TALKING POINTS ON THE FIVE-POINT AVIATION STRATEGY
SECRETARY OF TRANSPORTATION FEDERICO PEÑA

*** Right from the beginning, indeed, even during the 1992 Presidential campaign, President Clinton has recognized the airline and aerospace industry as especially critical to America's economic future -- key sources of high-tech, high-wage jobs and of technological innovation.**

*** That's why this Administration has made it a top priority to support the recovery of the U.S. airline industry from its deep recessionary slump. The Administration's urgency was shown by the appointment of the National Airline Commission itself -- as well as by numerous actions over the past year ranging from settling the American Airlines strike to exempting airlines for two years from higher fuel taxes.**

*** Now, for the first time since airline de-regulation in 1978, the Administration has crafted a comprehensive five-point strategy for America's aviation industry. Our strategy is based both on actions we have already taken and on commitments to future actions -- many of them suggested by the Airline Commission's report. This report has already spurred action -- it hasn't gathered dust.**

*** What's most different about this Administration's approach is that we are deeply engaged with aviation -- not only in words, but in deeds. We are reaching out to every element of the industry -- management, labor, cargo carriers and shippers, consumers, airport managements etc. We are working co-operatively with them all. And we are working in the context of a comprehensive aviation policy. The strategy we are pursuing is greater than just the sum of its parts and it will change and grow to meet new circumstances and challenges...**

*** We are seeking not only to respond to immediate crises such as strikes or potential strikes, airport fee disputes and the like, but to reach the medium-term goal of a return to profits and lasting financial strength and the long-term goal of a prosperous aviation industry that can grow at home in markets worldwide -- providing travellers and shippers with the benefits of efficient, highly-competitive service.**

*** And we are doing all this without short-changing our absolute commitment to passenger safety and to a cleaner American environment.**

QUESTIONS FOR AVIATION INITIATIVE

QUESTION No. 1 — Why did it take the Administration this long--5 months after the Commission issued its report--to produce this response?

ANSWER: The Administration's initiative is the most comprehensive government strategy for the U.S. aviation industry since deregulation. This initiate reflects difficult policy changes and recognizes the importance of the industry to the national economy, to sustaining hundreds of thousands of high-skilled jobs, and to our international competitiveness. Although 5 months have passed, our initiative reflect a wide range of actions planned or taken by the Administration.

QUESTION: No. 2 — Airlines seek a rollback of the ticket and cargo waybill taxes to their pre-1990 levels of 8 and 5 percent, respectively, and the Commission endorsed this action. Why doesn't the Administration's plan include this provision.

ANSWER: The Administration was aware of the possibility of the Commission's recommendations prior to enactment of the President's budget plan, which marked a hard-won critical first step in establishing the foundation for sustained economic growth and control of the Federal budget deficit. Rolling back the ticket and waybill taxes and allowing full deductibility for per diem payments (another tax-related Commission recommendation) would reduce Federal revenue by $4-5 billion.

QUESTION: No. 3 — The plan includes a review of the High-Density Rule and whether "certain operating limitations imposed by the rule can be eliminated or modified." Wouldn't allowing more flights into these four congested airports (O'Hare, JFK, LaGuardia and National) compromise safety and exacerbate noise and environmental problems?

ANSWER: The High-Density Rule was established in 1969 as a temporary measure to relieve congestion, reduce delay and effectively manage the workload of air traffic controllers. Although methods of allocating and transferring slots have been revised over the years and a national system for controlling the flow of aircraft is now in use, the basic rule remains largely unchanged. The purpose of the study (which has also been congressionally mandated) is to understand the economic, operational, and environmental implications of the rule today, which will help us decide how management of the airspace and airway capacity at the airports can improve competitiveness and the efficiency of our aviation system. No action beyond a thorough examination of the existing rule is being contemplated. Any changes to the rule would entail a subsequent rulemaking and in the case of National, legislative change. Nothing we do in this regard will compromise the safety of the traveling public.

QUESTION: No. 4

The plan does not include the creation of a presidentially appointed advisory committee to review the financial health of the airline industry and individual companies, as recommended by the Commission. Why this omission, given the industry's uncertain financial condition?

ANSWER:

As the Commission noted, the Department has the authority and responsibility under the Federal Aviation Act to ensure the continuing fitness of the airlines. The Secretary already receives diverse perspectives on the airlines' financial status through continual exchanges with airline executives, financial analysts, aviation consultants, academics and congressional leaders. The Department is stepping up its fitness monitoring activities and is committed to carefully scrutinizing large transactions involving established airlines to ensure that the airlines' financial health is not undermined by ill-conceived financing schemes. New authority or mechanisms for ensuring financial fitness are not necessary at this time.

QUESTION: No. 5

Isn't it possible that the bankruptcy reform provisions might force some carriers into liquidation that might otherwise reorganize and survive?

ANSWER:

This scenario is very unlikely. The Administration's specific bankruptcy reform proposals would adjust several bankruptcy provisions dealing with airport gates and terminals, aircraft leases, and government representation on creditors committees. The gate and terminal provision would return these facilities to the airport operator generally when a bankrupt carrier was unable to use them productively. Carriers adversely affected by this provision would be unlikely candidates for successful reorganization. [Moreover, bankrupt carriers would still have 60 days, extendable under some circumstances to 180 days, to assume or reject the gate or terminal leases before the new provision would have effect.] The aircraft lease provision would simply codify existing judicial decisions, removing an uncertainty that creates pressure toward incrementally higher interest rates on such leases. Authorizing government agencies to participate on creditors committees would permit them to stay better informed of bankruptcy developments and exercise a stronger role in the reorganization process. Agencies do not categorically favor either a liquidation or reorganization approach.

[The Administration will also further study one measure that would introduce time limitations on the period in which the debtor could exclusively file a proposed reorganization plan, and another that would increase public interest representation in bankruptcy proceedings. Preliminarily, we believe it unlikely that such measures could have the effect of forcing viable reorganization candidates into premature liquidation, but this will be fully considered during the study.]

QUESTION: No. 6 — Under your National Transportation System proposal, will you let Airport Improvement Program and Passenger Facility Charge money go to new uses like transit links to airports, etc?

ANSWER: It is my intent that the NTS encourage creative solutions to the delays, traffic bottlenecks, access problems, and other transportation inefficiencies we now face. I certainly hope to see much more productive, integrated system planning across the various modes as a result of the NTS. However, by itself, in the absence of legislation to effect program changes, the NTS will not bring about integrated intermodal funding, such as the use of AIP or PFC money for airport-transit links. In this vein, we will be seeking the views of a broad range of transportation interests on the what the NTS should be and how it should be used. I am very interested in the ideas of the aviation community on these questions.

QUESTION: No. 7 — Isn't it time to reconsider the prohibition against the diversion of airport revenues for non-airport purposes, given the relative profitability of airports and the pressing needs of many cities (for housing, health care, education, police, etc.)?

