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May 29, 1991

REMARKS PREPARED FOR DELIVERY
BY
ELAINE CHAO
BEFORE THE RESERVE FORCES POLICY BOARD
JUNE 4, 1991
WASHINGTON, DC

On behalf of Secretary Skinner, I am pleased to welcome you to the Department of Transportation today. He apologizes for not being able to be present during the entire session. He does plan, however, to spend some time with us later. We appreciate your mission, and I am sure the use of reserves in Operation Desert Shield/Storm has presented you with a good case study for policy review.

We feel the Department is the civil transportation reserve force for the Department of Defense and this role will become more important in the 1990's. We are proud of our role in Operation Desert Shield/Storm. There is no question in anyone's mind that Desert Shield/Storm was a military effort that relied heavily on logistics and reserves. We feel that private transportation

She has some thoughts for you concerning the Department's national security mission

Thank you - I am pleased to be with you today. I know you have already heard from Doug Hamm on the Dep. We feel the Department is the civil transportation reserve force for the Department of Defense and this role will become more important in the 1990's. We are proud of our role in Operation Desert Shield/Storm. There is no question in anyone's mind that Desert Shield/Storm was a military effort that relied heavily on logistics and reserves. We feel that private transportation

industries deserve a lion's share of the credit for getting the personnel and goods to the right place on time.

We had planned for years for the eventuality that came about last August, and were not too surprised to see how well the civil transportation sector responded.

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~~We would like to take some time today to tell you how, DOT manages our national security programs, what we did during Operation Desert Shield/Storm, and share with you some of our views on lessons learned and areas of concern for the 1990's.~~

I know you are interested in reserve affairs, and are aware that the U.S. Coast Guard has an extremely effective reserve program, however, I understand you have quite a bit of information about their program so we won't address it today. You will, however, be interested in hearing from the Maritime Administration about some of their programs associated with emergency sealift operations.

We would like to present you with an overview of DOT's national security programs, then follow up with a briefing by the Maritime Administration on their sealift programs.

I would like to
Before we proceed with the formal briefings, I would like to take a few minutes to tell you about some of the accomplishments achieved by DOT and the civil transportation sector during Operation Desert Shield/Storm.

All three major Departmental civil transportation programs, Ready Reserve Fleet (RRF), Civil Reserve Air Fleet (CRAF) and Contingency Response Program (CORE) were involved in the transportation support to Operation Desert Shield/Storm.

During the six month period that began in August, we experienced the largest deployment of personnel and material since World War II.

The CRAF program was activated for the first time in its nearly 40 year history, because airlift requirements for Desert Shield presented an airlift emergency for DOD.

The accomplishments were quite dramatic. Twenty five CRAF civil carriers provided the airplanes which flew 3,228 missions or 21 percent of the total inter-theater airlift missions flown.

CRAF carriers transported more than 308,000 passengers or 67 percent of the total of all personnel moved in the deployment.

CRAF aircraft carried over 140,000 short tons of cargo or 27 percent of the cargo airlifted to the Gulf area.

To put this in perspective, a total of 16,000 plus missions were flown 519,000 passengers were moved by air and a total of 622,000 short tons of cargo were airlifted. These missions were accomplished with a flawless safety record, thanks in no small measure to the FAA which facilitated the air traffic movement, with safety always a paramount consideration. FAA staff members were also deeply involved in War Risk

Insurance, inspection of navigation aids, hazardous materials safety, and operational support for the air carriers.

The CRAF redeployment has been equally spectacular. CRAF carriers have flown 30 percent of the 4000 redeployment flights. They have transported approximately 300,000 passengers and 55,000 tons of cargo. Their efforts have been so effective that the CRAF activation was terminated on May 24. However, I must add a strong need still exists for volunteer civil airlift through August.

The sealift story is equally as spectacular, *As I am sure*
~~however, I don't~~
~~want and to steal Administrator Leback's thunder, so we will~~
~~let him tell you about that.~~
has told you

The Military Traffic Management Command activated the Contingency Response Program (CORE) Team for possible service early in the mobilization. However, the existing capacity of our domestic transportation system easily met the deployment requirements with no shortfalls, therefore, there was little need for CORE program involvement. Direct

communication, however, was maintained with CORE team members throughout the deployment period. In other words, they were there and up to speed had we needed them.

The contribution of surface transportation was equally as impressive as that of air and sealift.

More than 30,000 railroads carloads of materials and equipment were moved to sea and airports.

More than 25,000 long distance truck loads of materials and equipment were transported to sea and airports. The surface transportation system had more than enough capacity to meet any requirement imposed upon it within the United States.

Finally, I want to talk a little about the United States Coast Guard. The Coast Guard did its usual outstanding job in providing port safety, security inspection and related services. In addition, they were active participants in the actual operations in the Persian Gulf area.

Approximately 550 Coast Guard personnel were deployed to the Gulf area, including more than 300 reservists. They served on Joint Coast Guard/Navy Interdiction Teams to board ships in order to determine if U.N. sanctions were being violated. In addition, port security units were established in several Saudi Arabian and Gulf area seaports.

An Additional 700 plus Coast Guard reservists were activated to serve in the United States supporting the mobilization effort, primarily in port safety and security.

So, we had every aspect of transportation, including our military -- the United States Coast Guard -- deeply involved. This brings me to my final point, what was the impact on civil transportation in the United States.

The capacity, readiness, response and cooperation of the civil transportation industry was overwhelmingly effective. The transportation system met all challenges. We in the Department saw no negative impacts on the civil transportation system.

I would now like to ask Doug Ham, Deputy Administrator, Research and Special Programs Administration to continue the briefing. RSPA is the Department's Administration responsible for coordinating our emergency transportation programs. I might add Doug and his staff did an outstanding job in managing and coordinating the Department's response to Operation Desert Shield/Storm. Doug, will now give you and overview of how we manage our national security programs, he will be followed by Administrator Leback, who will discuss MARAD's programs. Doug_____

This concludes my remarks and we would be pleased to address any questions you may have regarding the Department's national security programs.

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REMARKS PREPARED FOR
DEPUTY SECRETARY OF TRANSPORTATION
ELAINE L. CHAO
NATIONAL ENVIRONMENTAL LEADERSHIP CONFERENCE
JUNE 5, 1991
WASHINGTON, D.C.

It is a pleasure to be with you today as part of the National Environmental Leadership Conference. I would like to comment briefly on transportation efficiency and how transportation relates to the improvement of air quality.

Transportation efficiency is a goal that I'm certain everyone in this room supports. There are various perspectives, however, from which to view efficiency.

To some, efficiency means output per worker. Users of transportation facilities and vehicles are concerned about the cost, convenience, and timeliness of a service. Environmental groups are undoubtedly concerned about fuel efficiency and minimizing air pollution.

I believe that one of the greatest challenges facing government policy makers is to take into account all of these perspectives in order to make informed and intelligent choices about what constitutes an appropriate mix in America's transportation systems.

One of my chief concerns regarding the environmental aspects of transportation efficiency is

how to strike a proper balance between economic growth and environmental protection.

The nation faces serious air quality problems -- we know that. Ozone, carbon monoxide, and particulate matter can lead to health problems. We also know that transportation -- especially on our highways -- must be a key element in our effort to improve urban air quality.

Vehicle emissions are a significant portion of the urban air quality picture, and must be dealt with through a combination of approaches. These include improvements in engine emission characteristics, cleaner fuels, better vehicle operating conditions, and relief of congestion, especially through incentives for use of higher occupancy vehicles.

Similar concerns exist about the nation's overall fuel consumption and the need to use energy more efficiently in transportation, which is responsible for 62 percent of U.S. oil consumption.

Since our transportation system as it stands today is dominated by automobiles and trucks, change will be difficult, and will come slowly. Of the more than 3.6 trillion passenger miles traveled in the United States every year, automobiles account for 89 percent of the

mileage and aviation 10 percent. All other types of transportation account for approximately one percent.

In a recent survey, 81 percent of metropolitan area trips were made by automobiles or trucks, only 3 percent by public transportation, and the remaining 16 percent by other means, primarily walking and school bus.

