

REMARKS PREPARED FOR DELIVERY BY  
DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO  
UNITED STATES - MEXICO JOINT MEETING  
MEXICO CITY, MEXICO  
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Good evening. It is indeed a pleasure to be here with you this evening and to take the opportunity to note the significant progress that has been made in the past 18 months in addressing cross-border trucking issues.

I am so pleased to see Secretary Caso and Deputy Secretary Patino here tonight. Secretary Skinner and I have a close and excellent working relationship with Secretary Caso and Deputy Secretary Patino. Their efforts to be here with us tonight are very much appreciated.

The importance of transportation to U.S.-Mexico trade cannot be overstated; nor can the predominance of trucking as the key mode by which that trade is carried. Mexico is the third leading trading partner of the United States, and the United States is Mexico's first.

It is estimated that 80 percent of that trade crosses our mutual border by truck. The rapid growth of the maquiladora industry is symbolic of the overall continued rise in trade. This growth carries with it an increased need for safe, reliable trucking service.

There have been few developments in recent years between our countries as encouraging as the fruitful

dialogue on transportation issues that began with the formation of the U.S.-Mexico Transportation Working Group early in 1989. Since then, the group has met five times. It has adopted a Plan of Action that guides the group and sets realistic goals for the foreseeable future.

The Group, which now meets at regular six-month intervals, already boasts several accomplishments that have visibly changed the face of cross-border transportation and trade.

- The mere existence of the group immediately opened an avenue for dialogue between commercial trucking entities on both sides of the border, culminating in this meeting;
- Transportation officials of both governments have been able to address each other directly on a regular basis for the first time in many years to discuss the resolution of long-standing issues. It was also through this group that the two countries have been able to exchange detailed information on each other's legislative and regulatory regimes, and to pass that information on to its industry.
- The group has been able to deal with specific, case-by-case problems along the border in an informal and efficient manner that would not have been possible a few years ago. Two prime examples of

the use of this successful forum are the phase-out of the U.S. exempt safety zone and the implementation of the ICC certificate of registration, both of which were done with no adverse effect on trade flows.

- Harmonization of safety standards for drivers and vehicles is closer to reality than we would have thought possible 18 months ago. Mexico is moving ahead with plans to join the United States and Canada as a full-fledged member of the Commercial Vehicle Safety Alliance. A separate sub-group on commercial driver license standards is already working toward the establishment of reciprocal recognition of licenses.
- Serious problems regarding customs and rail transportation issues have been solved within a short period of time.
- New sub-groups are being formed to deal with specific issues and problems and to complete important tasks in each of these areas, including passenger service, motor carrier cargo issues, hazardous materials transportation, and harmonization of safety and other standards.

To this impressive list of changes can be added the improved efficiency that has resulted from President

Salinas' bold initiative to deregulate the Mexican trucking industry. Further efficiency is promised by an ambitious plan for capital improvements to road and rail infrastructure.

We have felt privileged to have been a closer observer of the exciting changes that have taken place in Mexico during President Salinas' exciting leadership and to have contributed in some small way to them.

Despite these achievements, more remains to be done. We need to work to fully normalize transportation relations, and eliminate restrictions that remain in place on both sides of the border. We are hopeful that where progress has been made, further progress is possible.

This meeting, and future dialogue that will follow it, play a crucial part in achieving further progress. Government actions and agreements are no substitute for private industry initiatives such as this occasion. The close business relationships already begun can grow and can establish a considerable degree of improved efficiency in cross-border transportation. Shipper and carrier alike will benefit. These efforts are to be encouraged and applauded.

It is my hope that out of this conference will come vastly improved coordination between the carriers of

both countries, so that trade and commerce will grow ever stronger between our two countries to our mutual benefit.

Thank you.

REMARKS PREPARED FOR DELIVERY BY  
DEPUTY SECRETARY OF TRANSPORTATION ELAINE L. CHAO  
NATIONAL AMERICAN WHOLESALE GROCERS ASSOCIATION  
DALLAS, TEXAS  
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TRANSPORTATION IN THE 90S

Thank you, Secretary Block. Good morning. It's great to be here in Dallas with you. I flew in late last night, and had the good fortune of joining the dinner honoring the Roadeo competition drivers, hosted by Ryder. It seems everything is hosted by Ryder.