ANSWER: By law airports in the U.S. that receive Federal grants cannot operate on a for profit basis. Any excess revenues they may accumulate has to be used for the development and operation of the airport. Therefore, if airports were permitted to divert revenues for general government purposes, it would be at the expense of meeting the capital and operating needs of the airport. While I am sympathetic to the need for increased revenues to meet the expenses of municipalities I would firmly oppose any attempts at diverting revenues needed for airport-related development and improvement.

QUESTION: No. 8 — Given the extremely low incidence of illegal drug use in the aviation industry, isn't there already sufficient evidence to justify reducing the random testing rate?

ANSWER: This issue is the subject of a rulemaking proceeding at the present time. The Department is looking at the issue very seriously and is committed to taking action within 60 days.

QUESTION: No. 9 — The strategy would encourage employee buyouts of airlines, such as that of United. Wouldn't further such buyouts result in several airlines being owned by the same unions--ALPA, IAM, the Flight Attendants--thereby creating competitive concerns?

ANSWER: The Department has been thoroughly briefed on the United employee buyout. One of the prominent features of the United plan is to ensure that it is an employee-owned company and <u>not</u> a union-owned company. The role of union leaders will decline significantly if and when the transaction is completed. This

feature should reduce concern about union anticompetitive control of the industry if more employee buyouts occur.

QUESTION: No. 10 — Is the plan's goal for building a "liberal multinational aviation framework" realistic, given the preference exhibited by many countries to maintain restrictive relationships (the United Kingdom, Canada) or to replace liberal agreements with more restrictive ones (Germany, France)?

ANSWER: Yes, the goal of a liberal multinational aviation framework is realistic. The question to my mind is not "whether" but "when." I believe this because both aviation users and providers need a new framework that permits the creation of global networks to effectively service today's interdependent global economy.

Many airlines recognize the needs of the global market and are pushing against the constraints of the existing bilateral system; others, however, fear that they are not well positioned competitively to immediately prosper without protection. The weak economy of the past several years has fueled these fears even more.

QUESTION: No. 11 — The strategy includes a review of liability laws applying to general aviation aircraft, including a possible "statute of repose." Wouldn't limiting manufacturers' liability constitute a potential compromise to safety?

ANSWER: There are many questions associated with Federal product liability laws, relating to safety, compensation, insurance, just to name a few, and for that reason the Administration, with the Department of Justice in the lead, is undertaking a comprehensive review of Federal product liability laws, and will within this context decide whether to support a statute of repose for manufacturers of general aviation aircraft.

QUESTION: No. 12 — The Commission recommended reducing the FAA budget allocation from the Airport and Airways Trust Fund from 75 to 70 percent. Why was this not adopted?

ANSWER: This action was also considered prior to enactment of the President's budget plan. It would merely shift costs to the general tax payer without changing the total funds available to be appropriated for FAA purposes.

QUESTION: No. 13 — Why does the strategy not adopt the Commission's recommendation to avoid involving international air service and aerospace products in sanctions against other countries?

ANSWER: The Administration cannot accept recommendations that would constrain its latitude in foreign policy matters. Although decisions regarding sanctions are made only after extensive and

careful review, the imposition of unilateral sanct[illegible] that include air services and aerospace exports are some[illegible]s necessary for compelling foreign policy and national security reasons.

QUESTION: No. 14 — How will the U.S. government ensure that liberalized limitations on foreign ownership of U.S. carriers will not result in foreign control of these carriers?

ANSWER: The Department of Transportation, like its predecessor, has always applied a separate test to assess control of a U.S. airline, independently of determining its ownership. This test is applied on a case-by-case basis, and involves a detailed examination of the organization, management, governance, and capital structure of a carrier to ensure that no foreign interest is in a position to exercise control over it. CAB Applying this test, the Board and the Department have decided numerous cases where a carrier was found not to be a citizen in spite of its compliance with the numerical ownership standards contained in the statute. Amendment of those numerical standards will not detract from the Department's ability to continue to apply this separate control test.

QUESTION: No. 15 — The strategy addresses funding for new airport development. Given criticism that some airport construction and expansion projects may not be needed (e.g., Denver), does the plan envision a more rigorous needs analysis?

ANSWER: I believe it is important that we manage Federal grant and aid programs to ensure that the public receives maximum benefit and return from such funds. That objective applies to all of the Department of Transportation programs, including aid to airports. In that regard the FAA is investigating administrative options that will help ensure that airport funds are targeted to projects that have high priority and that will yield maximum benefits to the airport system and to improving service to airport patrons. Also under study are methods for encouraging airport sponsors to assess the anticipated benefits from development projects proposed for Federal assistance, as well as investment criteria that could lead to more productive use of Federal dollars.

QUESTION: No. 16 — The Global Positioning System plays a major role in the strategy. Given the joint DOT/DOD management of the system, what assurances are there that civilian needs will be fully considered?

ANSWER: The Global Positioning System (GPS) offers substantial cost savings to air carrier operations. GPS also offers substantial benefits to other modes of transportation and civil non-transportation surveying and scientific applications.

The agreement between DOT and DOD supports full use of civil navigation and positioning needs through augmentation of GPS accuracy, integrity and availability. This augmentation will generally meet all civil needs and provide accuracies better than that available from the military's precise positioning service (PPS). The use of augmentation to meet civil needs, with some limitations, does not compromise national security.

Because the technological development of radionavigation using satellites is rapidly evolving, the DOD and DOT have established a conflict resolution process that will assure that civil needs are fully considered in any future decisions involving GPS planning and policy. The Assistant Secretary level GPS Executive Board will provide consensus agreements on military versus civil issues. DOT will also assign representatives to the DOD Joint Program Office and at Air Force Space Command to ensure civil needs are incorporated into GPS design and operating decisions. Any degradation of the GPS civil use signal for military purposes beyond the published specifications will be by direction of the President.

QUESTION: No. 17 — The strategy includes encouraging the entry of new carriers. To what extent is new entry desirable--given that these new companies will be competing with existing carriers, most of whom are struggling financially?

ANSWER: The encouragement of new entry is specifically required by the Federal Aviation Act and, therefore, has been and will be the Department's policy. In the long run, competition is the best way to ensure growth, innovation, and efficiency in an industry. Today the major airlines are being challenged to become more efficient by many new entrants. I am confident that our airlines will meet this challenge and the resulting growth in air travel will benefit travelers, airlines, airframe manufacturers and airline employees alike.

QUESTION: No. 18 — The plan refers to Secretary Peña's intervention in the Northwest and American Airlines strikes. Why does the Administration favor intervention in airline labor disputes, as opposed to the previous administration's preference for allowing a dispute to "run its course."

ANSWER: As a matter of policy, Secretary Peña and the Administration believe that the government should play a responsive role in assuring that labor and management exercise every effort to find common ground to settle a dispute and to avoid a destructive confrontation. The policy applies across the entire economy, but is particularly applicable in an industry like the airlines, which has suffered four years of economic distress and is under constant pressure to achieve greater efficiency in competing both domestically and internationally.