For a handful of the larger metropolitan areas, travel by mass transit constitutes a significant proportion of daily work trips. For example, the percentage of people using transit for the commute to work is about 31 percent in New York, 19 percent in Chicago, 16 to 17 percent in Philadelphia, San Francisco, Washington, and Boston. But these cities are the exceptions.

A recent study of national commuting patterns identified three trends. These trends clearly indicate that major changes have occurred in work travel and are likely to continue for the foreseeable future, although perhaps at a reduced pace.

First, there has been an increase in the number of workers.

A second trend is the growing number who commute from suburb to suburb. In fact, the majority of all commuter trips are now suburb-to-suburb.

The third trend is the boom in private vehicles. Work travel by private vehicles has increased to 85 percent of all work travel.

The intercity travel market is similarly dominated by the automobile. More than 90 percent of domestic passenger trips and almost 78 percent of passenger miles are by automobile.

In the freight sector, trucks carry 30 percent of the total ton miles. Rail is second with 28 percent, followed by water, and then pipelines.

Government regulatory policy has helped promote greater efficiency in transportation. The 1977 deregulation of air cargo, and the partial deregulation of railroads and trucking in 1980, have resulted in an annual savings of more than \$38 billion in overall U.S. distribution costs. Shippers and receivers have been able to cut inventory levels and turn to just-in-time manufacturing processes because of more reliable freight service. All these savings can be viewed as increases in transportation efficiency.

One aspect of trucking deregulation was the virtual elimination of what's called the "empty backhaul" problem. As incredible as it may seem today, because of certain trucking regulations in place before 1980, an

estimated 20 percent of all the trucks on the nation's highways were carrying no cargo at all.

Since that time, truck fuel efficiency has also made impressive gains. Between 1975 and 1980, heavy-duty diesel ton miles increased at a rate three times the increase in GNP. After deregulation in 1980, increases in ton miles have equaled increases in GNP.

As transportation has made significant strides forward in efficiency, we have also witnessed significant reductions in transportation emissions. Nevertheless, further improvement is needed in transportation's contribution to air pollution.

The Clean Air Act Amendments of 1990 contain a number of provisions to reduce emissions further. The Amendments call for increased use of transportation control measures as part of state air quality plans. TCMs include programs to increase use of transit, ride sharing, and high occupancy vehicle programs. The Amendments also contain strengthened provisions to assure that transportation programs "conform" to air quality plans.

The Amendments also set more stringent emission standards for vehicles, and direct EPA to set tighter bus emission standards. They require use of cleaner fuels, especially in more heavily polluted areas, such as

southern California. The Clean Air Act Amendments are clearly going to have a significant impact on transportation planning, particularly in urban areas.

The Administration's proposal for reauthorization of highway, transit, and safety programs -- S.610 -- is aimed at better stewardship of our existing infrastructure and more efficient use of transportation funds. Our bill provides state and local governments increased flexibility in the use of federal funds so they can decide how best to deal with their particular transportation needs.

This flexibility is important for local areas as they develop integrated air quality and transportation plans. Our urban/rural program would remove existing barriers in grant programs, and highway funds could be used for transit and vice versa. Our proposal continues to allow use of federal funds for car pool and other public parking facilities, high occupancy vehicle lanes, and bicycle and pedestrian projects. Congestion pricing measures would be allowed on a limited basis to address air quality problems.

The Administration's bill includes provisions to improve the link between transportation planning, long range land use planning, and air quality planning.

Urban areas would develop congestion management systems.

We also encourage the development of advanced technologies to relieve congestion. Our bill encourages the development of high speed railroads and magnetically levitated trains, as well as Intelligent Vehicle Highway Systems, which integrate driver, vehicle, and local highway systems through electronic guidance.

Our bill supports increasing the mobility of people and goods through a National Highway System. This system does not envision a major new construction program like the Interstate Highway System. Rather, it would include the Interstate System in a designated 150,000 mile network of highways of national importance. These highways would receive a higher level of federal funding than highways not deemed to have particular significance to interstate commerce.

The Department of Transportation has not limited its environmental concerns to its own programs exclusively. For instance, we worked with the Department of Energy in developing its National Energy Strategy. The section on transportation energy use addresses key energy issues which we believe are important for the future of the transportation sector. It addresses automobile and

truck fleet fuel efficiency; programs for scrapping the least efficient vehicles still on the highways; fuel economy standards; the role of consumers in improving fuel economy and efficiency; new vehicle technologies; alternative fuels; and overall efficiency of our transportation system.

In summary, we have made substantial progress in improving transportation efficiency, and we expect to make much more. The coming decade will mark an important milestone in the challenge of making further progress in both environmental and economic goals. In today's world, we cannot afford to pursue either at the expense of the other.

Thank you very much.

REMARKS PREPARED FOR DELIVERY BY
ELAINE L. CHAO
DEPUTY SECRETARY OF TRANSPORTATION
ABA TRANSPORTATION COMMITTEE
JUNE 11, 1991
WASHINGTON, D.C.

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Jay

It is a pleasure to be with you today. There's no question that transportation is one of the top priorities on America's domestic policy agenda. Whether it's the reauthorization of the surface transportation bill here in Washington, or state legislatures around the country debating how to fund local infrastructure needs -- everyone seems to be discussing transportation and how it affects their daily lives.

This year will undoubtedly spawn significant new initiatives that will shape U.S. transportation well into the future. Many developments should have a direct bearing on the procedural and regulatory matters involving transportation that many of you work on day-in and day-out.

What I would like to do today is to lay out for you what the Bush Administration is doing in transportation to prepare for that future. It is a future that promises to usher in -- to use the President's words -- a "new world order." In particular, I would like to focus on aviation and the process now underway in Congress to reauthorize the nation's surface transportation programs.

There's no question that international aviation is one of the most exciting areas in transportation today. It has always been on the cutting edge of the most advanced science and engineering, and its economic potential in the global economy is unlimited. While international aviation is held back by protectionist barriers in much of the world, these economic walls are as incompatible in the new world order as the old Berlin Wall.

Under the leadership of the Bush Administration, this country has turned an important corner in its approach to international aviation policy. The country has begun to acknowledge the larger meaning of international aviation to the U.S. economy. We have come to understand that efficient, competitive commercial air service, both domestic and international, is critical to our nation's prosperity.

Our new approach has taken shape in the many initiatives we have launched since the beginning of the Administration:

First, we created a new "Underserved Cities Program." For countries that have liberalized their aviation regimes, we offer the opportunity to serve the U.S. traveling public in markets not served by U.S.

carriers. Our program has opened up greater benefits and a wider array of options for the American consumer. The five U.S. cities now enjoying new services under this program have been reaping enormous economic benefits as a result.

Second, we have proposed major new open skies initiatives to some of our largest European partners -- the United Kingdom, France, and Germany. This has set an important new standard in demonstrating our willingness to entertain initiatives of that kind.

Third, to maintain U.S. leadership in the push to open up world markets, we have taken steps to allow U.S. airlines to attract additional foreign investment. We live in a world of global capital, and our airlines must have greater access to this capital. If the new world order is to bring a genuine globalization of airline companies, much as we have seen in so many other industries, it will mean more than merely landing in as many countries as possible. It will mean establishing a genuine, fully competitive presence in all of the world's most important aviation markets.

Fourth, we opened new aviation negotiations with Canada last month in the hope of creating a far more congenial framework for air services between our two countries than currently exists.

Fifth, we have engaged in frequent informal discussions with the European Commission in an effort to stimulate the beginning of negotiations on the future of aviation across the Atlantic. We may soon be seeing real results along these lines, particularly in the cargo area.

These steps, and others, are designed to keep the United States in the forefront of aviation policy, to set an example for the rest of the world, and to expand to the greatest possible extent the benefits that flow to our economy from international air services.

On the domestic front, as our industry struggles through its current period of consolidation, we have full confidence that U.S. carriers will emerge stronger than ever. We are keeping our eye on the long term goal -- a vibrant, highly competitive industry fit for the liberalized, global skies of the coming new world order.

Even today, foreign carriers are terrified of their U.S. competitors. Our carriers, for example, have the most sophisticated yield management systems in the world. By calculating, on an almost hourly basis, the most profitable fare categories based on demand, our industry is able to achieve optimal revenue on every flight. We also have the best computer reservation services, the most advanced frequent flyer programs,

and the most creative marketing and advertising techniques in the world. So we have solid ground to be bullish on the future of the U.S. airline industry.

