5.16

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
SIGNING OF MEMORANDUM OF UNDERSTANDING
DECEMBER 3, 1990
MEXICO CITY, MEXICO

- Delighted to be here with Secretary Caso.
- During his visit last week, President Bush said repeatedly that "U.S.-Mexican relations have never been better, never been more important."
- Remarks reflect President Salinas's comments when he visited Washington earlier this year. He spoke of a "new era of relations between Mexico and the United States -- a new era of friendship and respectful cooperation."
- Signing today signals significant step forward in this "new era of cooperation."
- Underscores Mexico's keen interest in promoting U.S. tourism.
- Great and growing demand exists in both the U.S. and Mexico for charter and tour bus service.
- This MOU leads the way toward satisfying that demand -- to the benefit of both our peoples.
- Sets down clear ground rules for operations in each country.

- Establishes effective reciprocity for U.S. and Mexican carriers, and should encourage extended tours.

- United States hopes to establish full reciprocity in not-too-distant future, perhaps in context of FTA talks.

- MOU represents culmination of growing and productive working relationship -- between Secretary Caso and me personally, and our transportation departments.

- Also represents progress our governments are making in transportation on all fronts.

- There has been a dramatic liberalization of our civil aviation relationship in the new agreement that was signed a couple of years ago.

- Look forward to productive future working with Secretary Caso as we seek to develop closer U.S.-Mexican ties in transportation.

- As we do so, we will help lay the foundation for successful FTA negotiations.

- In all our work, we share a common goal: To forge a vigorous partnership for sustained economic growth and opportunity, creating new jobs and opening new markets.

- Secretary Caso, I trust this is just the beginning.

5.15

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
AMBASSADOR'S LUNCHEON
DECEMBER 3, 1990
MEXICO CITY, MEXICO

- Honor to be here. Also honored by the gracious hospitality of our Mexican hosts.
- Hospitality is a definite symbol of the growing friendship between Mexico and U.S.
- President has said repeatedly that relations have never been better. "They are superb."
- That makes for tremendous promise for you here in this room. Business opportunities are enormous.
- Private sector has indispensable role to play.
- You create and expand economic resources that sustain our relationship as a whole.
- Essential that we work together to achieve FTA.
- Will mean more jobs, more productivity, more prosperity.
- $1 billion in exports creates 25,000 jobs.
- Don't have to tell you exports on both sides are booming -- thanks to Mexico's liberalization.
- So I salute all of you for your part in strengthening our mutual bonds of friendship.
- Look forward to working with you for an even brighter future.

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
TOAST TO SECRETARY ANDRES CASO LOMBARDO
DECEMBER 3, 1990
MEXICO CITY, MEXICO

- Great honor to be here in Mexico.
- Especially honored that you have extended this exceptional gesture of hospitality.
- Delighted to be received into your beautiful home.
- Your hospitality is symbolic of growing friendship between our two countries.
- Tonight, we will enhance that friendship even further with the signing of the MOU.
- Believe we face a very bright future, particularly as we develop closer ties in transportation.
- Look forward to continuing a very cordial and productive relationship as we build what could well be the cornerstone of a Free Trade Agreement.
- In the end both our peoples will prosper.
- Saludo!

5.13

U.S. Department of Transportation

News:

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

Contact: Marion Blakey
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REMARKS AS DELIVERED BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
AMERICAN CHAMBER OF COMMERCE
DECEMBER 4, 1990
MEXICO CITY, MEXICO

I'm delighted to be here at a very exciting time, probably unprecedented and probably the most exciting time in many years, if not in all time, in the relationship between the United States and Mexico.

As President Bush said last week, "The relationship between our two countries has never been better. It has never been more important." He also said we will never neglect our neighbors and our friends.

There's no question that we are emerging in a new era together. Reforms that have occurred here over the last several years, particularly under the leadership of President Salinas, have opened up Mexico's economy -- Mexico's interest in foreign trade and investment -- as never before.

I had the opportunity to spend some time with President Salinas the night before last. He has a wonderful reputation in our country and, of course, has been featured by many national magazines. And having spoken to the President about him, I know the respect the President has for him. But as I was telling our ambassador after the meeting, I don't think I have ever met anyone who has been heralded as such an outstanding individual who has not only lived up to those expectations, but exceeded them in my observations in our hour-long meeting.

His leadership, I think, is as much as anything the reason this country is not only moving forward but also is the reason that Americans, American business, the President of the United States and his cabinet are not only openly encouraging investment in this country, but doing everything they can to make sure that this economy and ours work together as we move forward.

The linchpin of this, of course, is the effort by our President and President Salinas to come together in a Free Trade Agreement that will sustain and cement the vigorous partnership that exists between our two countries.

- more -

President Salinas was described by *Time* magazine as "a man in a hurry." Having spent a considerable amount of time with George Bush over the last 10 years, I think that can also be said about him. I suggest that with two such men who have dedicated themselves to such a noble effort as the Free Trade Agreement that we will see things happen quickly and in a very short order. And I hope they will be able to see our two countries signing that very important agreement.

It is important, and I think the events that have occurred in the Mideast over the last several weeks have highlighted that importance. In just two years, from 1987 to 1989, U.S. exports to Mexico jumped 50 percent to $25 billion. The growth in trade flows both ways. U.S. imports from Mexico were up 65 percent from 1986. That, of course, follows Mexico's entry into the General Agreement on Tariffs and Trade in 1986.

The next logical step in the progress of this economy and ours is, of course, the Free Trade Agreement. It is impossible to project with certainty the course of any of these negotiations. Our hope is to hammer out an agreement that both countries can approve -- and approve very quickly -- and can put into effect before the end of 1992, just two years from now. Many believe, in our country and yours, that U.S./Mexican trade will double to $100 billion by the end of the decade.

It is premature to speculate on whether or not a unified North American trade bloc will come together. We, of course, have just completed and begun to implement the trade agreement between the United States and Canada. My observation is that, notwithstanding all the controversy that occurred during the early negotiations and confirmation of that agreement in both Canada and the United States, that effort is going well. Business is growing in both countries, although both find themselves in somewhat down economic conditions. The implementation of that agreement is beginning to show real potential.

It is quite clear that a logical step beyond the U.S./Mexico Free Trade Agreement will be consideration of a North American agreement.

I would remind those in this room that if, in fact, we had a trade agreement to bring together the U.S., Mexico, and Canada, the three would constitute a North America market 36 percent larger than the market that they're talking about in the European Community. But the Administration has already made clear there will be no "Fortress America."

Transportation is going to play a key role in the Free Trade Agreement, as well as the implementation of such an agreement. Eighty-five percent of the trade between our country and Mexico is transported in trucks and on railroads. That is why our U.S./Mexico Transportation Working Group is so important and so active. The scope of the group's work covers both rail and motor carrier issues. In five meetings over two years, it has made significant progress on a number of issues. Some of you in this room have been involved. We made progress in not only improving surface transportation efficiency, but we've also taken down many barriers. Both countries have come to appreciate the need to address land transportation issues, and will work toward achieving an agreement even before the formal negotiations begin on the Free Trade Agreement in mid-1991.

To that end, I am pleased to announce today that the United States, Mexico, and Canada will begin trilateral discussions a week from today on the issues covered by

the Transportation Working Group -- truck, bus, and rail. Based on these talks, we may well be in a position to establish a timetable for some very fundamental changes as soon as the Free Trade Agreement discussions get underway.

It is quite clear to me that President Salinas and his administration recognize the importance of transportation to our economies. Yesterday, I had the opportunity to meet with many of those involved in the construction of the new highway system in this country. I've had the opportunity to discuss many efforts in privatization which, frankly, in my opinion, are on the cutting edge of privatization efforts anywhere in the United States, plus other places in the world, as it relates to highways.

When we met with President Salinas the night before last, it was quite clear to me from his detailed discussion of the importance of transportation and those highways that he is building that he recognizes that one of the most important things he can do with the economy of Mexico is make sure it has an efficient and safe transportation system. A transportation system that this country can afford -- that works in a very efficient manner.