The Secretary recognizes that settlements reached by the parties themselves are most likely to contribute to a positive labor-management relationship. Thus, where there are indications that the Secretary's good offices may serve to facilitate the reaching of an agreement or to establish a procedure for settling a dispute, the Secretary has not hesitated to contact the parties. In every such instance, the Secretary has been careful to define his role as that of facilitator and catalyst, refraining from interposing his judgment on the merits of the issues involved or on the position of either of the parties.

Both of the previous administrations had elected to let market forces determine the outcome of labor-management disputes, consonant with an overall "hands off" policy towards airlines -- with results attributable in significant part to such an approach. ~~Rarely and~~

The Clinton Administration believes that an activist partnership among the carriers, labor and the government is the most certain route to restored vitality for the nation's airline system. rarely, and when invited by both parties...

Examples

In the case of the Northwest negotiations in the summer of 1993, the Secretary's primary concern was to avoid, if possible, another major carrier's filing for bankruptcy under Chapter 11. At the time that the Secretary contacted Northwest management and the three unions involved, an agreement on concessions in return for an equity interest in the carrier had been negotiated by the Machinists and the Teamsters, but had just been rejected by the Machinist membership, and had been withdrawn by the Teamsters without being submitted to a vote.

It appeared that the bargaining momentum was unraveling, and that Northwest management would quickly find itself in a cash squeeze such that it would have no choice but to seek Chapter 11 protection. Secretary Peña therefore contacted both the three unions and the carrier, reminding them of the consequences of letting the situation slip away, and offering his good offices in bringing the parties back to the table in an intensive effort to find a mutually acceptable solution. A strike by Northwest employees represented by the Machinists was at that point possible but unlikely.

It is to the parties' credit that they responded in good faith to the Secretary's offer; agreements were reached with each union on a three-year package, the crisis was averted, and Northwest management had been given the flexibility to begin to turn the airline around.

In the case of American Airlines, the Secretary and the White House had been following closely the carrier's negotiations with American's flight attendants, relying on the initiative of the National Mediation Board in encouraging a settlement of the contract issues. When the 30-day cooling off period under the Railway Labor Act appeared to be running out without a resumption of negotiations, Secretary Peña urged both parties to return to the table for a final effort, under the auspices of the National Mediation Board.

When these discussions broke off without an agreement and the flight attendants began their strike, Secretary Peña kept the White House informed on the impact of the strike on American and on the airline system, in the weekend before the Thanksgiving holiday. Although American continued to operate and to attempt to maintain its schedule, roughly half of the flights left without passengers, because no flight attendants were available.

Secretary Peña advised the President of his sense that both labor and management were not locked into confrontation, and that a credible appeal by an outside party could assist the carrier and the union in agreeing on a procedure for resolving the dispute. The President was successful; by the fifth day of the strike, the parties had agreed to resume negotiations, with a provision for binding arbitration of those issues which the parties were unable to settle.

QUESTION: No. 19 — Why hasn't an Assistant Secretary for Aviation been nominated?

ANSWER: During the past year, I have considered numerous candidates for this position. ~~Because aviation is such a complex and~~ controversial area, it has been difficult to find the individual with the ideal mix of abilities and sensitivity to the problems facing our aviation industry. I feel, however, we are close to concluding this process and will be in a position to send forward a nomination in the near future.

QUESTION: No. 20 — How will Southwest's buyout of Morris Air affect competition?

ANSWER: The acquisition will not affect competition directly since Morris Air and Southwest do not compete in any city-pair markets. As an imitator of Southwest, Morris Air has been successful in providing low-fare service competing primarily against Delta at Salt Lake City and against Alaska Airlines in the Pacific Northwest. While Southwest may ultimately abandon some less dense Morris Air markets, it anticipates operating Morris Air as a wholly owned subsidiary for a period of time while the carriers merge and serving much of the region that Morris Air currently serves. Therefore, Southwest is expected

to continue to provide low-fare competition in most Morris Air markets. Southwest will probably redeploy some of the aircraft that it acquired from Morris Air to other, more dense markets where they would serve a greater number of travelers and have a much greater competitive and economic impact.

QUESTION: No. 21 — To what extent will the FY'95 budget proposal support this initiative?

ANSWER: I met with the President in December to discuss the transportation budget and we are still formulating the FY 1995 budget. However, I can say that the budget will continue to support infrastructure investment. As OMB Director Panetta said in his press conference on December 22, "it was important to the President that he meet his commitment to fiscal discipline and that he also meet his commitment to try to expand and sustain the economic recovery and to also target those key investments that he has always felt were most important in terms of national priorities."

QUESTION: No. 22 — What specific changes will you propose in the Airport Improvement Program bill?

ANSWER: We are in the process of formulating an FAA Reauthorization bill. The bill will cover the full range of FAA programs, including F and E, RE and D, and AIP. One of the major challenges we face is making the future FAA program as effective and efficient as possible, within the realities of a severely constrained budget.

Specific proposals are still under review within the Administration. Without getting into the details, I can say that we will be trying to streamline the AIP program to ensure continuity in airport planning and development, and ensure an adequate funding stream over a multi-year period. We will also try to make the program more compatible with the National Transportation System concept and with the intermodal approaches found in the 1991 ISTEA legislation.

QUESTION: No. 23 — Where does the Department stand on the ATX (Frank Lorenzo) fitness review? What do you think about the ALJ's recommendation not to grant a certificate?

ANSWER: On December 22, Administrative Law Judge Robert Barton served his initial decision in the case, recommending that the Department deny ATX's application because ATX had not demonstrated that it had either adequate managerial skills to conduct its proposed operations, or a disposition to comply with applicable state and Federal requirements. The Department is now reviewing that recommendation, and it would be inappropriate to offer any further comment. Under the Federal Aviation Act, a final decision by the Department must be made on or before April 5, 1994.

QUESTION: No. 24

What is the status of the relationship with Germany?

ANSWER:

As you know, the U.S. and Germany reached agreement in September on the elements of a 4-year interim arrangement designed to preserve our long-standing liberal relationship. We are now in the process of exchanging drafts intended to finalize the September agreement. In the meantime, certain issues involving code sharing between United and Lufthansa and between Northwest and KLM have developed. Also, Delta has ground-handling complaints against Germany which we thought were resolved in September. We will be meeting with the Germans in late January to resolve these differences that have arisen between the two sides with regard to the details of the interim arrangement.

QUESTION: No. 25

What is the status of the liberalization talks with the British?