To a large extent, our confidence is based on the successful passage of last year's aviation reauthorization bill. We consider it the most far-reaching aviation legislation since deregulation. It promotes competition, provides for increasing the nation's airport capacity, and seriously addresses the problem of aircraft noise that threatens future growth.

First, it established the federal program for airport expansion over the next five years, with impressive increases in funding at the federal level. Second, it formed the basis for a much needed national aviation noise policy. Third, it facilitated the collection of passenger facility charges by local airports for the first time in 18 years. This new source of funds will support the expansion of our airport infrastructure that is essential to the nation's future prosperity.

Last year's aviation bill was controversial and difficult to get through the Congress. In fact, it might have failed had we not established a strategic vision first in our National Transportation Policy, which the President announced in March of last year.

That strategic vision again took on concrete form in the crafting of the Administration's surface reauthorization proposal, which establishes priorities for the nation's highway, mass transit, and highway safety programs for the next five years.

Driving our approach to surface transportation is the same as that driving our approach to aviation -- and that is the recognition that transportation is key to America's success in meeting the competitive challenge of the global economy of the 21st century. Our surface bill sets forth two fundamental pillars that support our overriding goal of enhancing America's competitiveness.

First, we have a national pillar that will ensure the most efficient movement of people and goods from shore to shore and border to border. That pillar is our proposed National Highway System, which incorporates the present Interstate System.

Second, we have crafted a local pillar geared to ensuring the best solutions for regional transportation problems. This approach involves greater leveraging of state and local investment, coupled with greater flexibility for state and local management of federally-assisted projects.

We firmly believe that both pillars are necessary for America to compete in the increasingly competitive global economy. Take away one of the pillars, and U.S. competitiveness suffers.

Of the various reauthorization proposals, only the Administration's contains the two pillars. Our proposal's chief competitor -- Senator Moynihan's bill -- comes up short in two basic ways. It fails to include a national pillar. While it supports the Interstate Highway System, it is clearly inadequate to the new realities of national life and commerce. In fact, Senator Moynihan's funding is actually biased *against* a national system, since it increases the federal share for *non*-Interstate federal-aid highways.

In addition, while the Senate bill purports to be better for mass transit, it's local pillar is actually weaker than the Administration's. This is because the Senate approach does not provide for greater leveraging of state and local funds. In these days of extremely tight federal budget constraints, extra state and local money is absolutely essential to meet overall national infrastructure needs.

Contrary to many characterizations, the Administration's bill is good for mass transit. We provide for a great deal of flexibility in the use of both

35%
\$ 36.5 M

highway and transit funds. In fact, if state and local authorities decide mass transit is the best solution for meeting particular needs, up to 40 percent of all federal money can be made available for mass transit uses.

In exchange for greater flexibility, of course, comes a greater responsibility to foot a larger share of the bill. The Administration believes, and common sense tells us, that a higher level of state and local investment will improve local decision making and management of transportation programs. Where there's a greater stake, there's going to be a greater commitment.

At the same time, local jurisdictions must recognize the importance and value of a National Highway System in facilitating interstate commerce -- a clear federal responsibility. Because a National Highway System will enhance the efficient shipment of goods, it is an essential means of meeting our competitiveness goal. It would carry 40 percent of all U.S. travel on only 4 percent of public road mileage. This is why the Administration cannot support a surface reauthorization bill without a National Highway System.

All in all, our approach marks the beginning of a new era in surface transportation. We propose to spend \$105 billion in five years, nearly as much as the cost of

the Interstate System itself. Highway programs would increase 39 percent from this year to 1996. Capital investment in transit goes up 25 percent over the life of the bill, and funding for highway safety activities rises by 34 percent.

We propose a *new way* of doing business -- one that emphasizes the priorities of the day. We want to unleash the energy of the private sector as never before. Private toll roads, for example, are one means by which we can channel the dynamism of the private sector toward tackling the serious congestion problem that threatens U.S. competitiveness. Overall, congestion costs interstate commerce over \$35 billion a year, seriously hampering the nation's productivity.

We put a new emphasis on what we call "intermodal" connections -- those points in our transportation system that tie different segments of transportation closer together. A classic example is Atlanta's consideration of a new downtown terminal to link bus, transit rail, Amtrak, and air transportation. The new facility could house intercity buses, local buses, taxis, and airport limousines all under one roof.

The Atlanta project represents the kind of thinking we want to encourage in this country. We are, unfortunately, not up to speed with our European

competitors, where transit systems are already well integrated with other modes of transportation. In Germany, for example, several cities have made real efforts to tie together bus, subway, light rail, commuter rail, and intercity rail systems. They've established common terminals and, where possible, coordinated station stops and schedules. For instance, a person can now get an international airline ticket on Lufthansa that includes rail service at the European end.

European success in intermodalism represents a fundamental challenge for U.S. transportation. On the one hand, national differences have prevented Europe from enjoying the benefits of an integrated *continental* system like we have in the United States. On the other hand, we're still a long way from the widespread integration of intercity passenger and urban transit systems that Europe enjoys.

On another front, the Administration recognizes that technological advances are vital to meeting the nation's transportation needs.

Surface transportation can be made safer, and congestion eased, by intelligent vehicles and highways. This evolving array of advanced communications technology could some day give drivers immediate traffic information over special navigation units in their

cars. Often, urban freeways have major streets that are good, and yet have significant unused capacity. Smart cars and smart highways will be able to signal a driver to take one of these alternatives in case of congestion.

Something as simple as synchronizing traffic signals can also increase the capacity of major roads. So can coordination of peak hour parking restrictions among various municipalities. High speed trains, monorail, and magnetically levitated railways are also promising technologies we are only now beginning to explore.

Clearly, there is no shortage of innovative ideas that can be applied, but all sectors of the transportation industry will need to use their imagination as never before and work together to transform new ideas into reality. The enormous investment required to solve the problem is too great for any one sector. It requires a partnership of federal, state, and local governments, and the private sector.

Such a partnership is especially important in addressing the Department's top priority -- safety. This includes combating drunk and drug impaired driving by providing new safety bonuses for states that succeed in reducing fatalities, or that have high levels of safety belt use, good emergency medical service programs, or other proven life saving programs.

*cite
of people killed annually on our highway*

I would be remiss in mentioning safety without saying a few words about current attempts to raise CAFE standards. I want to assure you that the Administration will do everything possible to stop new CAFE standards that will result in more unnecessary deaths.

Advocates of higher standards say CAFE is solely a conservation and technology issue. But we believe CAFE is much more of a safety issue. This is supported by the fact that fuel economy gains since the mid-1970s required a 1,000 pound weight loss for the typical automobile. The fact is, we could have saved 2,000 additional lives a year and prevented 20,000 more injuries a year except for this weight loss.

It's time to draw the line. Saving more fuel is not good policy if it means losing more American lives.

Whether it is safety, this year's surface reauthorization proposal, or our many aviation initiatives -- all of our efforts are guided by one fundamental aim: to keep America competitive. To do that, we must be willing to embark on some rather bold approaches to restore and improve our deteriorating transportation infrastructure and enhance the efficiency of our present transportation systems.

I don't believe it's too much to say that we have established a new vision for transportation -- a global

vision -- that will prepare our country for what President Bush often refers to as the emerging new world order -- an order where no nation will be a world class competitor without a world class transportation system.

Thank you very much.

3.8
INTRODUCTION BY ELAINE L. CHAO
DEPUTY SECRETARY OF TRANSPORTATION
BEFORE THE REPUBLICAN WOMEN'S FEDERAL FORUM
WASHINGTON, D.C.
JUNE 13, 1991

Thank you Nancy.

It is always a pleasure to be here with good friends. But today is extra special because I have the opportunity to introduce my very good friend, and Counsel to the President -- Boyden Gray.

As you may recall, the day after President George Bush was elected -- he made one personnel announcement -- that Boyden Gray would continue to serve as his counsel. Since that time Boyden has become an influential figure on a variety of issues -- including two of his favorites: alternative sources of energy and the rights of the handicapped.

