, and vitally important job. They deserve our support.

The Whiteman Airport Traffic Control Tower makes an important contribution to that support, and I am proud to play a part in these opening celebrations.

Thank you very much.





Office of the Assistant Secretary for Public Affairs Washington, D.C. 20590

ADVANCE PRESS COPY

Contact: Catherine Bedell

Becky McMahan

Tele:

(202) 366-4531

REMARKS PREPARED FOR DELIVERY BY DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO INNOVATION AND HUMAN FACTORS OPEN FORUM IRVINE, CALIFORNIA AUGUST 24, 1989

Good morning, and let me add my welcome to each of you for joining in this open forum of the Innovation and Human Factors Cluster Group. Secretary Skinner has declared that development of a national transportation policy is his top priority -- and quite naturally, it has become a top priority for the rest of us at the Department of Transportation as well.

This initiative reflects the basic belief that policy in this area must be integrated at the top. Our national transportation policy will evaluate short and long-term transportation requirements, and review the various ways of meeting them. In its simplest form, we hope to identify the extent of the problem, analyze alternative solutions, and select the ones that make the most sense.

I am committed to the success of this endeavor, and have the privilege of serving with Tom Larson as co-chair of the National Transportation Policy Study Group.

To put our goals in focus, perhaps Secretary Skinner said it best: "We are looking for fresh ideas and solutions to transportation issues and problems. Through these hearings, we are seeking public participation in developing a National Transportation Policy."

The innovation and human factors working group meeting here today is one of six outreach groups soliciting the public participation which is so essential to the policy development process. In eight open forums like this one, we are exploring the crucial role that innovative technology and management ideas can play in meeting future transportation needs. We also want to examine the human factors that contribute to the safety and efficiency of the American transportation system -- and take a good look at how individuals interact with it.

This policy is being developed in a very short time frame, and needs a maximum amount of information and opinion from the full range of U.S. transportation interests -- including consumers, industry, public interest groups, transportation employees, State and local governments, and the Congress.

In order to lead with ideas, government policymakers have to have information -- and it can't be old and stale. It has to be up to date -- the very best we can get. We are particularly interested in the first-hand views of those who actually use our transportation system, because I think it is true that the motorist, business traveler, commuter, and shipper stands to gain the most from a far-reaching, coordinated national policy effort.

Those of you here today know that innovation and human factors are crucial to meeting the problems within the transportation sector. Innovation leads to the discovery of new ways of doing things, and new ways of using our resources for better products at reduced costs. In transportation, innovation is needed every step of the way -- in planning, finance, design, construction, maintenance, and operation.

The basic question for this forum today is, then: How do we encourage this critical item of innovation in transportation? How can we stimulate it when we don't have it -- and nourish it when we do?

There is no easy answer. However, I believe Americans are fundamentally an innovative people — and it is no accident that, despite our problems, we have the finest transportation system in the world. We have it because we followed through on new ideas and devoted the necessary resources to get the job done.

The American experience demonstrates again that innovation is a basic requirement of a strong and vigorous society. No industry, no public sector area -- including transportation -- is exempt. As we move toward the last decade of this century, we see a world with an accelerated rate of change -- a world where innovation is of even greater importance in the effort to maintain our competitive edge.

In this new global marketplace, the creative genius of transportation planners can make the difference in this country's ability to move its products across the street or around the world. Unfortunately, I think it is at least partially true that America's leadership -- our leadership -- in technological innovation is slipping.

Many Americans do not realize the seriousness of the decline of U.S. technological leadership, and as a result there is a "commitment gap" -- a lack of national resolve or commitment to regain and maintain that leadership. The national transportation policy is part of the challenge to renew a spirit of innovation and stimulate new ideas in all modes of transportation.

It is probably obvious by now why I feel this particular forum on innovation is so important in our policy development process. It may play the most crucial role in helping this country remain competitive by keeping our transportation system serviceable for the economic activity on which our national and individual wellbeing depends.