ANSWER:

Last March when I approved the code sharing and other cooperative arrangements between British Airways and USAir for 1 year, I linked that approval to agreement to liberalize the U.S.-U.K. aviation environment. I set negotiations in motion to achieve that goal within the 1-year approval timeframe. The underpinning for the liberalization is the position jointly taken by U.K. Secretary of State for Transport John MacGregor and myself that the restrictive Bermuda 2 Agreement is not the appropriate framework for air services between our countries. Nonetheless, progress in the talks has been extremely disappointing. We are now reviewing our options, which includes the question of meeting again in January.

TALKING POINTS ON THE FIVE-POINT AVIATION STRATEGY

*** The Clinton Administration has developed the first comprehensive national aviation strategy in the post-deregulation era.**

*** It targets five goals:**

- **o Revitalizing domestic aviation;**
- **o Promoting international aviation trade and competitiveness;**
- **o Promoting airport investment and economic growth;**
- **o enhancing safety, consumer benefits and the environment; and**
- **o Integrating aviation in the national transportation system**

A FIVE-POINT AVIATION STRATEGY FOR AMERICA

GOAL ONE: REVITALIZING DOMESTIC AVIATION

1) ACTIONS TO MAKE THE AIR TRANSPORTATION SYSTEM SAFER AND MORE EFFICIENT

To date the Administration has acted to:

A) <u>Reform the FAA</u> by ordering a top-to-bottom review of the Advanced Automation system and beginning reform of FAA procurement practices.

B) <u>Sustain U.S. Technological Leadership</u> by promoting GSP deployment and testing, supporting defense conversion and restructuring government-wide transportation research and development.

The Administration will:

C) Restructure ATC Services
D) Accelerate GPS and Related Technologies
E) Sustain U.S. Technological Leadership
F) Evaluate the High Density Rule

2) ACTIONS TO ENHANCE THE AVIATION INDUSTRY'S FINANCIAL OUTLOOK AND REDUCE THE REGULATORY BURDEN

To date the Administration has acted to:

A) <u>Improve the National Economy</u> by securing the first real deficit reduction in a generation -- and the low interest rates that deficit-cutting has brought.

B) <u>Improve Airport/Airline Relations</u> by mediating the dispute between airlines and LAX.

C) <u>Adopt Regulatory Reform</u> by evaluating all existing rules and regulations on the aviation industry.

The Administration will:

D) Seek Bankruptcy Reform
E) Closely Monitor Financial Fitness
F) Preclude Diversion of Airport Revenues
G) Stay on Course to a Quieter State 3 Fleet
H) Promote Competition and New Entrants
I) Reassess Existing Regulations
J) Improve the Quality of Cost-Benefit Data and Reporting
K) Sharpen Cost-Benefit Methodology
L) Complete Outstanding Drug and Alcohol Rulemakings

3) ACTIONS TO FOSTER LABOR-MANAGEMENT COLLABORATION

To date the Administration has acted to:

A) Lift the Ban on the Fired Air Traffic Controllers
B) Facilitate the Northwest Airlines Dispute
C) Help Resolve the American Airlines Strike
D) Monitor United Airlines Employee Stock Ownership Plan
E) Strategize on the Workplace of the Future

The Administration will:

F) Promote Job Opportunities and Employee Ownership
G) Obtain Information on Potentially Displaced Workers

GOAL TWO: PROMOTE INTERNATIONAL AVIATION TRADE AND COMPETITIVENESS

1) ACTIONS TO BUILD A LIBERAL MULTINATIONAL AVIATION FRAMEWORK

To date the Administration has acted to:

A) <u>Establish a Strategic Framework for Negotiating Future International Aviation Agreements by</u>:
First, seeking unrestricted, multilateral agreements
Second, seeking to liberalize existing bilaterals
Third, defending all existing rights
Fourth, seeking a global coalition for more liberal aviation

B) <u>Achieve New Bilateral Agreements that Provide for New Access for U.S. Carriers by</u> negotiating new access for U.S. carriers to Germany, Finland, Ireland, Russia and Saudi Arabia.

C) Initiate Discussions with the European Union on Cargo "Open Skies"

D) Vigorously Enforce U.S. Aviation Rights in talks with Australia, Chile, China and Guatemala

E) Approved Investment in USAir by British Airways and Linked Future Investment to Renegotiating the Current U.S./U.K. "Bermuda II" Bilateral Agreement

The Administration will:

F) Pursue Alternative Negotiation Strategies
G) Liberalize Limitations on Foreign Ownership of U.S Carriers
H) Safeguard Defense Airlift Capacity

2) ACTIONS TO EXPAND AND FACILITATE AVIATION COMMERCE

To date the Administration has taken action to:

A) Actively Promote U.S. Aircraft Sales Abroad
B) Actively Promote U.S. Aviation Technology exports
C) Urge Rapid Deployment of GPS
D) Negotiate More Efficient Air Routes

The Administration will:

E) Back Ratification of the Montreal Protocols
F) Ensure Sufficient Export Financing
G) Harmonize International Regulations
H) Facilitate Fair and Open International Competition
I) Evaluate Product Liability Laws

3) ACTIONS TO ENFORCE INTERNATIONAL TRADE OBLIGATIONS

To date the Administration has taken action to:

A) Successfully Win the Inclusion of Civil Aviation Subsidies in the New GATT Accord

The Administration will:

B) Closely Monitor Airbus Agreement
C) Tighten Disciplines on Government Subsidies under GATT
D) Employ All Available Enforcement Tools

GOAL THREE: PROMOTE AIRPORT INVESTMENT AND ECONOMIC GROWTH

To date the Administration has taken action to:

A) <u>Support Airport Investment by</u> investing more than $1.5 billion in airport capital improvements around the nation, approving PFC requests that will finance an additional $4 billion in airport development and maintaining low interest rates that reduce infrastructure finance costs.

The Administration will:

B) Further Airport Development by working with Congress to enact the 1994 AIP legislation.

GOAL FOUR: ENHANCE SAFETY, CONSUMER BENEFITS, AND THE ENVIRONMENT

To date the Administration has acted to:

A) <u>Advance Safety Regulations by</u> limiting flight attendant duty time; requiring greater pilot and co-pilot experience on specific aircraft; and requiring de-icing on commuter airlines.

B) <u>Enhance Aviation Security</u> through a comprehensive review of aviation security plans, regulations and enforcement

C) <u>Enhance Competition and Consumer Benefits by</u> encouraging new entrants, barring predatory pricing combatting fraudulent ticketing and implementing the Air Carrier Access Act.

D) <u>Protect the Environment by</u> working to limit Grand Canyon overflight noise, moving toward a quieter fleet and meeting environmental mandates

GOAL FIVE: BETTER INTEGRATE AVIATION INTO THE NATIONAL TRANSPORTATION SYSTEM

To Date the Administration has acted to:

A) Launch A National Transportation System -- A New Initiative

B) Deliniate The National Highway System

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SECRETARY
FEDERICO PEÑA

BORDER
INFRASTRUCTURE/TRADE
CORRIDORS PRESS EVENT

WASHINGTON D.C.
JANUARY 11, 1994

Transportation Trends

I want to begin by welcoming all of you, and especially our guests from Canada and Mexico, because today we are simultaneously announcing in all three countries the convening of the first-ever North American Transportation Summit -- a summit which will bring our nations together to better coordinate the planning and investments that link us together.