As White House counsel, Boyden is also known for his staunch commitment to defend and protect Presidential prerogatives in the constitutional scheme. Recently, Boyden has been instrumental in the Administration's fight against the issue of quotas and has taken the lead in pushing for a balanced civil rights bill for all Americans. Our nation was founded on principles of equal access to opportunity regardless of color, creed or national origin, and I want to express our support and gratitude, Boyden, for your efforts to ensure that our

nation indeed does not turn into a society based on racial preferences.

Boyden's credentials are impressive:

- Magna Cum Laude from Harvard
- NCO in the Marine Corps
- Editor in Chief of UNC's Law Review
- Law Clerk to Chief Justice Earl Warren
- Law Partner of Wilmer, Cutler and Pickering
- Counsellor to the Vice President of the United States
- Counsel to the President

Boyden took special pride in his work with the Presidential Task Force on Regulatory Relief, helping President Reagan fulfill his campaign promise to help business cut through bureaucratic red tape. The Task Force facilitated the review of nearly 7,000 government regulations and recommended the elimination of 25% of them with an estimated annual savings of \$15 billion dollars.

I could go on for many more minutes citing Boyden's many accomplishments. Suffice it to say -- he is bright,

witty, loyal, a dedicated public servant and the essence of integrity.

To get to some of the good stuff -- Boyden has been named by The Washington Post as one of the area's most eligible bachelors. Cosmopolitan Magazine even notes: "He attracts attention by squiring beautiful women around town." Is that right Boyden?

Finally, I can't introduce Boyden to any audience without mentioning the most important person in his life--his daughter Eliza. Anyone who knows Boyden knows that he is a devoted, loving, and caring father.

It is my great pleasure and honor to introduce our special guest and speaker to day -- Boyden Gray.

REMARKS PREPARED FOR DELIVERY BY
-- ELAINE L. CHAO
DEPUTY SECRETARY OF TRANSPORTATION
NAFTA ROAD TRANSPORT CONFERENCE
JUNE 17, 1991
WASHINGTON, D.C.

- Delighted to be with you this evening. Conference couldn't have been held at a more historic moment, and I'm honored to be a part.
- U.S., Canada, and Mexico are at a crossroads in their relations with one another.
 - Free trade discussions could mark a new era for entire North American continent.
 - In we do it right, we in turn could become a model for the world -- even Europe.
- Just a few years ago, it would have been almost unthinkable to address in the same room, trucking representatives from the Yukon to the Yucatan.
- Prospect of free trade has brought this about.
- Important to remember, however, that we're not talking about a North American Free Trade Agreement solely of our own initiative.
- Rapid pace of change occurring around the world is bringing us to the table.
 - Consider the challenge of EC '92.

- Or emerging democracies of the old Eastern Bloc.
- Or the powerful potential of a reunited Germany.
- Or the ever-formidable Pacific Rim.
- North America has no choice but to get together to talk free trade, to forge a genuine trading partnership.
- That quest was made official when, on February 5, the chief executives of U.S., Mexico, and Canada announced intention to begin joint trade talks.
- An agreement would create world's largest free trade area.
 - 36% larger than that of EC in total output.
 - Comprise over 360 million people with annual output of \$6 trillion.
- This is good news for everyone across the board -- especially for those of you here this evening.
- Encouraging to see you one step ahead of the game, ready to seize the opportunities.
- Although not yet decided how transportation will be handled in NAFTA, one thing is certain:

- Transportation, particularly land transport, is the linchpin of trade.
- U.S. and Mexico conduct about 85% of mutual trade through trucks and railroads.
- About 90% of U.S.-Canadian trade is conducted by truck, rail, and pipeline.
- There is simply no trading without transporting.
 - As transport becomes freer, more efficient, mutual trade becomes more prosperous.
 - That's why we must ensure most productive transportation system possible.
- U.S. has long tradition of working with neighbor to the north.
- 1989 Free Trade Agreement was culmination of that relationship.
 - Already achieved number of notable successes in facilitating trade and investment.
 - Trade in goods and services reached nearly \$195 billion in 1990.
- Transportation, however, was not included in FTA.

- But barriers had steadily fallen over years preceding agreement.
- U.S.-Canada Motor Carrier Consultative Mechanism has been successful forum for working out problems.
- Two countries have worked closely in past years to eliminate barriers to efficient transport of goods.
- Looking southward, trade and investment climate has changed dramatically over past several years.
 - Free trade agreement is in order.
 - Salinas has instituted stunning reforms.
 - Over 25 areas of Mexican economy have been deregulated, including trucking.
- Truck deregulation decree promulgated two years ago resulted in increased competition by abolishing monopolies.
 - Allowed companies to receive permits for operating authority and eliminated heavy rate regulation.
 - About 90,000 permits have been issued.

- Expected increase in trade resulting from NAFTA will accelerate already booming U.S.-Mexican trade, and add Canada to it.
 - Imperative that transportation system have capacity to meet that demand, unfettered by artificial barriers.
- This is why U.S.-Mexico Transportation Working Group was formed.
 - Like U.S.-Canadian counterpart, Working Group has been very active over past two years.
 - Work covers rail and motor carrier issues.
- Both groups will meet throughout NAFTA negotiations, and will exist long after conclusion of a free trade agreement.
 - Accomplishments have laid groundwork to make trilateral transportation negotiation possible.
- Important activity is safety standards harmonization.
 - Goal is to establish same high standards across North America.
 - Want to eliminate safety regulations as a factor affecting cooperation between 3 countries' carriers.

- U.S. and Canada already achieved harmonization of safety standards for motor carriers.
- Working with Mexico at accelerated pace to do same.
- Achievement of goal will reduce costs and ensure full equipment compatibility.
- Mexico is very close to joining U.S. and Canada in Commercial Vehicle Safety Alliance.
 - Will bring roadside inspection criteria in line with those of U.S. and Canada.
 - Last month, dozen Mexican officials participated in "Roadcheck 91," two-day inspection blitz in U.S. and Canada.
- Will soon have reciprocity of commercial driver's licenses with Mexico, as we now do with Canada.
 - Expect that MOU will be signed next month.
- Harmonization with Mexico is proceeding well on other fronts:
 - Safe transport of hazardous materials.
 - Emissions standards and exchange of data technology.

- U.S. and Mexico are also tackling problems of border congestion and customs clearance facilitation.
 - Want to examine procedures in all three countries.
- Last December, Mexico passed new customs law.
 - Allows truck trailers to exit Mexico at crossing points different from original point of entry with neither permit nor bond required.
 - Will improve productivity for all carriers and ensure that increased trade flows smoothly.
- Entrepreneurs are already beginning to seek ways to seize opportunities.
 - Exploring ways that U.S. long-haul carriers can establish better joint carriage arrangements with Mexican carriers.
- Last fall, I had pleasure of joining some of you at conference sponsored by ATA and CANACAR.
 - Top agenda items were harmonization and closer business relationships.
 - Today, Canadian trucking entrepreneurs have joined ATA and CANACAR.

- Delighted to see you looking ahead, getting informed, and networking to take full advantage of opportunities being created.
- This progress is great news, but increased border trade is likely to create higher demands on infrastructure.
- Administration's surface bill sets right course for 1990s and beyond.
- National Highway System is especially important to trucking industry.
 - Would provide interconnected system of principal arterial routes that would serve major population centers, ports, airports, and international border crossings.
 - Highway-related projects that enhance international travel at or approaching border crossings would be eligible for funding.
 - Includes rights-of-way needed for customs and immigration stations and access lanes, parking areas, surfacing, lighting, and safety features.
- STAA also proposes increased emphasis on international highways and transportation.

- Includes expanded international cooperative programs in training and technology transfer.
- Abundantly clear that U.S., Mexico, and Canada share many challenges as we seek to lock arms together in our march forward.
 - Transportation is at the head of the column.
- At DOT, we look forward to continuing to work with our two neighbors in forging a new future on a new continent -- North America of unprecedented opportunity and growth.
- Want you to know that we'll be doing everything we can to assure that transportation -- and trucking -- will be free to spur economic development to its greatest potential across the expanse of this vast continent.
- Thank you very much.