My schedule on this trip didn't mention where the dinner was. I was afraid I wouldn't find it in time. Then I looked through the program -- everything was hosted by Ryder. The dinner was terrific. The drivers were an impressive lot. I call them cowboys on wheels. In fact, the big winner of the evening wore cowboy boots.

I want to thank my good friend, Secretary Block, for being here. I have known him for a long time -- over six years. I first met him as a very junior White House staffer at Cabinet meetings. In the midst of all his responsibility, he always had time to notice and offer encouragement to young staffers.

You are in a tough business, with keen competition and thin profit margins. You couldn't have a more experienced, competent, and respected leader for your organization than Jack Block.

Today, I've been asked to share some of my thoughts on the major transportation issues crucial to your industry and to the nation as a whole in the coming decade. This is particularly timely since the President announced the National Transportation Strategy last March.

The National Transportation Strategy provides a framework for investment in our transportation systems and shapes our thinking about the movement of passengers and goods in the 1990s.

Perhaps most of all, it takes a common sense approach to focusing limited resources on systems of national significance and promoting national priorities, such as improving the efficient movement of goods, providing jobs, and improving the quality of life for all Americans.

With that as an overview, let me specifically address the aspects of the national transportation strategy that effect trucking.

First and foremost, safety remains the number one priority of the Department of Transportation. In fact, more of the Department's employees are devoted to safety than to any other function. The Office of Motor Carriers has added 150 field safety specialists in the past year alone.

I know that safety is also a top priority in your industry, and was pleased to see that the senior management of NAWGA and Ryder Truck Rental joined forces yesterday to conduct a truck driving championship.

There is no question that the most important part of a safety program is to keep driver skills sharp -- and the costs associated with deficient skills low. But beyond this primary goal, this competition offers the public concrete evidence of your industry's genuine concern with the safe and responsible conduct of vehicles and personnel.

That spirit can evolve into a sense of pride in safety that pays off over and over again -- a sense of pride that can permeate an entire industry. So, in this sense, all the drivers are winners.

At the DOT, we have several relatively new motor carrier safety programs that affect you as heavy users of truck fleets. First, there is the commercial driver's license program, with its single-license requirement and knowledge and skills testing for driver competence.

There is also the Motor Carrier Safety Assistance Program which provides the States with nearly \$50 million a year to conduct roadside vehicle and driver safety checks. Finally, there is a strong anti-drug and



anti-alcohol program, as well as new requirements for annual vehicle inspections.

In short, unsafe vehicles and unqualified drivers are our target. We want work with you to eliminate potential accidents.

In the long run, as your fleet managers know, safety efforts pay off. So, too, will our efforts to help you and all truckers achieve savings through uniform Federal and State regulations on safety, enforcement, and penalties. We are working with many organizations to bring this about, and see progress on several fronts. We hope this will preclude the need for pre-emptive legislation from Congress.

Safety, as I said, remains the top priority of our Department. While essential, it cannot be separated from finding the resources to rebuild, improve and expand America's transportation system.

In this day of tight budgets and intense competition for every available dollar, we clearly need to look closely at new and innovative ways to meet the very great transportation infrastructure needs that confront us as a nation. We are faced with great demands, limited resources, and difficult choices.

The Administration is committed to maintaining the transportation infrastructure and providing incentives to State and local governments and the private sector to expand and improve the performance of the system. Central to this effort, in my view, are important modifications in the existing highway program which consolidate existing categorical programs and focus on national priority needs.

Our approach includes:

- Focusing federal aid on systems of national significance -- the major intercity/interstate routes with the largest productivity payoff. This includes paying more attention to the cost-effectiveness of major capital investments;
- Expanding State and local flexibility on how to spend funds from the Highway Trust Fund, as well as increased discretion to custom-tailor solutions to local circumstances;
- Focusing priorities on maintaining existing highways and bridges, and requiring States to establish a long-range process for targeting funds; and

- Expanding use of highway traffic management and operations strategies as effective, low-cost means of providing immediate improvements.