Besides the news we'll be making, there's another reason for welcoming our friends from Canada and Mexico. Because this is also a time for us to celebrate -- together.

Just 10 days ago, our three nations launched a great historic endeavor by implementing the North American Free Trade Agreement.

Today, we are present at the creation of the largest free trade zone in human history -- one that links more than 370 million people, with output of more than $6.5 trillion. But NAFTA is more than an alliance of mutual interest or an engine of economic progress. It is also a commitment to trust, respect and deeper understanding between three great nations.

" But the great surge in trade that is linking our nations offers challenges as well as gains -- especially for those of us who work in transportation. To meet the requirements of the expanded traffic we foresee, all three of our nations will need to find ways to speed movement across our borders -- mainly by making existing crossings far more efficient."

Longer term, I believe that NAFTA will be a magnet for our neighbors throughout the Americas, a beacon for those who believe in free trade and free economies, a bulwark for all of the New World's democracies.

Today, as the very first stages of NAFTA take hold, well over half of all trade between our nations is crossing our borders with no tariffs at all.

Within a decade, virtually all of our trade will move with no such barriers. The volume of goods will surge even more dramatically than it has in recent years. And that, ladies and gentlemen, is really saying a lot -- because our three nations are in the middle of a truly spectacular explosion of trade.

Today, these healthy, fast-growing trade flows are creating jobs and profits for workers and companies in all three nations. Tomorrow we will grow together, prosper together and deepen the bonds of friendship between our peoples.

U.S. Department of Transportation
Office of the Secretary, Public Affairs
(202) 366-4570

All those gains will do credit to those who fought to win passage of NAFTA. I know that there are many here today who fought that good fight and can rightly hold their heads up high.

But the great surge in trade that is linking our nations offers challenges as well as gains -- especially for those of us who work in transportation. To meet the requirements of the expanded traffic we foresee, all three of our nations will need to find ways to speed movement across our borders -- mainly by making existing crossings far more efficient.

We will also need to expand, modernize, and maintain the trade corridors fanning out from border crossing points and from ocean and inland ports to points across our nations.

More than ever before, Americans and Mexicans and Canadians will need to work together to ensure that investments in our national transportation systems fit seamlessly with the continental trade system that is evolving.

Our governments have begun cooperating in these areas, but we need to do much more individually and together.

" More than ever before, Americans and Mexicans and Canadians will need to work together to ensure that investments in our national transportation systems fit seamlessly with the continental trade system that is evolving."

THREE STEPS TO BETTER NORTH AMERICAN TRANSPORTATION

So today, I am pleased to announce three steps toward the goal of meeting the transportation challenges of the NAFTA era.

The first step is the agreement between Mexico, the United States and Canada to convene a North American Transportation Summit meeting, to be held in Washington, D.C., this March. Even as we speak, this summit is being announced in Ottawa and In Mexico City. In what will be an historic first, the Transportation Summit will bring together the U.S. Secretary of Transportation, Mexico's Secretary of Transportation, Emilio Gamboa, and Canada's Minister of Transportation, Doug Young, as well as members of our staffs for a series of talks on both NAFTA's provisions in the transportation area itself and on ways to better coordinate our nations' transportation systems, policies and infrastructure investments to meet growing trade flows.

Each nation, naturally, will have its own priorities, but I'd like to mention a few of the agenda items that I'll be proposing for the Summit.

One is the implementation of NAFTA's provisions for the liberalization of cross-border truck, bus and rail commerce. Next, we will be addressing the harmonizing of licensing and operating rules, regulations for handling hazardous materials and safety measures, such as exchanges on drivers' records. This is vital, since 80-90% of our cross-border trade moves by road or rail.

Another area for analysis will be the exchange of information on innovative ways to finance transportation infrastructure, particularly systems that

cross our borders. All three nations are exploring ways to involve private business and private capital in infrastructure and we have much to share.

I propose we also explore technical exchanges in transportation technologies such as intelligent vehicle highway systems, automated toll-taking devices, "smart" traffic lights and other innovations.

Finally, we will have occasion to discuss ways to ease traffic congestion at our borders by better coordinating customs service procedures, staff hours and so on -- to make more efficient use of existing crossings.

Most importantly, this summit should be a first step toward better coordination of all three nations' transportation planning and investments.

STEP 2 -- THE BORDER TASK FORCE

The second step I'm announcing today is the formation in the United States of an inter-agency Border Infrastructure and Facilitation Task Force with representatives from the Departments of Transportation, Treasury, Justice, Agriculture, State and Commerce as well as the Environmental Protection Agency, the Office of Management and Budget, the United States Trade Representative, the Council of Economic Advisors, the Office of Domestic Policy and the General Services Administration. All of these agencies are represented here today.

This will be an action-oriented task force whose mission is to report on specific ways to improve the efficiency of existing U.S. border crossings and to better plan for future border infrastructure investments.

Task force members will be named within days and begin their work by the end of this month.

A key reason for bringing together all of the agencies involved in monitoring border crossings is to enable us to examine our efforts as a system -- not a series of individual responsibilities, but as a team effort.

The Border Task Force will seek ways to better coordinate inspections, staffing, hours of operation and particularly new technologies to speed people and cargo across borders -- without compromising federal responsibility for control of immigration, public health, agricultural pests, illegal drugs or other contraband.

A central issue that the DOT will bring to the table is that of reducing traffic delays, congestion and pollution that degrade the quality of life in our border communities. Let me assure you that as a son of the border town of Brownsville, I am keenly aware of the distress border back-ups can cause.

" A central issue that the DOT will bring to the table is that of reducing traffic delays, congestion and pollution that degrade the quality of life in our border communities. Let me assure you that as a son of the border town of Brownsville, I am keenly aware of the distress border back-ups can cause."

Sometimes, however, low-cost simple innovations can eliminate a great deal of these problems.

Just a few years ago, for example, Mexican customs installed a new computer system in Nuevo Laredo to expedite paperwork and opened a large impound lot for truck inspections. These steps virtually eliminated long south-bound back-ups at this border crossing.

At the Peace Bridge, on the U.S.-Canadian border, the use of a $25 sticker and a special rapid access lane for frequent crossers have dramatically reduced delays.

The Border task force will examine these and other success stories along our borders and find ways to apply them to more crossings.

Similarly, the Task Force can examine ways to more rapidly prove and deploy technologies such as the Automated Commercial System now in use by U.S. Customs in El Paso, Automated Broker Interfaces, which allow brokers to transmit entry data directly to Customs, and the mobile X-ray Vans, fiberscopes and portable contraband detectors now being experimented with along the Southwest border. The U.S. Customs Service is already committed to speeding these sorts of innovation.