There's no question also that the private sector is actively exploring ways that U.S. long-haul carriers can establish better joint service arrangements with Mexican carriers so as better to serve Mexican markets. Mexico is allowing export-import companies to carry their own cargoes in their own trucks. There are efforts like this going on as we speak.

At a recent conference that was organized by the International Forum of American Trucking Associations, the top agenda item was harmonization of trucking regulations on both sides of the border. At the conference a major breakthrough was announced. Mexico had decided to allow U.S. trucks free access to its frontier zone. This area of about 26 kilometers into Mexico is a very important area because it contains many of the Mexican plants used by U.S. manufacturers. This access was highly sought after by the U.S. trucking community.

We applaud the Mexican government for this development, as well as the leadership it has shown in the area of deregulation. We pledge to work with our Mexican colleagues to remove other barriers to an efficient transportation system.

We're also making progress in the very important area of passenger travel. Yesterday evening, Secretary Caso and I signed a Memorandum of Understanding governing U.S. charter and tour bus operations to Mexico. It sets down clear guidelines to be used by both countries as we expand the business. This Memorandum of Understanding will serve as a linchpin for what is a substantial increase in tourism into this country from the United States. In my opinion, this agreement, along with the expansion and the efforts that have been been made in aviation -- as well as the new major high speed and safe highway system that is being developed -- will contribute significantly -- and may be the most significant factor -- that will allow the economy of Mexico to grow, and allow the tourism industry that is so important to this country to grow, at a very rapid rate.

Let me say also, we're making progress on a number of other issues. Number one, we recognize, as you do in this country, the importance of highway safety. We want to make sure that we promote safety in a cooperative effort between the United States and Mexico. Harmonization of our efforts to enhance safety will reduce costs and ensure full equipment compatibility.

Mexico is very close to joining the Commercial Vehicle Safety Alliance. This will bring a safety regime in line with that in the United States. We're also making steady progress towards harmonizing roadside inspection criteria and establishing commercial driver license reciprocity.

All of this is important if the economy of Mexico and the economy of the United States are going to continue to grow.

We were talking this morning about the importance of the transportation factor in the cost of production. We were talking about how great a difference the cost of transportation can make. Our decisions as to the point where the goods will be manufactured will be basically determined by the relative cost of transporting that product to market from one place to another. There is no question that President Salinas recognizes this. And he recognizes Mexico's efforts not only in trucking deregulation and high modernization, but also in the railroad industry, as far as marketing and pricing policies are concerned.

Let me say also that an area that we pay a great deal of attention to in the United States is becoming of great concern to the Republic of Mexico. It is, of course, aviation. In 1988, we updated our bilateral agreement between the United States and Mexico. This agreement permitted direct service to Mexico from 18 additional U.S. communities, and expanded existing service. As a result, from 1988 through 1989, air traffic between the two countries increased from seven million to almost seven-and-a-half million, and grew an additional 10 percent from January through April of 1990.

Mexico has become our second largest international aviation market, surpassing even the United Kingdom. The agreement also established the first scheduled all cargo service to Mexico, and stabilized the operating environment for charter services.

Mexico's goal is to double the number of tourists visiting the country. The government privatized its aviation industry to encourage the establishment of almost a dozen new Mexican airlines. U.S. airlines will consider serving more points in Mexico, and we think the Mexican airlines will serve more points in the United States.

In a few moments, after questions, I will be visiting the newest airport for international travel at Toluca. In fact, because we're leaving from Mexico City airport and flying to Toluca, I can assure you that we are probably going to set the world's record, because no one has ever tried it. The flight will be probably less than 10 minutes.

The reason we're going to Toluca is because of the importance that airport plays, not only for this region, for the country of Mexico, but for the entire aviation operating system throughout North America.

Many have expressed their concerns about the airport at Toluca. Many of those, of course, had relied on the airport in Mexico City for so many years. I would remind them of two observations that I've made since I have been here. Number one, that with the new super highway -- that super tollway between Mexico City and Toluca -- it may be quicker to travel to the Toluca Airport than it will be to go across town to

the Mexico City Airport. Number two, that highway traffic will be less congested and probably operate at the speed limit rather than at five to 10 miles an hour.

For those who think Toluca is too far from the city, may I remind you of the situation in Washington at Dulles International Airport. Twenty-five years ago when Dulles was built, Congress would not approve another dollar for this airport. They said it was too far away. It was too expensive. No one would use it. Today, Dulles is the second major airport in the Washington area, and is the fastest growing airport in the Washington area. More important, the area surrounding Dulles, which 25 years ago was a corn field, is now the fastest growing economic area in the northeastern part of the United States.

I suggest that the vision of Secretary Caso and his predecessors, and President Salinas and others, to make those decisions that take so long to develop, and to invest in a world class airport as an alternative to Mexico City, is just the kind of vision that his country needs. And 25 years from now, or less, possibly five to 10, people will be sitting in this room and reflecting on how convenient the airport is at Toluca and how fast the area around Toluca is growing for both residential and business development.

There is no question that this country and the United States face many issues as we go forward. Transportation will be on the cutting edge of many of those issues, and clearly will be on the cutting edge of economic development in Mexico. A key part of the growth of these two countries will not only be the Free Trade Agreement that we talked about, but a continuation of the close working relationships between these two governments, and the desire of both Presidents to institutionalize the relationships so that they will exist and flourish as administrations change hands.

Many factors bode well for the future. My observations, having been here a little over two days, are that even though our cultures are very different, there are a number of similarities. If you asked me what one thing most impressed me since I have been here, I would conclude it was the work ethic of the Mexican people. I saw it on the highways yesterday morning when they were under construction. I saw it in the industry that was represented in our bilateral discussions, and I saw it in discussions with many members of the Mexican government, as well as the business community. I think there is no question that that message is crossing not only the U.S. border, but oceans, as well.

When I was in London three days ago, a banker approached me at our ambassador's residence in the United Kingdom and indicated to me that he had an investor who wanted to invest $100 million in Mexico. This investor had stayed away from investing in Mexico before because of the uncertainties. But under President Salinas and his team, as well as the industry represented in that country, and the opportunities that will exist because of the Free Trade Agreement and others, there is no question in his mind that Mexico was a place that welcomed foreign investment and would receive a return.

It is also important to remember that the country of Mexico has never missed a debt payment to its foreign creditors.

We in the United States salute Mexico's vision and, most particularly, the leadership of President Salinas. I know firsthand, having spent some time with him now, why President Bush considers him one of his very best and dearest friends. I understand why both of these men are in a hurry -- in a hurry to make sure that they

forge a new future for the economy. President Bush said it better than I. "Our overall purpose can be expressed simply. We want to increase the economic well-being of both our people."

I think everything is in place to make sure this happens, and I can assure you that at the Department of Transportation in Washington, D.C. we will do everything we can to make sure that this dream of both of these visionary presidents becomes a reality in the not-too-distant future.

On a personal note, I wish to express my sincere appreciation to the Chamber; to the Ambassador who has set the example for ambassadors all over the world, in my opinion, as to how to address these many issues; to my associates, Victor Mahbub and others; to the Ministry of Transport and Communications; and to the industries that have been so cooperative in our efforts, as well as the many friends, new friends, I met.

One cannot leave Mexico and not have a feeling of excitement, excitement for not only what is, but what is to be. I congratulate you because many of you in this room have laid the foundation for the effort that will in fact raise the quality of life for all people, not only in Mexico, but in the United States and the world, as well.

Thank you.

# # # #

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
COMMISSIONING CEREMONY OF U.S. COAST GUARD VESSEL TRAFFIC SERVICE
DECEMBER 5, 1990
GOVERNORS ISLAND, NEW YORK

It's always a pleasure to participate in the commissioning of an additional Coast Guard resource. But I am especially honored to be a part of this commissioning because it will prevent oil spills and guide traffic safely through the New York/New Jersey Harbor Area.

It gives me an opportunity to express my appreciation to Senator D'Amato and Senator Lautenberg. They not only helped obtain funding for reestablishing the Vessel Traffic Service in New York, but they have taken an active interest in oil pollution prevention as well. These two outstanding members of the U.S. Senate are valuable allies in the fight for safe harbors and against polluters of our marine environment.