Deregulation, too, continues to play an important role in our thinking. The Administration advocates repeal of all remaining Interstate Commerce Commission regulations on trucking. The 1980 regulatory reforms gave us a leg up on many of our trading partners, which still maintain heavy-handed regulation of trucking. However, I believe that advantage is being eroded.

From all reports, truck transportation within the European Economic Community is slow and inefficient, as well as more costly than in the U.S. Most EC nations regulate trucking both internally and internationally, and time-consuming customs inspections are conducted at most border crossings.

But, by the end of 1992, the EC plans to abolish virtually all regulation, as well as border customs inspections. The cost advantages gained by U.S. shippers in 1980 could be lost because of the anticipated gains in EC transport efficiency. As a result, European goods will become less costly in both domestic and foreign markets.

This Administration is strongly committed to meeting the challenge. We must take whatever action necessary to achieve the full benefits of competition, including elimination of the remaining vestiges of economic regulation at both the Federal and State levels. This includes promotion of one-stop motor carrier operations for registration and fuel tax reporting, as well as standardized State-by-State permit practices for overweight and oversize truck movements.

In addition, there is the issue of technology. Those of you in the food distribution industry know that it is becoming one of the highest "high tech" businesses in America. Some wholesale grocers and food service distributors are even using satellite communication systems that track transportation fleets, pinpoint deliveries, transmit price data and much more. To make the most of opportunities, many of you are making the most out of the newest state-of-the-art electronic technology. That's what this conference is all about.

One of the most promising areas is the Intelligent Vehicle Highway Systems, or IVHS. IVHS has great potential for commercial vehicle operations by improving communications between the driver and the highway. Since driver error is the primary cause of accidents, smart vehicles and highways can reduce them substantially through innovations like automatic

braking and crash avoidance systems. IVHS also has the potential to detect impairment factors like driver fatigue, medical problems, or drug and alcohol usage.

Another interesting system is an automated tire pressure tracking system mandated in Italy, and soon to be produced here. Improper tire pressure is fuel-inefficient and costly, causing excessive wear and tear on tires. This system is connected to the cab and gives a driver better information on the condition of the tires.

Commercial vehicles could benefit, too, from better traffic management, automatic toll collection systems, remote driver/vehicle inspections, automation of carrier reporting requirement and other improvements. All would cut costs and increase efficiency. Some are being considered for testing on the Advantage I-75 project from Michigan to Florida and in the HELP project along the crescent from I-10 in Texas to I-5 on the West Coast.

Let me also make it clear that it is federal policy to stimulate transportation research by supporting a major increase in federal research and new technology deployment. This will be accomplished in coordination with the efforts of people in this industry and others in the private sector, with the academic community, and with State and local governments.

The question remains: How do we pay for these new initiatives? It is clear that maintaining the physical condition of our highway system, responding to key capacity needs, and developing new technology will require the combined efforts of *all* levels of government and the private sector.

First, we believe that the trend of state fuel tax increases will continue. Second, it is our position that the cash balances in the trust fund should be spent for transportation purposes -- consistent with reduction of the federal budget deficit. And third, we will be encouraging new forms of "cost sharing" between the public and private sectors.

As most of you are aware, we have only recently resolved tough federal budgetary questions. Let me now recap the current status of budget and tax issues:

- Conference action on the DOT's Fiscal Year 1991 appropriations legislation did not involve any tax increases;
- It does provide for major spending increases for highway construction and repair. The Federal-aid highway obligation ceiling for FY 1991 would be \$14.5 billion -- a 19% increase over FY 90.

A 5 cent motor fuel tax increase is part of the budget reconciliation legislation passed early Sunday morning. Half of this tax increase will go into the general fund for deficit reduction purposes. The other half will go into the Highway Trust Fund. The split between highway and mass transit will be 80/20.

There is no automatic spending increase for highway improvements in the budget reconciliation. This will be an item to be taken up in our highway reauthorization debate next year.

In closing, I would say that America's transportation system is the best in the world. To ensure that it remains the best and most efficient in moving people and goods across this vast country, we have got to maintain our investment in this system. We've got to emphasize competition, technology and safety.

Our global competitiveness and our quality of life depends on it.

Thank you.