There are many other promising technologies that the Task Force might pursue, from infrared laser range finders to inspect containers, to nuclear magnetic resonance gear that can detect minute traces of cocaine, to the full-vehicle X-ray inspection tunnels now being experimented on in Tacoma, Washington that could be used to speed the passage of railways cars and tracks across our borders without reducing security against contraband.

STEP THREE -- DOT'S BORDER CROSSING REPORT

The third step is the release today of a detailed Report to Congress on existing U.S. border crossings and transportation corridors with key roles to play in North American trade. This study, mandated by sections 1089 and 6015 of the Intermodal Surface Transportation Efficiency Act, offers an overview of our border transportation systems at the dawn of the NAFTA era and suggests specific actions we must take to ensure that our border crossings and inland transportation systems can accommodate the growing traffic we anticipate.

I want to thank all at the Federal Highway Administration and from other federal agencies who participated in this effort as well as state and local officials -- and especially our Mexican and Canadian counterparts who worked closely with us on it. FHWA Administrator Rodney Slater will take us through this study and explain its conclusions and recommendations in detail in just a few minutes.

CONCLUSION:

Let me close my remarks by saying that the economies of North America, our histories, our peoples and our futures are linked. It's only common sense that as we grow together and deepen our ties, we work to ensure that each nation's investments in transportation integrate well with its neighbors.

Last month, Administrator Slater and I

announced the beginning of work on a comprehensive National Transportation System that will enable us to assess all the various modes of transportation -- from highways to rail to ports and airports and even pipelines -- that link the United States together.

Our goal in this is to be able to more clearly "see" the needs for strategic transportation investments within the United States -- so that the investment we do make are well-chosen and productive.

Clearly, that same logic applies to the transportation investments that each nation in North America makes. We are increasingly interdependent. It is up to each nation to choose wisely the investments needed to serve its own border regions. And it is up to us all to work together and plan together -- beginning with our historic summit -- so that the linkages across our borders are as seamless and efficient as we can make them.

"the economies of North America, our histories, our peoples and our futures are linked. It's only common sense that as we grow together and deepen our ties, we work to ensure that each nation's investments in transportation integrate well with its neighbors."

Together, the United States, Canada and Mexico have launched a great era of promise. We have forged a trade agreement that will make us the envy of the world.

Together, the work we do at the transportation summit -- and in the years to come -- will secure the benefits we fought so hard to achieve in the NAFTA. Together, we will pass on those benefits to generations of North Americans yet to come.

On that note, I am delighted to welcome His Excellency, Ambassador Jorge Montano of the United States of Mexico, and the Honorable Michael Kergin, Charge D'Affairs of Canada's Embassy here in Washington.

I'd like to ask each of our good friends, our fellow North Americans, to say a few words. Ambassador Montano.....

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3.77

Secretary Federico Peña

TRANSPORTATION
RESEARCH BOARD

WASHINGTON, D.C.
JANUARY 12, 1994

Transportation Trends

I've looked forward to this year's meeting of the TRB because I know this annual event is the most diverse assembly of transportation officials in the nation.

My message today is very simple and straightforward. This is a new Administration with a new outlook and an absolute determination to strengthen the federal government's support for technology. We believe that technological innovation can make major contributions to America's economy, to our global competitiveness and to a superior quality of life for our children.

I'm here today to challenge you to join us in fulfilling these"" goals for our country, goals I know you share.

The fact is there has never been an Administration more committed to investing in and supporting new technology -- all the way from research and development to deployment and commercialization. And this commitment extends all the way from the White House to the Department of Transportation. Just as the President is revitalizing American technology, so too is the Department of Transportation building a new technology partnership with the transportation industry.

When you think about it, this is very much in the American grain. Investment in technology and in transportation systems has been critical to developing the vast continental economy of the United States ever since Colonial times. Federal and state governments have played a role from the beginning (directly and indirectly) -- funding national highways, subsidizing the transcontinental railroads, underwriting aerospace research and most dramatically by reaching for the moon and stars. The Clinton Administration's technology policy stems directly from this tradition.

"I nvestment in technology and in transportation systems has been critical to developing the vast continental economy of the United States ever since Colonial times"

All through the long twilight struggle of the Cold War, we realized that keeping a technological edge for America was part of the margin of victory. The same imperative to technological leadership applies in the post-Cold War world of "geo-economics"-- in which national success or failure will be measured as much by performance in global marketplaces as on any missile pad.

President Clinton understands this better than any President in our lifetimes. And so does Vice President Gore. That's why this Administration's technology policy begins with a clear declaration that "Investing in technology is investing in America's future."

When this policy was put forth last February the President and Vice President envisioned innovative technologies ranging from the information superhighway to next generation biotechnology breakthroughs. For DOT, the President's policies set a foundation for a whole new direction with a far more active engagement in technology research and development, reversing 12 years of drift.

Why is this new direction so important?

For starters, transportation constitutes 21 percent of the nation's economy. Transportation accounts for 50 percent of America's petroleum consumption, it accounts for 51 percent of ambient air pollution, and it can choke our economy through congestion on our streets and highways and at airports. We can't simply buy, build or invest our way out of these problems. We must turn to technology for solutions.

U.S. Department of Transportation
Office of the Secretary, Public Affairs
(202) 366-4570

The potential for technological breakthroughs to solve problems in the United States transportation system is enormous. Technological innovation not only enables the United States to have a steadily improving transportation system. It will also permit us to create whole new American

industries, employing American workers, paying American wages and enhancing America's international competitiveness.

Global demand for transportation technology is creating one of the fastest growing markets in the world and U.S. industry must be equipped to compete.

As a reflection of this new philosophy, things have already changed at DOT -- and will change more in the future.

Today, I'd like to describe three of those changes.

First, we have reorganized the department to make technology research and development a priority and we hired a new Director of Technology Deployment, Noah Rifkin -- who comes to us after serving as a consultant with NASA -- to integrate R&D programs in the Department into one cohesive package.

Second, we reached out to other Departments -- the Defense Department's ARPA, and the Departments of Energy and Commerce to mobilize more R&D funds throughout the government for transportation-related research.

Third, we have moved to build on these partnerships with other government agencies and industry to provide a more direct linkage between R&D programs and the critical needs facing our country's transportation system.

" All through the long twilight struggle of the Cold War, we realized that keeping a technological edge for America was part of the margin of victory. The same imperative to technological leadership applies in the post-Cold War world of "geo-economics"-- in which national success or failure will be measured as much by performance in global marketplaces as on any missile pad."

In a word, DOT has begun a new era. We will play an important role with our customers and industry to support R&D activities. We will provide not only strategic investments but leadership in steering government R&D work.

Now, let me discuss these three steps more specifically:

Point One -- Reorganizing DOT

What did we do?