Let me now turn briefly to the important subject of human factors and its role in transportation. All modes of transportation involve people -- as operators in the

vehicle, plane, or train, or in monitoring and controller functions. The design of transportation systems has always been important to having a safe and efficient system. But as society and transportation systems become more complex, a user-friendly design becomes even more critical. For example, a few of the areas which need careful human factors attention in the highway mode include:

- the older driver, which is the fastest growing segment of the driving population;
- in-vehicle driver information and control systems which are part of the promising area called Intelligent Vehicle-Highway Systems; and
- the impaired driver, where additional research is still needed on the effects of fatigue, drugs, or alcohol.

Similar lists could be drawn up for the other modes, but the point is that all the technology in the world is only as good as the competence and care of its human operators.

During your presentations today, I ask the various speakers and witnesses to think not only in terms of analyzing a problem, but also in terms how you would actually advise the Secretary of Transportation or any other government: policymakers on how to respond to these problems.

As Secretary Skinner has said: "We're asking for ideas -- not complaints. It's not enough to say 'We've got gridlock -- someone should do something about it.'" We are here today to find out what you in Southern California want to do about it-- and we need your input.

On our part, we are here to listen in a creative way. We are trying to gather information for a decision-making process which is in high-gear for the next few months. This will directly affect the national transportation policy which Secretary Skinner plans to announce next January.

In closing, let me reiterate once more the importance of the task at hand. I truly believe the results of this effort to develop a strong national transportation policy may set the direction and assure the quality of our nation's transportation system into the 21st century.

I greatly appreciate your contribution to this process and the support shown by your presence here. I look forward to working with you toward achieving this worthwhile goal.

Thank you for joining us.

Firal

REMARKS PREPARED FOR DELIVERY BY DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO INTERNATIONAL TRANSPORTATION MARKET HEARING NEW YORK, NEW YORK AUGUST 29, 1989

Good morning -- and thank you for that kind introduction. It is a pleasure to be back in New York. I am always impressed with the level of energy in this city -- it gives a person the very real sense that this country can and will successfully compete with the best in world markets.

The international transportation group is one of six units established by Secretary Skinner to develop a comprehensive national transportation policy -- a vitally needed strategic plan which will deal with both short-and long-term transportation needs.

Along with many of you, I am convinced that the competitiveness of U.S. industry in a global market may depend on maintaining the transportation infrastructure, maximizing its efficiency, and building new capacity to meet future demands.

One of the biggest demands is the phenomenal increase in international trade. For the United States, our vital role in the global economy is here to stay and profoundly affects all sectors of the economy -- particularly transportation. In 1988, U.S exports and imports of goods and services constituted 21 percent of our gross national product -- compared with 13 percent in 1970 and only 9 percent in 1950.

The strength of U.S. exports and government pursuit of policies that promote U.S. competitiveness and a more liberalized world trading system will, no doubt, affect the future of U.S. transportation industries.

That is the primary reason why it is so important that you are here today. These open sessions are part of more than 90 meetings scheduled this summer to reach out to a cross section of the American public and determine their views on a wide variety of transportation-related issues.

Your focus on international trade is crucial to helping government policymakers arrive at a better understanding and definition of alternative policy options.

During your panel discussions, I ask you to think not only in terms of analyzing a problem, but also in terms of how you would actually advise the Secretary of Transportation or any other government policymakers on how to respond to these problems.

As Secretary Skinner has said: "We're asking for ideas -- not complaints. It's not enough to say 'We've got gridlock -- someone should do something about it.'" This session today is designed to find out what you want to do about it -- and your input is needed.

For our part, we are here to listen in a creative way. Our aim is to gather information for a policy development process which is in high gear for the next few months. This will directly affect the national transportation policy which Secretary Skinner plans to announce next January.

This national transportation policy is the Secretary's top priority, and reflects the basic belief that policy in this area must be integrated at the top. Our national transportation policy will evaluate short and long-term transportation requirements, and review the various ways of meeting them. In its simplest form, this comprehensive policy will identify the extent of the problem, analyze alternative solutions, and recommend the ones that make the most sense.

Hopefully, the ultimate result of this tremendous outreach effort will be a strategic plan under which federal, state and local governments can work together with the private sector to keep our national transportation system competitive in a new world economic order.

The time to move forward is now, because more than ever before, our domestic transportation system has the power to shape the terrain on which this country will compete in international trade.

I greatly appreciate your contribution to this effort and the support shown by your presence here. I look forward to working with you toward achieving this worthwhile goal.

Thank you very much.