REMARKS PREPARED FOR DELIVERY BY
ELAINE L. CHAO
DEPUTY SECRETARY OF TRANSPORTATION
WOMEN'S TRANSPORTATION SEMINAR
JUNE 17, 1991
CHICAGO, ILLINOIS

It is a pleasure to be with you today. I'm especially delighted to be here because this seminar deals with two topics of utmost concern to me: women and transportation. Women, because I empathize with the struggles of all women seeking professional success; and transportation, because that is where my professional life has been focused for the past 16 years.

Today, I would like to share with you some of my thoughts about both of these concerns. First, I would like to lay out for you what the Bush Administration is doing in transportation to prepare America for the competitive challenges of the 21st century. And second, I would like to close with a few words about women and the professional life.

There's no question that transportation is one of the top priorities on America's domestic policy agenda. Whether it's the current debate in Washington about how best to renew the nation's surface transportation programs, or state legislatures around the country debating how to fund local infrastructure needs -- everyone seems to be discussing transportation and how it affects their daily lives.

Passage of the Administration's surface transportation bill is one of the top four domestic policy items for the President. As you know, the current surface transportation act will expire on September 30.

Our approach marks the beginning of a new era in surface transportation. We propose to spend \$105 billion in five years, nearly as much as the cost of the Interstate System itself. Highway programs would increase 39 percent from this year to 1996. Capital investment in transit goes up 25 percent over the life of the bill, and funding for highway safety activities rises by 34 percent.

In our bill, we have a national pillar that will ensure the most efficient movement of people and goods from shore to shore and border to border. That pillar is our proposed National Highway System, which incorporates the present Interstate System.

Second, we have crafted a local pillar geared to ensuring the best solutions for regional transportation problems. This approach involves greater leveraging of state and local investment, coupled with greater flexibility for state and local management of federally-assisted projects.

The Administration's bill is good for mass transit. We provide for a great deal of flexibility in the use of both

highway and transit funds. In fact, if state and local authorities decide mass transit is the best solution for meeting particular needs, up to 42 percent of all federal money can be made available for mass transit uses.

In exchange for greater flexibility, of course, comes a greater responsibility to foot a larger share of the bill. The Administration believes, and common sense tells us, that a higher level of state and local investment will improve local decision making and management of transportation programs. Where there's a greater stake, there's going to be a greater commitment.

At the same time, local jurisdictions must recognize the importance and value of a National Highway System in facilitating interstate commerce -- a clear federal responsibility. Because a National Highway System will enhance the efficient shipment of goods, it is an essential means of meeting our competitiveness goal. It would carry 40 percent of all U.S. travel on only 4 percent of public road mileage.

Our bill also proposes a *new way* of doing business -- one that emphasizes the priorities of the day. We want to unleash the energy of the private sector as never before. Private toll roads, for example, are one means by which we can channel the dynamism of the private sector toward tackling the serious congestion problem

that threatens U.S. competitiveness. Overall, congestion costs interstate commerce over \$35 billion a year, seriously hampering the nation's productivity.

Our bill puts a new emphasis on "intermodal" connections, where we are, unfortunately, not up to speed with our European competitors. In Germany, for example, several cities have made real efforts to tie together bus, subway, light rail, commuter rail, and intercity rail systems. They've established common terminals and, where possible, coordinated station stops and schedules. For instance, a person can now get an international airline ticket on Lufthansa that includes rail service at the European end.

European success in intermodalism represents a fundamental challenge for U.S. transportation. On the one hand, national differences have prevented Europe from enjoying the benefits of an integrated *continental* system like we have in the United States. On the other hand, we're still a long way from the widespread integration of intercity passenger and urban transit systems that Europe enjoys.

On another front, the Administration recognizes that technological advances are vital to meeting the nation's transportation needs.

Surface transportation can be made safer, and congestion eased, by the evolving array of intelligent vehicle and highway systems now being tested. High speed trains, monorail, and magnetically levitated railways are also promising technologies we are only now beginning to explore.

Clearly, there is no shortage of innovative ideas that can be applied, but all sectors of the transportation industry will need to use their imagination as never before and work together to transform new ideas into reality. The enormous investment required to solve the problem is too great for any one sector. It requires a partnership of federal, state, and local governments, and the private sector.

Whether it's promoting new surface transportation initiatives or protecting lives on U.S. highways, we at the Department of Transportation are thinking strategically. We are also taking the same strategic approach in developing our international aviation policy.

There's no question that international aviation is one of the most exciting areas in transportation today. It has always been on the cutting edge of the most advanced science and engineering, and its economic potential in the global economy is unlimited.

Under the leadership of the Bush Administration, this country has turned an important corner in its approach to international aviation policy. Our new approach has taken shape in the many initiatives we have launched since the beginning of the Administration:

First, we created a new "Underserved Cities Program." For countries that have liberalized their aviation regimes, we offer the opportunity to serve the U.S. traveling public in markets not served by U.S. carriers. Our program has opened up greater benefits and a wider array of options for the American consumer. The five U.S. cities now enjoying new services under this program have been reaping enormous economic benefits as a result.

Second, we have proposed major new open skies initiatives to some of our largest European partners -- the United Kingdom, France, and Germany. This has set an important new standard in demonstrating our willingness to entertain initiatives of that kind.

Third, to maintain U.S. leadership in the push to open up world markets, we have taken steps to allow U.S. airlines to attract additional foreign investment. We live in a world of global capital, and our airlines must have freer access to capital sources.

Fourth, we opened new aviation negotiations with Canada last month in the hope of creating a far more congenial framework for air services between our two countries than currently exists.

Fifth, we have engaged in frequent informal discussions with the European Commission in an effort to stimulate the beginning of negotiations on the future of aviation across the Atlantic. We may soon be seeing real results along these lines, particularly in the cargo area.

These steps, and others, are designed to keep the United States in the forefront of aviation policy, to set an example for the rest of the world, and to expand to the greatest possible extent the benefits that flow to our economy from international air services.

It doesn't need much elaboration to note that our aviation industry is struggling through a tough period of consolidation -- one that has been exacerbated by recession, fuel price increases, and the fear of travel during the Persian Gulf War. But we have full confidence that this period will produce U.S. carriers stronger and more able to compete than ever. For example, 90 percent of air travelers now travel on discounted fares, and real fares are now 30 percent lower than before deregulation.

We are keeping our eye on the long term goal -- a vibrant, highly competitive industry fit for the liberalized, global skies of the coming new world order.

Even today, foreign carriers are terrified of their U.S. competitors. Our carriers, for example, have the most sophisticated yield management systems in the world. By calculating, on an almost hourly basis, the most profitable fare categories based on demand, our industry is able to achieve optimal revenue on every flight. We also have the best computer reservation services, the most advanced frequent flyer programs, and the most creative marketing and advertising techniques in the world. So we have solid ground to be bullish on the long term future of the U.S. airline industry.

I would be remiss without saying a few words about current attempts to raise CAFE standards. I want to assure you that the Administration is strongly opposed to new CAFE standards that will result in more unnecessary deaths.

Advocates of higher standards say CAFE is solely a conservation and technology issue. But we believe CAFE is much more a safety issue. This is supported by the fact that fuel economy gains since the mid-1970s required a 1,000 pound weight loss for the typical automobile. The

fact is, we could have saved 2,000 additional lives a year and prevented 20,000 more injuries a year except for this weight loss.

It's time to draw the line. Saving more fuel is not good policy if it means losing more American lives.

Whether it is safety, this year's surface reauthorization proposal, or our many aviation initiatives -- all of our efforts are guided by one fundamental aim: to keep America competitive. To do that, we must be willing to embark on some rather bold approaches to restore and improve our deteriorating transportation infrastructure and enhance the efficiency of our present transportation systems.

But systems, strategies, programs, and legislation are all one thing -- personnel is quite another. The fact of the matter is that America won't achieve its objections without a first rate work force. And that includes women -- 53 million women to be exact, comprising 45 percent of today's working population. By the year 2000, more than 65 million women will comprise 47 percent of the work force.

That means women will be in demand as never before. And, unlike any time in our nation's history, women will be able to capitalize on opportunities that were only dreams to women of earlier generations. The

challenge for us today is to discover how best to take advantage of these opportunities.

To that end, let me offer some personal thoughts. Keeping a long term perspective is important. But, don't focus so much on the long term that you don't take risks. Be flexible in your plans. Be ready to jump at opportunities as they come along -- even if you didn't anticipate them.