This commissioning also offers a chance to praise the Coast Guard for its role in safety. Whether it's safe boating or search and rescue or operating the Vessel Traffic Service, the United States Coast Guard is a saver of life and property. I'm very proud of the important work it's doing for mankind.

The Vessel Traffic Service is as basic a safety function as you can get -- a much needed safety function in the

busy New York and New Jersey harbor area. It is, in a sense, a divided highway with a traffic cop whose only concern is saving lives, preventing cargo damage, and allowing the free movement of traffic in harbors.

The Vessel Traffic Service also complements the spirit of the oil spill legislation enacted by Congress this year. It demonstrates a lesson brought home to the nation by the Exxon Valdez oil spill in Alaska, a lesson the United States Coast Guard lives with every day of the year. It is much easier to prevent an oil spill than to clean one up.

Prevention is the first line of defense in protecting our environment against the scourge of oil spills. The Vessel Traffic Service in this harbor area will serve that cause in much the same way an air traffic control system serves a busy airport. With different degrees of authority, the air traffic control system and the vessel traffic service guide carriers through busy corridors safely. That is a tremendous responsibility and an even bigger service to transportation.

Prevention is only the first step. We will be hitting polluters harder as a result of the Oil Pollution Act that was signed by President Bush in August. Double hulls, more stringent crew licensing standards, and contingency planning are all prevention measures contained in that act.

I know this Vessel Traffic Service will go a long way toward keeping ships in the New York and New Jersey harbor area out of harm's way. And I'm proud of the Coast Guard and its outstanding work here and throughout the world.

Thank you very much.

SPEECH DELIVERED BY

SECRETARY OF TRANSPORTATION

SAMUEL K. SKINNER

BEFORE THE

AMERICAN CHAMBER OF COMMERCE

IN MEXICO CITY, MEXICO

DECEMBER 5, 1990

MAN: As a key member of President Bush's cabinet, he serves as the nation's chief policy maker of domestic and international transportation issues. He oversees a budget of more than $30 billion and more than 100,000 employees throughout the United States and abroad.

In addition to his transportation responsibilities, Secretary Skinner serves as a member of the President's economic policy council.

Immediately after being sworn in on February 1, 1989, Secretary Skinner began laying plans for a strategic national transportation policy. This was presented to President Bush in March of 1990 and the policy represents one of the most extensive outreaching efforts ever undertaken by the federal government. The national transportation policy is a charter for a new era in the United States transportation. It provides a comprehensive framework for addressing the nation's many transportation challenges in a highly competitive local economy in the '90s and into the 21st century.

Secretary Skinner is the Bush Administration's "Master of Disaster". This particular designation is assigned to him for his leadership in overseeing the oil spill cleanup and Hurricane Hugo

relief efforts.

Secretary Skinner was named the most courageous public official by *U.S. News and World Report* and was rated highest of all cabinet officials by the *Washingtonian Magazine* in both 1989 and 1990.

Transportation is an area that Secretary Skinner knows well dating as far back as 1957 when he received his pilot's license. Today he is an active jet certified pilot. He's also served during the course of his public administration as vice chairman of the President's Commission on Organized Crime, appointed by President Reagan in 1981.

Secretary Skinner maintains an active role in community philanthropic activities, as well. He's a member of the board of directors of the Northwestern Memorial Hospital in Chicago, the Western Gulf Association, a sponsor of the Evans Scholars Program which has provided college scholarships to more than 5,000 students since 1950.

Secretary Skinner holds academic degrees in accounting from the University of Illinois and in law from DuPaw University Law School in 1966 as well as Honorary Doctor of Law degree from DuPaw and from Wake Forrest. He serves as a tank platoon leader in the United States Army in 1960 and '61. He's a member

of the Illinois state and the Chicago Bar Associations, the American Legion and a lifetime member of the Eagle Scouts. He's a founder and past president of the National Association of Former U.S. Attorneys and it's a great pleasure for us to welcome Secretary Skinner to the breakfast this morning and thank you all for your attendance.

SECRETARY SKINNER: I may be an expert in some things but I'm not an expert in getting this microphone taped to the podium

I'm very glad to be here and as someone said to me last night after coming from a late dinner, "How are you doing eating your way through Mexico?" Some of you have been at four events in the last two days where we had meals. I knew a lot about Mexico before I came here and I, of course, learned a lot more. The one thing I really didn't appreciate was how much they love to eat and how good their food is. I've sampled all of it.

When Don was announcing my background, it reminds me of the time many years ago when our former President William Howard Taft was being announced by a senator from the opposite party, Chauncey DePue (phonetic). As you recall, William Howard Taft, having served both on the Supreme Court and as President, was

a very large man weighing over 350 pounds with a very large stomach. Chauncey DePue, in an attempt to be cute, as he wound up his introduction said, "Ladies and gentlemen, I am proud to introduce a man who is pregnant with intelligence." The crowd began to snicker. "I am proud to introduce a man who is pregnant with integrity", and they began to chuckle some more. Then Chauncey DePue said, "Ladies and gentlemen, I give you our President, William Howard Taft."

William Howard Taft, in addition to being a big man, also had a sense of humor so as he got up he said, "Well, Chauncey, ladies and gentlemen, if it's a boy, I want you to know I'm going to name him Intelligence. If it's a girl, I'm going to name her Integrity. But if it's, as I suspect, just gas I'm going to him Chauncey DePue."

I'm delighted to be here at a very exciting time, probably unprecedented and probably the most exciting time in many years, if not in all times, in the relationship between the United States and Mexico.

As President Bush said last week, "The relationship between our two countries has never been better" and, more importantly, he said, "It has never been more important." He also said, "We will never

neglect to be your neighbors and your friends."

There's no question that we are emerging in a new era together. Reforms that have occurred here over the last several years, particularly under the leadership of President Salinas (phonetic), have opened up Mexico's economy, Mexico's (inaudible) in foreign trade investment as never before. I had the opportunity to spend some time with President Salinas the night before last and he has a wonderful reputation in our country and, of course, has been featured by many of national magazines and, of course, having spoken to the President about him, I know the respect the President has for him. But as I was telling our ambassador, I don't think I have ever met someone who has been heralded as such an outstanding individual who has not only lived up to those expectations but exceeded them in my observations.

His leadership, I think, is as much as anything the reason this country is not only moving forward but also is the reason that Americans, American business, the President of the United States and his cabinet are not only openly encouraging investment in this country, but doing everything they can to make sure that this economy and ours work together as we move forward.

The lynch pin of this, of course, are the efforts by our President and President Salinas to come together in a fair trade agreement that will sustain and cement the vigorous partnership that exists between those two countries.

President Salinas was described by *Time* magazine as "a man in a hurry". Having spent a considerable amount of time with George Bush over the last 10 years, I think that can also be said about him and I suggest we give two men such compliments that dedicated themselves to such a noble effort as the Free Trade Agreement and are both in a hurry that we will see things happen quickly and in very short order and I hope they will be able to see our two countries signing that very important agreement.

It is important and I think the events that have occurred in the mideast over the last several weeks have highlighted that importance. Just two years from 1987 to 1989, U.S. exports to Mexico have jumped 50 percent to $25 billion. The growth in trade flows both ways. U.S. imports from Mexico were up 65 percent from 1986. That, of course, follows on this country's entry in the general agreement on tariff and trade in 1986. The next logical step in the progress of this economy and ours is, of course, the

Fair Trade Agreement. It is, of course, impossible to project with certainty the course of any of these negotiations. Our hope is to hammer out an agreement that both countries can approve and approve very quickly and can be put into effect before the end of 1992, just two years from now. Many believe in our country and yours that the U.S./Mexican trade will double to $100 billion by the end of the decade.

It is premature to speculate on whether or not the Unified North American Trade Block will come together. We, of course, have just completed and begun to implement the trade agreement between the United States and Canada. My observation is that, notwithstanding all the controversy that occurred during the early negotiations and confirmation of that agreement in both Canada and the United States, that effort is going well. Business is growing in both countries although both find themselves in a somewhat down economic conditions and that the implementation of that agreement is beginning to show real potential.