First, we made technological development one of the seven core goals of the DOT. Next, we reshaped our budget to reflect a bigger role for research and development. Our total budget authority for R&D has risen from $559 million in fiscal year 1992 to $647 million in 1993 and $688 million in 1994.

Then we made internal structural changes within the Department which were equally important. We have created a new internal coordinating committee to manage technology development. That group consists of the modal administrators, and assistant secretaries and it is chaired by my Deputy Secretary, Mort Downey. Mort is working closely with our new Director of Technology Deployment -- Noah Rifkin -- who is here at the meeting. I hope you will seek out Mort and Noah and share your ideas and opinions with them.

Point Two: Reached Out to Other Federal Agencies

The second step I took was to reach out to and engage other federal agencies.

Last fall the President's Science Advisor, John Gibbons, asked me to take the lead in establishing an additional Interagency Coordinating Committee on Transportation Research and Development.

The importance of having such a committee is clear. We have already identified almost $3 billion worth of transportation-related research across the federal government, a total of more than five times the Department of Transportation's own R& D budget.

This coordinating committee on transportation R&D is only one of the federal interagency initiatives that are very important to transportation. Another is the

Technology Reinvestment Project, designed to spur research and deployment of new dual-use technologies potentially applicable to both defense and civilian uses.

I insisted that DOT play a lead role in the Technology Reinvestment Project -- precisely because I could see so many rich opportunities for applying advanced defense technology in transportation. So I requested that DOT be added to the ARPA group and today we are at the table reviewing proposals for TRP funding.

Last year, in fact, the federal government funded the development portion of the TRP program at $210 million in FY 1993, and because of its great potential, the Administration began a second round, funding the FY 1994 TRP development program at $404 million.

We are already seeing results from initial FY 1993 grant awards as a result of DOT being added tothe ARPA process.

Approximately one-third of the grants made thus far have been for transportation-related projects. This has increased government investment in transportation R&D by $100 million in real terms.

Typically, these grants are made to consortia and require 50-50 matching funds. Thus, the total increase in R&D funding approaches $200 million. I should add that the consortia often include not only private businesses, but public or semi-public agencies, such as state and city governments, universities, and national laboratories.

Among the first year's TRP grants is a demonstration of the application of polymer matrix composite materials (from the Stealth bomber) to the new San Diego bridge project. Another TRP grant provides for development of advanced phased-array radar to provide simultaneous weather and air traffic information. We are also funding a consortia to find ways to use fiber optics on airplanes to replace 2,000-3,000 pounds of wiring.

Projects like these to adapt defense technology to civilian use will, I believe, spur a technological revolution transforming the American transportation industry nearly as much as steam power, internal combustion engines and commercial aviation have done in the past.

"transportation constitutes 21 percent of the nation's economy. Transportation accounts for 50 percent of America's petroleum consumption, it accounts for 51 percent of ambient air pollution, and it can choke our economy through congestion on our streets and highways and at airports. We can't simply buy, build or invest our way out of these problems. We must turn to technology for solutions."

I foresee these technologies enabling American companies to lead the world in a range of transportation technologies -- not only the first generation of clean cars but high technology safety devices, super sophisticated air traffic controls and IVHS.

Point Three: Partnerships With Industry

The third step we've taken is to forge new partnerships with American industry. I believe that American industry will be more competitive if we in government provide an environment in which innovation can thrive. We in this Administration intend to step up to the plate and become your full partner.

Some time ago I became troubled -- even angry -- to see that so many American inventions, such as maglev ad tilt suspension for railcars were being developed abroad. What drew my anger was to realize that those technologies were invented by Americans. Somehow, the federal government was unwilling to invest in this American creative genius.
[I must observe that the TRB and its Executive Committee were early and ardent supporters of federal support for such innovative technology].

We don't want to repeat the mistakes or neglect of the past. To the American creators of today, I say: "We will support you as much as we possibly can."

I believe, as I imagine many of you do, that there is no more fruitful area for applying new technologies than in transportation.

Let me give you just a couple of examples. Just yesterday, I released a report describing the challenges we face in facilitating increased commerce at our border crossings as a result of the passage of NAFTA.

But before we conclude that vast amounts of new dollars are

needed for more border infrastructure, we must find ways to wring out greater efficiencies from our current crossings. I believe that new automated sensing devices could move truck and rail traffic from Canada and Mexico across our borders more rapidly and relieve congestion by doing so.

Another example, one I found in California, was the demonstration of a bus made with composite materials developed for the Stealth bomber. [Of course, this is a bus you can actually "see"].

As a former Mayor, I was constantly pressed to fill potholes created by heavy, noisy "old tech" buses. It would be exciting to create a new generation of lighter, quieter, more fuel efficient buses.

These are just two small examples of the legitimate role that government plays in bridging the gap between research and development and technology applications.

In a real sense, this sort of government involvement in research and development corrects a genuine market failure -- that of underinvestment resulting from differences between private and public, or social, returns.

There are many reasons why new technologies sometimes fail to attract sufficient private sector investment. One is that in today's economy, pressure for immediate bottom-line returns can stymie many reasonable projects. Government can sometimes take a broader, more patient view. And we are doing that.

Now let me be a little more explicit about the R&D areas and technologies that I see as most needed to respond successfully to the forces shaping our transportation system.

You know the demands pressing on our transportation system as well as I do: demographic changes such as an aging population, and the rise of the two-earner household; changing travel patterns, rapid growth in specific geographic areas; and Americans' increasing propensity to travel. Compounding these pressures is the fact that most urban areas are now struggling with the mandates of the Clean Air Act Amendments.

We can meet these challenges by providing "sustainable transportation" -- transportation that meets the needs of this generation without compromising the ability of future generations to meet their needs.

And the key to "sustainable transportation" lies in the technological breakthroughs that government-industry partnerships can bring.

For example, research into new vehicles is by far the largest current federal investment in transportation technology. Advances in materials, propulsion systems, and computerized controls have created dramatic opportunities for improvement -- and we are seizing them. The Federal Transit Administration supports alternative-fuel and lightweight buses. The Federal Railroad Administration leads in the National Maglev Initiative.

The Clean Car Initiative -- launched in September -- aims to develop the technologies necessary to create an automobile up to three times more fuel efficient than today's cars -- and virtually emission free. These are very, very ambitious targets. We set them well beyond the limits of existing technologies precisely to spur innovation. But I believe that these targets are achievable and will have immense economic and environmental ramifications.

The Clean Car effort reflects the same themes characteristic of this Administration's technology policy. It is structured as a set of public-private partnerships in R&D. It focuses on technologies that may generate economic and industrial benefit in two important areas: first, by making U.S. auto producers more competitive in the international marketplace and second by reducing air pollution and fostering the growth of our high tech pollution control industry.

Another critical area for new technology and new public-private research partnerships is infrastructure -- particularly highways and airports -- which now absorb the bulk of public investment in transportation. Despite this, construction technologies generally have traditionally received very modest R&D investment.