Let me also say that our whole struggle as women has been about opportunities, making choices, and combining alternatives. And, if some of us make the choice of staying home with the family, that is just as fine a choice. It's the choice my mother made, and I'm glad for it.

But whatever choices we make, we should keep in mind that there are no shortcuts to the executive suite or the power suite. To solidify our gains and win the respect of those around us, we women must pay our dues. We must not be discouraged by the normal rough and tumble of life. We should learn from our mistakes and not pin personal shortcomings on discrimination from the system.

Of course, women should not tolerate discrimination. What I am saying is that women -- like men -- need to learn and understand the system and how the game is

played. We should have realistic expectations of the chances for upward mobility based on the measurements as set forth by the organizations for which we work.

Along the way, we should lend a helping hand to other women in need. But we must never fall into the trap of calling for "gender balance" or "racial balance". We hear a lot of this these days under different kinds of labels, but it's really the same old tired advocacy of quotas.

It is American tradition to identify people not as members of groups, but as proud and free individuals -- deserving to be judged on their own abilities, their own character, and their own achievements.

We should never insult people by putting them in a job because they're a member of this or that group. We should want the best people we can get, no matter what group they belong to.

The choices we have to make are not without tradeoffs, but the great thing is that we have the freedom to make the choices in the first place. Like everyone else, hard work, creativity, and tenacity will be deciding factors in determining how successful we'll be in whatever we undertake.

REMARKS PREPARED FOR DELIVERY BY
ELAINE L. CHAO
DEPUTY SECRETARY OF TRANSPORTATION
AGRICULTURE OCEAN TRANSPORTATION COALITION
JUNE 20, 1991
SAN FRANCISCO, CALIFORNIA

Good afternoon, and thank you for that warm welcome. I am particularly interested in joining you today, because I believe the future promises to be an exciting and profitable time for the agriculture shipping community.

As Vice Chairman of the Advisory Commission on Conferences in Ocean Shipping, I continually see signs that we have launched the Commission's activities and investigation at an ideal time -- in fact, at an historic moment when the global trading system is on the verge of fundamental change and expansion.

Consider the many developments now taking shape around the world:

The Uruguay Round of trade negotiations, if successfully completed, will liberalize world agricultural trade for the first time. It will allow farmers to compete against each other rather than government treasuries.

The nations of the European Community will merge into one of the largest world markets by the end of 1992. It will be a \$4 trillion market of 320 million people, two million new jobs, and innumerable

opportunities for -- we hope -- non-European as well as European businesses.

The United States, Canada, and Mexico have started negotiations on a North American Free Trade Agreement which would bring expanded market opportunities for U.S. exporters -- including the agriculture shipping industry.

With agriculture constituting the largest single component of the positive side of the U.S. balance of trade, this industry will play an important role in maintaining and enhancing America's competitive standing in the global economy. There is no question that the ability of U.S. exporters to take maximum advantage of emerging liberalized world market conditions will depend on the availability of an efficient and competitive ocean, air, and intermodal transportation network.

As the Advisory Commission begins the challenging task of studying whether the nation would best be served by closed or open conferences, or by prohibiting conferences outright, we anticipate that our final report will significantly contribute to the discussion on how to enhance competitive ocean transportation. The Commission's study, of course, is taking place at a point when significant technological and logistical advances

have developed in ocean and other modes of transportation.

Ships today carry more containers, stop at more ports, and carry goods around the world faster than any of the drafters of the 1984 Shipping Act could have foreseen. Transportation companies have become more vertically integrated. They provide more intermodal networks. Intermediaries have become more sophisticated in providing the kinds of door-to-door services needed by shippers. And shippers themselves have increasingly taken advantage of the economies of scale available to them by joining shippers associations and cooperatives.

Much has happened in the international trade and transportation environment since 1984. That makes the task before the Advisory Commission all the more challenging. I would like, however, to step back for a moment to that point seven years ago when the Shipping Act of 1984 was finally passed. The Advisory Commission did that recently when we tried to come to terms with the Commission's mandate.

We felt compelled to review the legislative history of the '84 act to determine why Congress had mandated the formation of a Presidential Advisory Commission in the first place. This mandated review of ocean conferences and the underlying regulatory system is

rather unique in light of the deregulation of other transportation industries, such as trucking and aviation. No sector other than maritime has had to be reviewed five-and-a-half years after passage of major reform legislation.

What we learned is that if the Senate had had its way it would have required the Comptroller General to conduct a comprehensive study of major regulatory issues affecting ocean common carriers.

The House, on the other hand, wanted a 22-member "Commission on the Deregulation of International Ocean Shipping." Note that the House specifically put the word, "deregulation," into the title of its proposed commission. That commission would have met in the first fiscal year after the bill passed.

Among the many things the House commission would have examined are these: One, the "various options for deregulation of the international ocean shipping industry." Two, "the size of the United States liner fleet, by number and cargo capacity, which each of the deregulation options may produce." Three, "the role of the antitrust laws in the international shipping industry and their impact upon our relations with foreign nations." And four, "the continuing need for, and utility of, the statutory requirement that tariffs be filed

with-and enforced by the Federal Maritime Commission."

As you know, the final provision hammered out between the Judiciary and Merchant Marine Committees of both the House and Senate resulted in what we have today -- a 17-member Advisory Commission on Ocean Shipping. We are charged with conducting a comprehensive study of conferences in ocean shipping, and making appropriate recommendations. That study was not to begin until five-and-a-half years after passage of the 1984 Shipping Act. The conferees believed that "a period of time should elapse before further consideration of the Shipping Act."

In the interim, the FMC was charged with collecting information on the effects of the new regulatory regime. At that time, some argued that the Shipping Act of 1984 merely continued an attempt to formulate a system of rules that reconciled the principle of free and open competition with the pattern of cartel practices that typify the ocean shipping industry.

As such, some thought that what we got in 1984 achieves few of the benefits of either open competition or rationalization. According to this view, either pure competition or closed conferences would better serve

the nation than the hybrid regulatory system that we have today.

These kinds of issues are exactly why the drafters of the 1984 Shipping Act wanted a Commission formed -- to revisit fundamental issues which were never resolved at that time.

Both shippers and carriers today operate in an international ocean transportation environment that has changed considerably since passage of the 1984 Shipping Act and that continues to evolve even as I speak. The preponderance of service contracts on certain trade lanes, the evolution of superconferences that rationalize service, the increasing enforcement by the FMC against conference practices that inhibit the free flow of goods are all part of the existing regulatory environment.

The Department of Transportation has also been attempting to address some of the problems faced by both U.S. shippers and carriers which contribute to an unfair and uncompetitive trading environment. The Administration believes that truly open competitive access in the ocean trades is fair to our carriers, provides our shipping community with efficient fairly-priced transportation, and maximizes mutually beneficial trade with our trading partners.

The United States has continued to oppose the United Nations Code of Conduct for Liner Conferences that seeks to reserve cargo for national-flag fleets and to resist bilateral cargo-sharing maritime agreements. Those agreements that we do have are the result of unilateral action that would exclude U.S. carriers from a trade completely.

For example, Brazilian law reserves 100 percent of government-impelled imports for Brazilian-flag ships. Ships of trading partners are permitted to carry 50 percent of Brazil's government-impelled imports if there is a government-to-government agreement such as our Equal Access Agreement.

Since the Administration's aim is to minimize government interference in the free access to ocean trades, it is pressing Brazil to allow freer access to third-flag carriers during renegotiation of the bilateral agreement. It is expected that U.S. efforts with Brazil and other nations to level the playing field will ultimately serve to benefit both U.S. carriers and shippers. I know that other countries, such as those in the EC and Canada, are also examining some of these same difficult issues in ocean transportation trade and regulation.

The EC Commission, for example, is in the process of trying to establish itself as the focus for maritime economic policy making on key issues. These include antitrust immunity for conferences, unfair pricing practices, and coordinated action to safeguard free access to ocean trades.

Currently, the Commission is considering the legal treatment of consortiums in general and the Eurocorde Agreement in North Atlantic Trade specifically. This agreement, as you know, is between the same independents and the conference carriers in the trade. While the FMC has long since approved of the Eurocorde agreement, speculation has it that the Competition Directorate of the EC will soon disapprove the agreement. Apparently, the Commission is concerned about the decline in non-conference competition in the North Atlantic trades, since the Danish carrier Maersk joined the conference last year.