It is quite clear that a logical step beyond the U.S./Mexico Free Trade Agreement will be consideration of the North American agreement for (inaudible)

I would remind those in this room that if,

in fact, we had an agreement to bring us together, U.S. trade agreement with Mexico and with Canada, would constitute a North American market 36 percent larger than the market that they're talking about in the European community. The Administration has already made clear there will be no fortress in America.

Transportation is going to play a key role in the Fair Trade Agreement as well as the implementation of such agreement. Transportation today accounts for 85 percent of the trade between our country and Mexico is in transportation, trucks and railroads. That is why our U.S./Mexico Transportation Working Group is so important and so active. The scope of the group's work covers both rail and hard carrier issues. In five meetings over two years it has made significant progress on a number of issues. Some of you in this room have been involved. We made progress in not only improving surface transportation efficiency but we've also taken down many barriers. Both countries have come to integrated land transportation issues and must come to an agreement before the formal negotiations begin on the Fair Trade Agreement in mid 1991.

To that end, I am pleased to announce today that the United States, Mexico and Canada will begin

trilateral discussions a week from today on the issues covered by the Transportation Working Group, truck, bus and rail. Based on these talks, we may well be in a position to establish a timetable for some very fundamental changes as soon as the Fair Trade Agreement discussions get underway.

It is quite clear to me that President Salinas and his administration recognize the importance of transportation to our economy. Yesterday I had the opportunity to meet with many of those involved in the construction of the new highway system within this country. I've had the opportunity to discuss many efforts in privatization which frankly, in my opinion, are on the cutting edge of privatization efforts anywhere in the United States, plus anywhere in the world as it relates to highways.

When we met with President Salinas the night before last, it was quite clear to me from his detailed discussion of the importance of transportation and those highways that he is building that he recognizes that one of the most important things he can do with the economy of Mexico is make sure it has an efficient and safe transportation system. It's a transportation system that this country can afford. It works in a very efficient manner.

There's no question also that the private sector is actively exploring ways that U.S. long-haul carriers can establish better joint (inaudible) arrangements with Mexican carriers so as better to serve Mexican carriers. Mexico is allowing export-import companies to carry their own cargoes in their own trucks and there are efforts like this going on as we speak.

At the conference I talked about a moment ago that was organized by the International (inaudible) American Trucking Associations, the top agenda item was harmonization of trucking regulations on both sides of the border. At the conference a major breakthrough was announced. Mexico has decided to allow U.S. trucks free access to the (inaudible) This area of about 26 kilometers in Mexico is a very important area because it contains most of the Mexican plants used by U.S. manufacturers. This access was highly sought after by the U.S. truck community. We applaud the Mexican government for this effort and this development as well as the leadership it has shown in the area of deregulation.

With the progress, we pledge to work with our Mexican colleagues removing other barriers to an efficient transportation system.

We're also making progress in a very important area and that's the area of passenger (inaudible) Yesterday evening the council and I signed a memorandum of understanding governing U.S. charter and tour bus operations to Mexico. It sets down clear guidelines to be used by both countries as we expand this business. This memorandum of understanding will serve as a lynch pin for what is a substantial increase in tourism into this country from the United States. In my opinion, this agreement, along with the expansion and the efforts that have been made in aviation, as well as the new major high speed and safe highway system that is being developed, will contribute significantly and may be the most significant factor that will allow the economy of Mexico to grow and allow the tourism industry that is so important to this country to grow a very rapid rate.

Let me say also we're making progress on a number of other issues. #1, we recognize, as you do in this country, the importance of highway safety. We want to make sure that as we promote safety on the highways of this country that we do so with a cooperative effort between the United States and Mexico. Harmonization of our efforts to enhance safety will reduce costs and insure (inaudible) compatibility.

Mexico is very close to joining the Commercial Vehicle Safety Alliance. This will bring a safety regime in line of those in the United States. They're also making steady progress towards harmonizing roadside inspection criteria and establish a commercial driver license with reciprocity.

All of this is important if the economy of Mexico and the economy of the United States is going to continue to grow.

As I was talking this morning at breakfast, we were talking about the importance of the transportation factor and the cost of (inaudible) We were talking about how much difference the cost of transportation can be (inaudible) Our decisions, in one industry in particular, will be basically determined as to the point that the goods will be manufactured as to how much more it will cost to transport that product to the market in one place versus the other. There is no question that President Salinas recognizes this and these efforts, not only in trucking deregulation and high modernization, but also in the railroad industry as far as marketing and pricing policies are concerned.

Let me say also that an area that we pay a great deal of attention to in the United States is

becoming of great concern to the Republic of Mexico. It is, of course, aviation. In 1988 we updated our bilateral agreement between the United States and Mexico. This agreement permitted direct service to Mexico from 18 additional U.S. communities and expanded existing service. As a result, from 1988 through 1989, air traffic between the two countries increased from 7 million to almost 7.5 million and grew an additional 10 percent from January through April of 1990.

More important than the numbers is the fact that clearly Mexico has become our second largest international aviation market surpassing even the United Kingdom. The agreement also established the first scheduled all cargo service to Mexico and stabilized the operating environment (inaudible)

Mexico's goal is to double the number of tourists visiting the country. The government privatized its (inaudible) to encourage the establishment of almost a dozen new Mexican airlines. U.S. airlines will consider serving more points in Mexico, as well with the expansion that we think will occur from the Mexican airlines serving points in the United States.

In a few moments, after questions, I will be visiting the newest airport for international travel

at Daluca (phonetic) In fact, because we're leaving from Mexico City airport and flying to Daluca, I can assure you that we are probably going to set the world's record because no one has ever tried it but the flight will be probably less than 10 minutes.

The reason we're going to Daluca is because of the importance that airport plays, not only for this region, for the country of Mexico, but for the entire aviation operating (inaudible) throughout North America.

Many have expressed their concerns about the airport at Daluca. Many of those, of course, had relied on the airport in Mexico City for so many years. I would remind them of two observations that I've made since I've been here. #1, that with the new super highway, super tollway between Mexico City and Daluca, it may be quicker and probably will be quicker to travel to the Daluca airport than it will be to go across town to the Mexico City airport. #2, that traffic will be less congested and probably operate at the speed limit rather than at five to 10 miles an hour.

The problem that is perceived to exist at Daluca because of the increased altitude is a problem that experts have assured the Mexican government is not

significant because of the differences in temperature changes because of the new technology that exists provided by the airport will be a first group of airplanes using that facility.

I would suggest to those that think Daluca is too far that, #1, you embark on the transportation system to and from the city to get there and, #2, for those of you that come from the States, I would remind you of the situation in Washington at Dulles International Airport. Twenty five years ago when Dulles was built, Congress would not approve another dollar for this airport. They said it was too far away. It was too expensive. No one would use it. Today Dulles is the second major airport in the Washington area and is the fastest growing airport in the Washington area and, more importantly, the area surrounding Dulles, which 25 years ago was a corn field, is now the fastest growing economic area in the northwest part of the United States.

I suggest that the vision Secretary Caso (phonetic) and his predecessors and President Salinas and others to make those decisions that take so long to develop to invest in a world class airport as an alternative to Mexico City is just the kind of vision that this country needs and 25 years from now, or less,

possibly five to 10, people will be sitting in this room and reflecting on, #1, how convenient the airport is at Daluca, #2, how fast the area around Daluca is growing for both residential and business development.

There is no question that this country and the United States face many issues as we go forward. Transportation will be on the cutting edge of many of those issues and clearly will be on the cutting edge of economic development in Mexico. A key part of the growth of these two countries will not only be the Free Trade Agreement that we talked about but a continuation of the close working relationships between these two governments and the desire of both Presidents to institutionalize the relationships so that they will exist and flourish as administrations change hands.

Many factors bode well for the future. My observations, having been here a little over two days, are that even though our cultures are very different, there are a number of similarities.