A decision by the EC to treat shipping consortiums like they currently treat conferences could mark a turning point in the competitive underpinnings of foreign conferences -- something which the Advisory Commission could not easily ignore.

Canada is also in the process of examining its ocean regulatory system and has taken an active interest in the activities of our Commission.

With so much happening in the global ocean transportation environment, and even more at stake for the U.S. shipping community, the Commission is committed to addressing these critical issues and to ensuring a process which allows the views of all those affected by the 1984 Shipping Act to be heard.

The Commission's hearings are an opportunity to receive insights of all segments of the maritime industry on the conference system. We have deliberately set hearings in five geographically disperse regions of the U.S. to ensure that the Commissioners receive a full array of opinions and views from the industry. We look forward to tomorrow's hearing -- our second -- at the Mark Hopkins Inter-Continental Hotel. Future hearings will be held in Charleston next month, in Portland in August, and in New York in September.

As for the issues, the Commission announced four broad topics which we are examining: One, whether antitrust immunity should be continued, revised, or eliminated, and the probable consequences that would likely result. Two, whether or not the national interest is best served by open or closed conferences if antitrust

immunity is continued. Three, what, if anything, should be done regarding tariff filing and enforcement and service contracts. And four, the relations between conferences and shippers and transportation intermediaries.

We also know that with all the changes which have occurred in the world trading and ocean transportation environment since passage of the Shipping Act of 1984, it is very important that the Commission collect and analyze current information which can ultimately substantiate the report and recommendations which we will be making to the President and the Congress.

The Commission staff is, therefore, supplementing what we hear from the shipping public during our hearings with indepth interviews of shipper, carrier, and other industry representatives. Your participation in the hearings and your willingness to be interviewed and share information about what is happening in the ocean trades today will be an important part of what our Advisory Commission eventually accomplishes.

In closing, I would like to note that all of us on the Advisory Commission are fully aware that the implications of the Shipping Act of 1984 extend well beyond transportation. While one of the three underlying principles of the Act is to ensure a healthy

U.S. flag fleet, the other two principles make the Act as much international trade legislation as it is maritime legislation. Without a healthy, competitive, and efficient multimodal transportation system -- one which rests on sound economic and regulatory principles -- the ability to get products to and from the United States will be hampered, and the overall health of the U.S. economy will be at risk.

Let me assure you that I and the other members of the Advisory Commission look forward to the challenge before us, and to your participation in our efforts.

Thank you very much.



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Opening Remarks of
Vice-Chairman Elaine L. Chao
Advisory Commission on Conferences in Ocean Shipping
San Francisco Public Hearing
June 21, 1991

Good morning, ladies and gentlemen. On behalf of my fellow Commissioners, I welcome you to the first public hearing of the Advisory Commission on Conferences in Ocean Shipping on the West Coast. This is the second of five field hearings; the first was held earlier this month in New Orleans. San Francisco is a city rich in maritime history. The Bay area is not only one of the finest natural harbors in the world and home to two of the West Coast's top ports -- San Francisco and Oakland -- but, from the early days of Russian fur traders and New England whalers to the high tech terminals of today, it has been America's gateway to the Pacific. And, no less important, Asia's gateway to America.

And, to integrate a personal note, as a Californian it's a great pleasure to be back in my home state. There's an old saying that "San Franciscans are the luckiest people in the world; they not only get vacation with pay, they have San Francisco to come home to." And while I'm not returning from a restful vacation, I certainly can say it's great to be home again.

Now, I would like to introduce the members of the Commission who are here today and representatives of those who were unable to attend.

To my right are Mr. Paul Crouch; Mr. Paul Wegener; Mr. Bill Verdon; Mr. George Pence of the staff of the House Merchant Marine and Fisheries Committee; Ms. Patricia Vaughan of the staff of the Senate Judiciary Committee; and Mr. Richard Daschbach of the House Merchant Marine and Fisheries Committee.

On my left are Mr. Ray Ebeling; Mr. Roger Wigen; Mr. Conrad Everhard; Mr. James O'Brien; and Mr. Hal Creel of the staff of the Senate Committee on Commerce, Science, and Transportation.

At our last public hearing, the Commission outlined the scope and focus of its review. When dealing with an industry as multi-faceted as international ocean shipping, those questions of scope and focus can become particularly challenging ones. A close and careful analysis of the 1984 Act, however, and the accompanying conference report and legislative history have led us to focus on four broad issues.

First, there is the issue of antitrust immunity -- which is the key policy element underpinning the 1984 Act. The Commission will look into whether antitrust immunity should be continued, revised or eliminated, and the probable consequences that would likely result.

Second, is the specific question of whether or not the national interest is best served by open or closed conferences should antitrust immunity be continued.

Third, if conferences continue -- an evaluation of tariffs and service contracts is necessary. Tariff filing and service contracts are both integral parts of our ocean transportation regulatory system. Some however are questioning the need to have tariffs and service contract essential terms filed and enforced -- citing it is costly, enforcement of cartel prices should not be sanctioned and a distinction should be made between common and contract carriage such that contracts as commercial agreements entered into by two consenting parties should be confidential. Others believe that it is necessary to maintain a common carriage system to benefit small and medium shippers. In their view, if confidential service contracts were permitted it would bring about an end to the common carriage system. Published tariffs and service contract essential terms provide the shipping public with information upon which they can act to secure ocean transportation at competitive rates.

And the fourth scope issue involves a cluster of concerns that can be consolidated under the broadly defined issue of relations between conferences and shippers and transportation intermediaries.

This morning's session will focus on two of these issues: service contracts and tariffs and conference relations with shippers and intermediaries. There are many different views on this subject and today we are looking forward to hearing your comments.

As you can see, these four issues allow the Advisory Commission to keep our focus squarely on "conferences in ocean shipping" while maintaining the "comprehensiveness" that the legislative language demands and that the Commissioners feel is necessary.

At the New Orleans public hearing, the Commission heard a variety of comments about how the 1984 Act was working. We have heard that tariffs are complex and often difficult to interpret which can lead to rate misquotations. We have also heard of some shippers' frustration in dealing with a conference and preferring to deal with individual carriers especially on service contracts, a topic about which we will undoubtedly hear more from you today. Testimony from carriers indicated that over the last five years the shipping community has been adjusting to new provisions of the Act and that changes to the existing legislation would be premature since the industry is still trying to adapt changes brought about by the 1984 Act. Intermediaries also voiced concern about their dealings with conferences especially about service contracts.

In the seven years since the 1984 Act was passed, much has changed in the industry and much is still in the process of changing. It is the responsibility of this Advisory Commission to collect and analyze current, accurate and relevant information in developing

our recommendations to the President and Congress.

These field hearings are deliberately set in different geographic regions of the country to demonstrate the Commission's commitment to aggressively seek views on these issues of great import from all industry segments affected by the Shipping Act. These field hearings are also to ensure that the Commission gets as much information and insight as possible from the participants in the international trade and shipping industry as to how the 1984 Act is working. We are interested in hearing why some shippers believe service contracts should be confidential and conferences no longer permitted to deny their members from signing individual service contracts; why many carriers are in favor of tariff filing and publicly available essential terms; how consolidators can better serve their customers if they were permitted to offer service contracts to their shipper customers; and any other concerns that the maritime industry may have.

The Commission is interested in seeking a broad range of views and factual information during our comprehensive study of shipping conferences. The Commissioners and their representatives appreciate the opportunity to listen, with an open mind, to the insights and perspectives that you have to offer so that the recommendations we eventually present to the President and Congress are the most carefully considered and the wisest we can produce.

The substance and extent of those recommendations will be developed through a series of open meetings like today's, and in future public meetings of the Advisory Commission. The contributions that you offer today will be an integral and important part of what this Advisory Commission eventually accomplishes.

As the Commission moves on to Charleston, South Carolina on July 12th, to Portland, Oregon on August 9, and to New York on September 13th, we hope that representatives from all sectors of the maritime community will be as forthcoming as you in presenting before the Commission your experiences under the 1984 Act.