If you had to ask me one thing that I was most impressed with since I've been here, I would conclude it was the work ethic of the Mexican people. I saw it on the highways yesterday morning when they were under construction. I saw in the industry that was represented by our bilateral discussions and I saw

it in discussions with many members of the Mexican government as well as the business community. I think there's no question that that message is crossing not only the U.S. border but oceans, as well.

When I was in London three days ago, a banker approached me in the residence of the United Kingdom and indicated to me that he had an investor that wanted to invest $100 million in Mexico, that this investor had stayed away from investing into Mexico before because of the uncertainties, that under President Salinas and his team as well as the industry represented in that country and the opportunities that will exist because of the Fair Trade Agreement, Free Trade Agreement and others, there is no question in his mind that Mexico was a place that welcomed foreign investment and foreign investment would be well-received and would receive a return.

It is also important to remember the country of Mexico has never missed a debt payment to its foreign creditors.

We in the United States salute Mexico's vision and, most particularly, the leadership of President Salinas. I know firsthand, having spent some time with him now, that President Bush considers him one of his very best and dearest friends. I understand

why both of these men are in a hurry, in a hurry to make sure that they forge a new future for the economy. President Bush said it better than I. "Our overall purpose can be expressed simply. We want to increase the economic well being of both of our people." I think everything is in place to make sure this happens and I can assure you that at the Department of Transportation in Washington, D.C. we will do everything we can to make sure that this dream of both these visionary presidents becomes a reality in the not-too-distant future.

On a personal note, I wish to express my sincere appreciation to the Chamber, to the Ambassador who has set the example for ambassadors all over the world, in my opinion, as to how to address these many issues, and to my associates, Victor (phonetic) and others, and the industry of transport and communications, to the industries that have been so cooperative in our efforts as well as the many friends, new friends, I met.

One can not leave Mexico and not have a feeling of excitement, excitement for not only what is but what is to be. I congratulate you because many of you in this room have laid the foundation for the effort that will in fact raise the quality of life for

all of those, not only in Mexico, but in the United States and the world as well.

Thank you.

Don is going to ask some qeustions. He can now hold this microphone. I've been holding it for over five minutes.

MAN: Mr. Secretary, you're not only a man of vision but with a magnificent left hand. It must be the golfer in you that enables you to sustain the microphone during the course of your speech.

The first question before us, Mr. Secretary, have you had discussions during your visit on over roads and infrastructure projects in Mexico and the United States?

SECRETARY SKINNER: We have had a substantial amount of discussion. In fact, we probably discussed that issue more than any one single issue. I touched on it in my remarks but my observations are that this country is ahead of the United States in recognizing the potential and the willingness of users to pay the toll for an efficient, safe highway trip. Whehter it be the highway to Acapulco that's under development or hte highway to Taluca which is complete, it is pretty clear that this country has demonstrated that the users are willing to pay for this type of

transportation because of the efficiency they achieve.

In teh United States we have started building our whole highways in this country before teh year 1800 for tolls. We then went to a free highway system. We have now returned back to mkaing sure that we have a system of highways as well as tollways and I think many of the privatization efforts that we've seen here today will be incorporated in new programs that will go into place in the United States when we pass our new highway re-authorization bill which will determine the highway system of the United States for the next century.

MAN: Mr. Secretary, hwo does transportation fit into the FTA and how will it benefit U.S. companies doing business in Mexico?

SECRETARY SKINNER: It's a little early to tell as we begin the discussions how much of the transportation sector will be included in the FTA. It's quite clear that a lot of progress has been made here opening many of these opportunities. I should also say that a number of indsutries in both this country and in the United States will be looking very closely at the negotiations.

It is important for us to make sure that as these discussions go forward that everybody

understand the importance of real free trade and real free reciprosity and that if the industries in both countries are not willing to accept that type of reciprosity, it will make the effort harder.

Whether all or just part of transportation is within the FTA, transportation will play a key part in (inaudible) and a numbe rof the efforts that are ongoing right now in this country and the United States regarding joint efforts and cooperation will have to continue and those issues that are not included, if there are some, will have to be and will be negotiated outside the FTA but as part of the bilateral process and, hopefully, concurrent with the FTA so that they can go hand in glove.

It is clear to me that an FTA will not work without an efficient, fair transportation system. To the degree we can get that within the FTA, we will make our efforts to do so.

MAN: Mr. Secretary, I believe after petroleum and manufactured goods, tourism is the greatest single source of revenue (inaudible) in Mexico and this question is directed to that. We have just signed a memorandum on the facilitation of charter bus operations. What do you expect it to accomplish and particularly will it help tourism between the two

countries to grow?

SECRETARY SKINNER: What it does is the memorandum of understanding allows and sets the stadnards and procedures so the tour bus operators can feel comfortable knowing the rules of the road, so to speak, within both countries and what's expected of them.

We believe that it wil open up opportunities, especially combined with the new system of highways, for tour operators and bus operators that will allow operators primarily but not completely to have tourists from the United States who, for one reason or another, don't like to fly or cna't affaord to fly or don't have the service available that they need, it will allwo them to come to Mexico and will allow operators in the United States to move these passengers into Mexico and to their ultimate destination on a more cost effective basis and on a fast, efficient and safe basis.

So I think it offers tremendous opportunities and now it is the challenge of the companies in both countries to make it work.

MAN: Mr. Secretary, how will the differences in the truck and bus emissions regulations affect the free flow of passengers and cargo across teh

border?

SECRETARY SKINNER: Let me say that the second observation I would have and the msot significant observation after the observation fo the work ethnic that exists in Mexico and how importnat it is to the growing economy is the challenges that this country faces in the environment. I don't think the economy and especially the area around here can continue to grow if this country and this city don't get their hands on the environmental problems that they face.

This year the Congress of the United States passed the most comprehensive piece of environmental legislation in its history. It sets new stadnards for vehicle emissions, in particular, but all types of manufacturers in all parts of the country with particular emphasis on southern California. Some of you who I've spoken to over the last few days have indicated to me that they think that you think that the environmental problesm in Mexico City may be even greater than the environmental probelms that we face in the United States and particularly Los Angeles.

Transportation will be changed dramatically in the United States in southern California as a result of the Clean Air legislation. Even though our country

has moved forward into lead-free gas and (inaudible) converters, that will not solve the environmental problems of southern California. We will be looking at things like deformulated gasoline, cleaner gasolines, electric cars, alternative fuel vehicles, car pooling, more mass transit, van pooling and many, mnay restrictions that we've now seen.

The biggest single thing that can be done in this country on an immediate basis is to mvoe forward to clean emissions on vehicles through deformulated or clearner gasolines, lead-free gasolines and replacing the vehicle fleet. That will be a difficult challenge for this country for two reasons. #1, because the automobile plays a significant role and, #2, the automobile has a longer life in this country than it does in the United States, for one reason because the Mexicans know how to maintain vehicles at least to keep them running more than the standard period of time, and #3, you are behind the United States on clean emission vehicles. That effort will be challenging.

I know President Salinas recognizes it and I know our country is totally committed to do everything we can from the technical advisory viewpoint to assist in not only sharing the technology that we

will develop and also do everything we can to make. That is a challenge.

Personal observation. Earlier, at the end of last week, I was in Europe, particularly in Germany, discussing with England and West Germany the problems that they face as they move East Germany into the West German Republic. The biggest concerns they have involve the environment becuase they are taking on a country of some 18 million people that have not addressed the problems of the environment to the degree they have in West Germany.

I think, while Mexico does not have some of the problems and not a serious a problem as they do in some of the eastern block countries, the environment problems are going to determine quality of life issues in this part of the country, if not the entire country, in the years to come.

I believe that what we will do in the United States will serve as an indicator of what can be done and the impact and the effect of what these efforts will and I know as part of our sharing of technology, we will be sharing every bit of that information as soon as it's available.

MAN: With that question we'll close htis particular session and I awnt to thank all of you for

your presence this morning. Before you leave, I'd like to present to Secretary Skinner on behalf of all of you here and on ebhalf particularly of the Aemrican Chamber of Commerce, with a certificate of appreciation to the Honorable Samuel Skinner, the keynote speaker on the subject of transportation and Free Trade Agreement in Mexico, December 5, 1990.