In addition to the field hearings, the staff of the Commission is conducting interviews which allow for an in-depth discussion with industry representatives on how the 1984 Act has impacted their individual firm's operations. Please contact any one of them today or call them at (202) 366-9781 if you would like to participate in this fact gathering exercise.

Before calling our first witness, let me take a few moments to describe how we will proceed today.

REMARKS PREPARED FOR DELIVERY BY
ELAINE L. CHAO
DEPUTY SECRETARY OF TRANSPORTATION
ORGANIZATION OF CHINESE AMERICANS
JUNE 29, 1991
HOUSTON, TEXAS

Thank you, Claudine, for that kind introduction. Good evening, everyone. What a delight it is for me to be here tonight for the 1991 National Convention of the Organization of Chinese Americans!

In preparing for this evening, I had the opportunity to read the convention program for this four-day Convention. What an impressive array of topics and speakers!

Speakers have come from all over the country including several appointees of the Bush Administration such as the Honorable Joy Cherian, Commissioner of the Equal Employment Opportunity Commission; the Honorable Sichan Siv, Deputy Assistant to the President for Public Liaison; and the Honorable Michael Williams, Assistant Secretary at the U.S. Department of Education.

We also have several elected officials with us: the Honorable Matthew Fong, Member of the State Board of Equalization in my home state of California. Cheryl Lau, newly elected Secretary of the State of Nevada. San Francisco Supervisor Tom Hsieh who, as you all know, is a candidate for mayor in this November's election. Let

me also interject here that I am proud to have campaigned for all of them.

Other elected officials who are taking part in this convention include Alan Cheung, Montgomery, MD School Board Member; Cheryl Chow, City Council Member, Seattle, Washington; and Gary Locke, State Representative of Washington.

William Wong has also joined us. William is the Associate Editor, Oakland Tribune, one of the finest newspapers in California. And, there's Henry Tang, Vice President and General Manager of Salomon Brothers offering us his views on the corporate glass ceiling and many others just as impressive.

And, we should really give a round of applause to Theresa Chang, the Convention Chair, for the wonderful job she has done in arranging this gathering....

What this gathering emphasizes to me is what a reservoir of talent we have in our community and what great potential we face as we enter the decade of the 1990s. How appropriate it is for us to gather this year under the banner theme of this convention: "Let's stop emerging and start arriving."

The results of the 1990 census reinforce this theme. Asian Pacific Americans were the fastest growing

minority group in the United States during the 1980s. While the national population grew approximately 10 percent throughout the 1980s, Asian Pacific Americans grew by over 100 percent. As we enter the decade of the 1990s, we stand at 7.3 million strong. This represents almost three percent of the U.S. population, double the percentage of ten years ago.

Two-thirds of our population is concentrated in five states: California, Hawaii, New York, Texas, and Illinois. Four of these states -- California, New York, Texas, and Illinois -- are key electoral states where we have the potential of being important swing bloc votes in general elections.

Here in Houston, the site of this year's convention, Asian Pacific Americans comprise four percent of the city's population, a 103 percent jump in the last ten years. In fact, in California, Asian Pacific Americans are the second largest minority population in the state, totaling nearly 10 percent.

We are arriving.

And, we have much to be proud of. Despite being one of the newest immigrant groups to America, we have one of the highest income levels in the country. The median income of Asian Pacific American families is \$35,900, three percent higher than that of non-Hispanic

white families (\$35,000). Forty percent of Asian Pacific Americans age 25 and over have had at least four years of college, nearly double the figure for non-Hispanic whites. We have settled in inner cities and made economic miracles out of them. Despite sometimes heartbreaking incidents of discrimination and hardship, our community has some of the greatest success stories that America can demonstrate.

Tonight, we are honoring one of these individuals, Ruth Sing Wong. Ruth has been such an active and selfless volunteer in countless community events and activities.

Ruth's story also reminds us that we have achieved these gains through our unique system of values and our Asian philosophy. I am speaking of our commitment to a strong family unit, our devotion to individual effort and hard work, our dedication to quality education, our willingness to sacrifice for the future, and our appreciation of freedom and the free enterprise system.

Yes, we are arriving. Yet there are clouds on the horizon, and measures we must take to solidify our gains. And that's what I want to speak with you about tonight.

America's promise of opportunity -- that's the hallmark of our Asian Pacific American experience in this country. And yet America's unique promise of opportunity is threatened by the current debate over quotas. Let me share with you my views on why the issue of quotas is so important to our community.

Since the mid-1960s, universities and colleges throughout this country have adopted admissions policies that seek to establish racial quotas or goals for their entering classes based on the national racial population ratios. Because Asian Pacific Americans comprised 1.5 percent of the national population in the 1980s before the latest census data, we are considered an "over-represented" minority when we are admitted in numbers larger than our 1.5 percent. This means that, despite superior qualifications, we are admitted in much smaller numbers than our qualifications demand.

At the University of California's Berkeley campus, the School of Law at Boalt Hall, in fact, maintains a separate wait list for each racial group. Asian Pacific American candidates are admitted only when an opening occurs on the "Asian" list, regardless of superior qualifications.

For a community which has suffered under discriminatory immigration laws, we are dealt a double blow when quotas are implemented. Until 1965, Asian

Pacific American entry into the U.S. was severely constrained. Now we are held down to this artificially depressed number through the system of quotas.

I am thankful for officials like Congressman Dana Rohrabacher of California who have pressed for accelerated federal action on several Asian Pacific discrimination complaints.

Simply put, quotas discriminate against achievers. Quotas are demeaning. They place into question the qualifications of the very people they purport to benefit. The differences between the philosophies behind this quota debate are stark and stunning: one side wants merit hiring or admittance; the other side wants proportional representation. Proportional representation or a system of quotas hurts our community because our numbers are too few. For those who say that we Asian Pacific Americans don't have enough advocates in this debate and we should be protecting our own.

President George Bush has stated his opposition to quotas. And, he has pledged that he and his Administration will strike at discrimination wherever it exists -- that prejudice and hate have no place in America.

The murder in this city of the Vietnamese high school student, Hung Truong, last August is a tragedy which demands redress and justice. The assault against Kim-Wah Shaw, a graduate student at Cornell University by seven white high school students in May of this year must be publicized. The harassment of Korean green grocers in inner cities must be acknowledged and stopped. The political establishment must have the courage to step in on our side.

More of us need to be involved in our communities, our schools, our universities, and our governments at all levels, local, state, and federal. More of us need to register to vote, and more of us need to actually vote.

We should also take note that history is in the making in San Francisco, a city with an Asian Pacific American population of nearly 30 percent. We have a member of our community who is running for the office of Mayor. I can't believe that a city of nearly 30 percent Asian Pacific Americans cannot elect one of their own to the top office of that city. We have got to get people to register and to turn out the vote. And, we have to be generous with our pocketbooks.

We have Fred Teng who is running for City Council in New York City. We have Esther Yao, right here in Houston, who is waging a campaign for the United

States Congress. These are gutsy individuals who believe in America, and in their ability to contribute to their adopted country.

What it all comes down to is this: More of us need to expand beyond our comfortable social circles and our ethnic communities and get involved in mainstream activities and with mainstream groups. More of us need to support candidates who reflect our philosophy and views. Politics, after all, is a war of ideas and beliefs. We are fighting for our view of what America should be. And, as one who is fiercely proud of her Asian roots, I believe we can go mainstream and retain our ties to our Asian values. This is, after all, the uniqueness and beauty of the American democratic and pluralistic tradition.

I was with President George Bush two weeks ago during his swing through California. Sixty thousand Asian Pacific Americans turned out to greet him in Fountain Valley. The President saluted Asian Pacific Americans for our respect for hard work, self discipline, belief in free enterprise, and devotion to freedom.

He said: "You came in search of opportunity and you're finding it. You came to build a better America, and you are building it in a myriad of ways. You've

enhanced our schools, our professions, our small and large businesses."

We are indeed arriving. Arriving means taking a greater role in our communities, generating greater participation in the community at large and in the mainstream American society. We are a people rich in cultural heritage with much to contribute to the American economic, social, and political scene. We must have the confidence that we can do this. Most important, we must do so because that is our responsibility as Americans and because America will be richer for our participation.

Thank you.