Thank you very much for taking this time from your busy schedule to address our group.

(Whereupon, the above-mentioned speech was concluded.)

CERTIFICATE OF TRANSCRIBER

MATTER: SPEECH BY SECRETARY SKINNER

DATE: DECEMBER 5, 1990

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Judy Hadley
Transcriber

12-7-90
Date

PRESS CONFERENCE

BY SECRETARY OF TRANSPORTATION

SAMUEL K. SKINNER

DECEMBER 5, 1990

WOMAN: Mr. Secretary Skinner, how did you find the Mexican roads, the buses and all these ways of transportation?

SECRETARY SKINNER: Well, they're improving. They obviously need a lot of work. You can't move the number of people you want to move in this country around on roads of the quality that you currently have and that's why I think the new four lane highways, in some cases the six lane highways, are so important to this country and to its future and the economy as well as getting people just to and from work and other things. I think they're making progress. The new roads are fantastic. The old ones leave a lot to be desired.

WOMAN: About the increase of charter buses and planes. Will this consequently bring an increase in U.S. tourism into Mexico and, if so, in what percentage more or less?

SECRETARY SKINNER: Well, it's hard to estimate what this mean but everybody tells me that with the new charter bus and airplane agreement, we'll have more people coming into this country on charter operations. They also hope that there will be more people from Mexico traveling to the United States so it works both ways but I think the major beneficiary

in the first round, so to speak, will be the economy of Mexico because I think a lot of people will be taking buses from the United States and moving directly into Mexico and right to their destination on these new super highways so it should mean a lot.

WOMAN: Well, maybe about Continental Airlines.

SECRETARY SKINNER: Oh. You're going to be the first person to get a comment about Continental Airlines from me.

WOMAN: Oh, really?

SECRETARY SKINNER: Yes, first person.

WOMAN: They're one of the main carriers between the United States and Mexico

SECRETARY SKINNER: Well, obviously the U.S. airline industry is on very difficult times. The bankruptcy filing by Continental Airlines is an indication of just how serious it is. Another carrier almost filed for bankruptcy until they got one of their transactions through. Until we get the price of oil down, until we get the price of aviation gas down, the industry is going to find themselves on some very tough times.

We're doing everything we can in Washington to try to, #1, move transactions through the system and

analyze them as fast as we can so if a transaction is important to the future of an airline, it gets fair and due consideration in a very fast way.

#2, I'll be meeting with the Chairman of Continental Airlines tomorrow in Washington to discuss where that airline goes next. It is one of our biggest carriers. It is one of our most important carriers and I want to do everything consistent with the law and with the free enterprise system to make sure that that airline continues to fly the millions of passengers it flies every year. It is our #1 priority in Washington right now at the Department of Transportation. I will be having a meeting on that as soon as I get back tomorrow morning with my senior key people and we are going to attempt to sort our way through it.

I think it's important to recognize that government can not solve some of these problems. The marketplace is where the future of aviation is determined. That is clear here in Mexico now just as it is in the United States. What we've got to do as a government is make sure that we don't get in the way of the free enterprise system working and that in these very critical times we go the extra mile to help these companies through these very difficult times. But that doesn't mean that we're going to step in and take over

the airlines or that we're going to be able to subsidize them with any kind of cash payments during these difficult times.

I think that's why it's important that we reach a conclusion in the mideast as soon as possible. These filings would not have occurred had it not been for what happened in the mideast and the cost of oil. The President recognizes the importance for all those he's articulated so well in getting a solution to the mideast. The moment that happens you will see the cost of fuel go down (inaudible) When that happens, the airlines in the United States will become (inaudible)

(Whereupon, the press conference was concluded.)

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Judy Hadley
Transcriber

12-7-90
Date

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
SMALL BUSINESS ADMINISTRATION, NATIONAL ADVISORY COUNCIL
DECEMBER 6, 1990
WASHINGTON, D.C.

- Just returned from Mexico.
- Discussed transportation's role in possible FTA.
- Transportation critical to economic growth, success of small business.
- That's why we developed strategic vision for U.S. transportation: NTP.
- NTP guided us through successful aviation authorization.
- Success of surface reauthorization next year is just as important for competitiveness of U.S. business.
- Need your support in this effort.

DRAFT -- Thursday 12/6/90 11:45 a.m.

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
SHARON PRATT DIXON PRESS CONFERENCE
DECEMBER 6, 1990
WASHINGTON, D.C.

- First, like to congratulate the Mayor-elect publicly for her victory last month.

- Mrs. Dixon has been clear that she intends her election to signal a new day for the District of Columbia.

- In keeping with those aspirations, just met with Mrs. Dixon to discuss working with her to assess road maintenance needs in the District, particularly in downtown and federal core areas.

- Believe we can lay the groundwork for a new and potentially productive relationship between DOT and the city.

- To help the District get off to a new start, DOT decided to release $19 million in two discretionary grants to repair local road system.

- Releasing $17.6 million immediately to completely replace John Philip Sousa Memorial Bridge carrying Pennsylvania Avenue over Anacostia River.

- Also releasing another $1.5 million to rehabilitate 14th Street from D St. SW to D St. NW.

- Goal is to work closely with the new mayor to address road needs throughout national capital area.
- No question that many portions of District's roads and bridges are in serious disrepair.
- Often reflects badly on the nation's capital city to visitors from both here at home and abroad.
- But as license plates proclaim, nation's capital is a "capital city."
- Trust this can be an important first step towards revamping city's infrastructure, and helping transform its appearance into a truly "capital city."

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Contact: Robert Marx
Tele.: (202) 366-5580

REMARKS PREPARED FOR DELIVERY BY
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS
DECEMBER 10, 1990
PHOENIX, ARIZONA

Good morning. You could not have picked a more appropriate city for this year's annual meeting. Just three months ago today, right here in the heart of Phoenix, the final link in Interstate 10 was opened, joining Florida and California.

Completing I-10 was an important milestone in America's march into the future. It marks one of the final steps in completing the vast, 43,000 mile Interstate Highway System that has unified America.

It's critical that we remember -- particularly on the eve of the 1991 surface reauthorization process -- that this tremendous achievement did not occur without a vision. Nor did it happen without the unity of differing parties rallying around a common quest. And it wasn't accomplished without a lot of plain hard work.

To your great credit, the task of finishing the Interstate Highway System is virtually over. Our task today is -- in its own way -- just as vital to the nation as the one President Eisenhower inaugurated 34 years ago. Today, however, we face a different set of challenges.

In 1956, "global competitiveness" was not in the nation's vocabulary. Back then, America was on top of the world. We were far and away the world's largest creditor nation. "Trade deficit" was practically an unknown term. The United States imported $12.6 billion worth of goods and services. We exported $17.3 billion. Back in those days, "Made in Japan" was a term of derision. Today, it's a symbol of quality.

Clearly, we live in a different world. And with it comes a different set of challenges -- and the need for a different vision. That's what I'd like to talk to you about today. We in transportation -- particularly in so vital an area as transportation infrastructure -- face the need for a new vision for a new world.

In many ways, next year's surface transportation package will set the course of the nation's entry into the 21st century. There will be -- and should be -- a vigorous debate. We know that. Yet we cannot squander the opportunity before us. The stakes are too high. They're too high for each of you in your respective states, and they're too high for America's competitive standing in the world.

Without a comprehensive strategy to repair, maintain, and expand America's crumbling infrastructure -- along with the legislative package to back it up -- I don't see how America can compete in the global marketplace of tomorrow. Consider these facts. Investment in our nation's physical capital has fallen from 24 percent of federal outlays in 1960 to 11 percent in 1990.

Historically, America's strength rested in the vigor of its research and development, and in its vast infrastructure of railroads and highways and airports that kept our economy on the move. What would America's pioneering spirit have been -- where would America be today -- without the tremendous commitment of the past to infrastructure and research and development?

Can we sustain the commitment we need into the future? Several studies -- including some commissioned by AASHTO -- demonstrate just how hard this will be. They show that it'll cost a minimum of $38 billion a year, and as much as $83 billion a year, to meet the requirements for *capital* investment in our transportation system. The high end of this range is about twice the current level of spending.

As the backbone of America's economic strength, transportation has a direct bearing on U.S. productivity. And our sluggish growth in productivity compared to other nations should spur us to action as never before.

Think of the times we're living in: The Iron Curtain has fallen, opening up the markets of eastern Europe for the first time in decades. Europe 1992 is fast becoming a reality. Germany is united. Russia is moving toward a market economy, and last week actually encouraged ownership of private property. Our competitors along the Pacific Rim appear as strong as ever.

We expect to open up free trade talks with Mexico soon. I was in Mexico last week and discussed important transportation issues with Caso Lombardo, Mexico's Secretary of Communications and Transport. We signed a Memorandum of Understanding, and found ourselves in general agreement on lifting barriers that hinder transportation services between our countries.

I also met with President Carlos Salinas. And I now understand why President Bush holds him in such high regard. He is truly a man on the move. I'll give just one example. He built a toll road from Mexico City to Taluca -- from contract to completion -- in less than one year. Mexico has almost 2500 more miles either under contract or out for bid. And President Salinas is open to U.S. resources and expertise.

Whether in Mexico or on the other side of the globe, world circumstances present tremendous *opportunities* for the U.S. highway industry -- an industry comprised of more than 40,000 companies and manufacturers employing almost a million workers. Recent international developments may also represent a tremendous *challenge*. When these countries and others expand and improve their transportation infrastructures, they will become even stronger competitors in the global market.

For America, the equation is clear. Investment in infrastructure equals economic competitiveness abroad, and growth and productivity at home. Failure to invest in infrastructure equals economic decline. We simply cannot allow a deteriorating U.S. infrastructure to threaten our economy and our international competitiveness at this time.

That's the fundamental reason we produced the National Transportation Policy in the first place. We needed a strategic blueprint to help *move* America into the global economy of the future. No major enterprise can successfully tackle the future without a strategic vision. The same holds true for the U.S. Department of Transportation and its partners, especially those of you in AASHTO.

As soon as our National Transportation Policy was in place in March, the Department moved immediately into what we call NTP Phase 2. This phase, which is ongoing, is aimed at building and restructuring DOT as an institution so that it will have the organizational strength to deliver what the NTP promises.

The first steps involved a careful examination of the Office of the Secretary, and its leadership role within the Department. I directed Tom Larson to do the same with the Federal Highway Administration. I asked him to explore the viability of reorganizing the Washington headquarters and to consider new ways of structuring our regional organization to better deliver our program to you. Beginning next year, we'll be sending some of our federal highway officials to the Harvard Executive Program *for state and local officials* to help them become more attuned to your needs.

Have our efforts borne fruit? Absolutely. Based on the strategic framework of the National Transportation Policy, and our mobilization work at the Department, we achieved a resounding victory this year in reauthorizing the Federal Aviation Act. That victory is very important for those of us here today, and for the major task we have ahead of us next year.

The success of aviation reauthorization demonstrates that, with hard work and unity, we *can* deliver on the NTP vision. I know the same approach will work for surface reauthorization. But let me tell you up front something you already know: Our success will depend on the degree to which we forge a genuine partnership among all parties -- the Administration, Congress, state government, trade associations, and industry -- including rail and trucking.

This year's aviation reauthorization process proved that various interests can work together to produce something good for all parties. When we put our first draft on the table nobody liked it. If there was any agreement on any phase of that bill, I cannot recall it.

So take heart. What we accomplished in aviation, we can do for surface transportation -- *if*, and only if, all parties can set aside parochial concerns and work together for the common good. It worked in aviation. In the end, all major trade associations supported the final bill. In fact, it proved to be the most significant and comprehensive aviation legislation since deregulation.

There's no question that surface reauthorization will be harder next year. States, cities, contractors, transit authorities, safety groups, truckers, railroads -- they all have their own agendas. What we cannot afford is the kind of potential battle lines

being drawn by the rail and trucking industries against each other. Competition between these great industries is healthy, but open warfare would not be good for the economy.

But I'd like to make one thing clear at the outset: It is not my job to referee this debate, or any other debate next year involving differing parties. My job is to make sure that the end result is in the best interest of the public and America's competitive standing in the world economy. That ought to be the goal of *everyone* with a major stake in surface reauthorization. If so, we'll achieve our goal.

I'm optimistic. DOT and AASHTO have a long and proven partnership. In the past, whenever we asked for your support, you delivered. Now another moment of truth has come. Our partnership will be tested in the months ahead. We have to put differences aside, and take hold of the unique opportunity before us. ***Frankly, I need your help.*** This country needs your help. We at the Department know very well that we cannot move forward successfully without AASHTO as a close partner.

With broad support from the states and within Congress, we came out well in October's budget agreement. Our obligation ceiling was set at $14.5 billion -- a 19 percent increase. That should get a lot of projects rolling that otherwise would have been delayed. We achieved a major increase in funding for Intelligent Vehicle Highway System research -- from $2.3 million in 1990 to $20 million in fiscal 1991.

The federal gas tax that went into effect 10 days ago will raise an extra $12.5 billion for the the nation's highways over the next five years. After that, we should look forward to a "return to the dedicated user fee principle as soon as possible," as a "Sense of the Congress" resolution states.

Looking forward, we have prepared a good agenda for reauthorization. As we move into the post-interstate era, we will build on the present structure of the state-federal highway partnership.

As a centerpiece, we intend to propose the concept of a national highway system. Our current work on a National Highway System springs in part from AASHTO's earlier efforts. This is an excellent example of the kind of partnership we need across the board as we march forward together to begin the surface reauthorization process.

We will look at various criteria and objectives regarding mileage levels in each state. We will move to decouple apportionments from designated mileage. We will call for some transferability between funds for Highways of National Significance and our flexible rural-urban program -- but with ample safeguards to protect our investment in the existing interstate system.

This time around, we are attempting to cast reauthorization in a new mold. We want state and local authorities to have greater flexibility in the use of transportation funds at all levels of government and in alternative modes. For instance, using federal highway funds for toll road construction and mass transit could lead to more efficient ways of attacking congestion.

To that same end, we need to improve the linkage between transportation, development, and land-use planning. It is essential that we continue to strengthen our overall multi-modal transportation planning and integrate our efforts with those at the local level.

Private sector investment can be encouraged through such alternative financing methods as tax districts and developer participation. Much greater weight will be placed on meeting the need for clean air.

While it's too early to spell out details, all in all the reauthorization process is proceeding on track. When we hit the ground running next year, we'll be prepared to march forward in an AASHTO-DOT partnership forged over 75 years of cooperation and trust.

You have been very fortunate to be under the able stewardship of Kermit Justice this past year. Tomorrow, he will pass the baton on to Hal Rives of Georgia for the crucial year ahead. I've very much enjoyed working with you, Kermit, and I'm looking forward to a productive year working with your worthy successor -- for the benefit of AASHTO, the Department of Transportation, and the country.

Thank you very much.

# # # #

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
DRUNK DRIVING PSA CAMPAIGN KICK-OFF
DECEMBER 11, 1990
THE WHITE HOUSE
WASHINGTON, D.C.

- Delighted to see this good turn-out for such an important cause.

- I don't believe we could have predicted, even a few years ago, the kind of personal response to drunk and drugged driving that we are seeing today. It used to be careless but deadly behavior that was someone else's problem.

- But today people, aroused and motivated to take their sense of mission to drivers and lawmakers alike, have made a difference.

- As a MADD organizer put it, "we've kicked a few pebbles, turned a few stones; eventually we will start an avalanche."

- And an avalanche it was, an avalanche of lives saved -- a demonstration that we care about our country and just as important, we care about our neighbors.

- We gather today to renew our efforts to motivate, to arouse and to bring the numbers down that we're all familiar with.

  -- Last year, alcohol-related crashes killed over 22,000 Americans and injured 345,000 others.

- Those numbers *are* down from the year before, but it still represents a tremendous toll on American society.

- While we must be vigilant, and prod ourselves on to even greater efforts, we should be encouraged by recent successes.

  -- Drunk drivers killed in crashes plunged 25% in 1980s.

  -- Deaths where at least one party was intoxicated declined 12%.

  -- Perhaps most encouraging: proportion of drunk 16-20 year-old drivers involved in fatal crashes fell from 31% to 19.5%.

- Who gets the credit for this good news? Lots of people, of course. Volunteers, professionals, government officials at all levels, National Association of Broadcasters and its President Eddie Fritts, who is not with us today because he is out of the country, the Ad Council, to name a few.

- All those **volunteers** -- organizations and individuals -- who see a need and get involved deserve great credit.

  -- Don't sit on the sidelines and wring their hands. They bring ideas, energy, enthusiasm, leadership.

  -- Groups like MADD, SADD, RID and many others.

- Many **professionals** contributed to the cause through special expertise and artistry.

- Ad Council and its volunteer ad agency, Wells, Rich, Greene, have put much magic into the campaign.

  -- Special thanks to Stu Upson, Ad Council Chairman of the Board.

  -- From Wells, Rich, Greene, several deserve recognition: CEO Ken Olsham, and the creative minds of Len Fink and Mike Scardino.

  -- Finally, owe debt of gratitude to Dick Helstein, volunteer campaign director, who is director of market services for General Foods.

- Want to salute **NAB** for distributing campaign spots and urging member stations to get the message out.

- And what is that message? Simply this:

- Don't let a friend who's had too much to drink get behind the wheel.

- Of course, people have to take responsibility for their *own* behavior.

- But responsibility cuts much deeper. We're *all responsible* for preventing someone else from becoming a drunk driver whenever possible.

- What better Christmas gift could we give than helping a friend stay alive and well?
- Campaign puts it this way: "Take the Keys, Call a Cab, Take a Stand: Friends Don't Let Friends Drive Drunk."
- *Take a Stand*. Those are the key words. Let's do it.
- Before we show the new spots, I'd like to ask Len Fink, member of the Ad Council Volunteer Network and creative director at Wells, Rich, Greene to come up and tell us about the creative process that went into the campaign. **(You remain at podium with Fink)**
- So now let's have a look at the new television spots.**(Video runs)**
- Q's and A's.

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
DOT SENIOR CITIZENS CHRISTMAS PARTY
DECEMBER 17, 1990
WASHINGTON, D.C.

- Welcome all of you to DOT.

- Special welcome to Alice Bullock, coordinator for Southwest Senior Citizens Program, and Grace Cangialosi (Can-juh-low-see), director of programs and pastoral services for Sarah's Circle.

- Pleased that we could have such a good turnout today -- 20 women, 10 men from Southwest and 15 from Sarah's Circle.

- Our generation will be judged as a civilized society by the way we regard our very young and our senior citizens.

- When I arrived at DOT, was amazed and pleased that employees had aligned themselves on a very personal basis with the two seniors groups represented here today and with Hine Junior High School.

- Proud of DOT employees. Proud you joined us in these partnerships.

- Partnerships build learning, caring relationships among people in area where business of federal

transportation is conducted -- Southwest D. C. We benefit from your wisdom and friendship.

- Annual Christmas party is opportunity to get together to share goodwill. So have fun, enjoy yourselves.

- Merry Christmas.

REMARKS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
CHICAGO CIVIC COMMITTEE'S AIRPORT SUBCOMMITTEE
DECEMBER 20, 1990
CHICAGO, ILLINOIS

I have just met, at their invitation, with Chairman Frank Considine and several other members of the airport subcommittee of the Chicago Civic Committee. These community leaders support improvement to the region's overall aviation system and the reduction of delays at O'Hare Airport in particular.

Because I have believed for some time that delays at O'Hare are at an unacceptable level, I am extremely pleased that the Civic Committee under Frank's leadership has begun to seek solutions to the difficult problems facing the region's aviation system.

This subcommittee includes some of the Chicago area's most respected individuals. That they have volunteered their time to help ensure that this region remains economically competitive is an important step in and of itself.

Today we discussed the efforts underway to improve the Northern Illinois/Northern Indiana region's aviation system. This region is truly at a historic crossroads. Either local leaders -- in partnership with the Federal government -- begin seeking solutions to the difficult

problems facing this region, or the Chicago area will lose its global leadership in transportation.

A major part of the effort to improve the region's aviation system, of course, is the Bi-State committee composed of local leaders from the City of Chicago, and the States of Indiana and Illinois. That committee, as you know, will determine whether to build a new regional airport, and where to build it if they decide to do so.

Somehow, the region's aviation system will eventually have to accommodate the projected 15 million passenger shortfall. But it is important to remember that a new airport might not be fully operational for 20 or 30 years.

It is thus equally important to do something at O'Hare *now* to reduce delays. I emphasized to this group the importance of O'Hare for our national aviation system and for the economy of the Northern Illinois/Northern Indiana area.

I also briefed the group on the FAA's National Aviation System Capacity Plan, which was released today in Washington. The Plan focuses on the problem of increasing aviation delays nationwide. It notes that 21 airports experienced more than 20,000 hours of delay in 1988. And it projects that 41 airports will experience that level of delays in 1998.

O'Hare Airport is the most delay-prone airport in the country. It has the dubious distinction of having the largest absolute number of delays -- over 100,000 hours annually. It also has the second highest percentage of total flights delayed. Delays at O'Hare have a ripple effect on airports throughout the national system.

These delays impose an economic cost not only on airlines, but also on travelers. And they lead airlines to route traffic elsewhere. In the long run, Chicago could lose its economic edge to other cities, such as Dallas/Fort Worth or Denver.

The Aviation System Capacity Plan contains literally hundreds of suggestions for reducing delays nationwide. Of particular interest to this group, and to this area, is the report's proposals regarding O'Hare. One proposal that deserves serious study is to build one or two new runways at O'Hare. The report estimates that doing this could save as much as $250 million annually in operating costs alone that result from delays.

Today's report, therefore, is more evidence that a new runway would dramatically reduce delays at O'Hare. The FAA has previously estimated that one new runway would reduce delays by 70 percent in IFR (inclement) weather.

The new federal law that will phase out the country's noisiest aircraft should address community concerns about aircraft noise. Because of our new anti-noise policy, about 90 percent fewer people will be exposed to significant aircraft noise in the year 2000 than were exposed in 1985.

Of course, much work remains to be done. Chicago needs to begin the planning process at O'Hare immediately to determine whether these suggestions make sense and are environmentally acceptable.

I urge Mayor Daley to put his people to work as soon as possible to begin that planning process. Only if local government and business leaders pull together will we all achieve our common goal of moving the region's aviation system into the 21st Century.

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
PRESENTATION OF SES BONUSES
DECEMBER 21, 1990
WASHINGTON, D.C.

- Honor this afternoon to recognize top recipients of SES bonuses. Glad this event coincides with holidays and hope it adds to holiday cheer.

- Want to congratulate Senior Executives for their efforts and outstanding achievements to Department and Federal Government. Your contributions are the backbone of all that we accomplish.

- Nominations were carefully screened and personally reviewed by the Department's Executive Resources Review Committee, which is chaired by the Deputy Secretary.

- Happy to present to each of you the monetary award associated with this honor and to sincerely thank you for your contributions to DOT.

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION SAMUEL K. SKINNER
DINNER TOAST TO MINISTER KATZAV
DECEMBER 26, 1990
TEL AVIV, ISRAEL

- Great honor to be here in Israel.

- Especially honored that Minister Katzav has extended this exceptional gesture of hospitality.

- Israel and United States have enjoyed long friendship and common bonds of trade and transport.

- Plan to tour airport and boat facilities in Haifa, discuss new ways to work together, exchange technology, strengthen transportation links.

- Look forward to building upon our relationship in transportation.

- Transportation has strengthened common bonds of friendship and trade.

- Here's to that tremendous spirit of cooperation, and to you, Mr. Minister.

- Thank you very much.