The opportunities for innovation are now very attractive, both in the use of high performance materials and systems, and in the application of automation to infrastructure design, construction and maintenance.

Transportation is one of the sectors most strongly affected by applications of modern information technologies. Traffic management and the entire command and control process of vehicle fleets are both being revolutionized by technological developments in which the federal government has taken the lead -- played the role of a catalyst -- and is now acting as a partner.

The Global Positioning System satellites (GPS) allow us to navigate here on earth with extraordinary precision and new applications of GPS are limited only by our imaginations. Coupled with advanced communications, computer, and display technologies, GPS is having a growing impact upon every mode of transportation.

GPS allows precise real-time navigation and fleet management virtually anywhere. And the cost of GPS receivers is rapidly coming down to levels that make them available not only for major commercial operators like airlines, but also for private aircraft, boats, railcars, trucks and automobiles.

Recently, Continental Express Airways, in my home state of Colorado made the first use of GPS navigation in a commercial flight from Denver to Aspen.

And the agreement in December between the Department of Defense and DOT to make GPS available to all users is likely to generate enormous demand in coming years. Here, in fact, is a textbook case of government investment in technology generating a whole new industry, new jobs and new efficiencies throughout our whole economy.

We are just beginning to see the shape of the changes that these technologies will bring to transportation. Imagine the markets they are creating for applications in managing truck fleets, ship traffic in harbors, precision approaches to small airports, and ocean routing of airliners. These new markets and industries are in their infancy.

So is the family of technologies known as Intelligent Vehicle Highway Systems. IVHS includes electronic data transfer that permits trucks to cross borders without stopping, traffic management systems to improve safety and reduce congestion, in-vehicle maps and navigation aids, management of transit vehicles, collision avoidance systems, and -- on a longer timeframe -- automated highways.

"We are just beginning to see the shape of the changes that these technologies will bring to transportation. Imagine the markets they are creating for applications in managing truck fleets, ship traffic in harbors, precision approaches to small airports, and ocean routing of airliners. These new markets and industries are in their infancy."

Ultimately, the extent to which IVHS technologies are used will depend on the commitment of the private sector. As in our support for other technologies DOT is looking to market forces -- the free choices of millions of users -- to define winners and losers. But government does have a clear role in helping to develop technologies which show promise of success.

To do that, we need the best possible information tools so that available information can be used effectively in planning and operating transportation systems. For example, I have been especially impressed by the power of Geographic Information Systems. This excellent planning tool permits effective integration of a wide variety of data and application at any scale.

We used the GIS in developing the National Highway System, a forerunner and the core of the National Transportation System.

As GIS technology is linked with more and more physical, demographic, economic, environmental and operational data, its power and value will increase dramatically.

Last year, for example DOT scientists, working with the Los Alamos National Laboratory employed a new model called TRANSIM, which, once fully developed, will allow planners to analyze the interactions of millions of vehicles in urban traffic systems and update those interactions every second.

In coming years, this breakthrough in modeling will give us a far clearer vision of air quality impacts, traffic flows and safety in transportation systems.

More than ever before, we will continue to need your leadership, creativity and entrepreneurial spirit to move us forward.

So I cannot emphasize too strongly the critical role that academic research and the education of future transportation

professionals will play in the future.

That's why DOT's partnerships for technology development include academia as well as other government agencies and private businesses. Universities, too, are a principal means by which new technologies and processes move from the research stage into regular usage in the transportation community.

I consider the Department's program of University Transportation Centers to be an important part of the training of next generation of transportation professionals.

Finally, I believe that it's time for DOT to recognize excellence. That is why I am announcing today the creation of the DOT's "Secretarial Award for Excellence in Transportation Technology Research and Development." These awards will recognize distinguished achievements in transportation R&D by government professionals, private industry researchers and academics.

CONCLUSION:

In conclusion, I see the core purpose of the technology effort we've discussed today as creating a seamless and sustainable national transportation system for America; a system that achieves a balance among and within interconnected individual modes of transportation. We also want to build a globally competitive American transportation industry -- and we will need your help to accomplish this.

This transportation system's very reason for being is to enhance the quality of American citizens' lives, to promote economic growth, to create and sustain jobs, and to enable American industries and workers to compete and win in a very tough global marketplace.

That's quite a challenge -- one that requires the support of the R&D community. But I know that you are ready to meet this challenge. So am I.

With the full and conscious backing of their government, I believe that American technologists and scientists, entrepreneurs and inventors can achieve things no other nation on earth can match.

We have done it. We can do it. And we will do it. Thank you all very much.

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TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
ASSOCIATION OF AMERICAN RAILROADS
WASHINGTON, D.C.
JANUARY 14, 1994

INTRODUCTION

- I'd like to thank Ed Harper (President and CEO, AAR, for inviting me here.

- My message today is that the Clinton Administration considers America's railroads not only full partners in the National Transportation system, but one of the nation's strongest and most underused national transportation assets.

- This Administration actively seeks your partnership in building the kind of seamless transportation system that will carry our commerce into the 21st Century and ensure our productivity and competitiveness in the world economy.

  -- I'm here to cement that partnership with you today. We need your help. We want to work with you in every way we can.

- Today I'd like to discuss three aspects of the partnership we have already begun to foster with the railroads:

  -- one, railroads are working with the Department of Transportation to create a customer-driven transportation system, one that meets the needs of shippers and travelers while not harming the environment;

  -- two, where railroads fit into the concept of intermodalism, how do we make it work;

  -- and three, how can we work together on such customer-oriented initiatives as the grade crossing action plan and preparedness for national disasters.

POINT ONE: CUSTOMER-DRIVEN TRANSPORTATION

- **First, the Vice President's National Performance Review implores us to put the customer -- the American people -- first in delivering the highest quality, affordable transportation services.**

-- We are "reinventing government" by reaching out to rail management, rail labor and the rail supply industry for a partnership to enable us to build a better National Transportation Service.

-- We will include you in the decision-making process on all significant issues affecting railroads.

-- Jolene has already started a series of Roundtable discussions with all the partners to this process on rail safety issues.

-- Be assured, you will be consulted. Your advice and opinions are important to this Administration.

-- But our partnership must reach beyond consultation to action. That brings me to my second Point.

POINT TWO: INTERMODALISM

- **Railroads were one of the originators of intermodalism. One has only to look at how the rails come up to the seaports to understand that railroads believe in intermodalism.**

-- We are building a National Transportation System.

-- One of our highest priorities is to "tie America together" through a seamless transportation system. We know that only when cargo and people flow smoothly from one mode to another can we have truly efficient, affordable, good transportation.

-- Give us the benefit of your experience on this issue. Tell us what needs to be done. How can we help each other?

POINT THREE -- WORKING TOGETHER ON SPECIFIC ISSUES

- **Highway-railroad crossing accidents are one of the last remaining major railroad safety issues.**

  -- I have instructed the Administrators of Federal Railroads, Federal Highways, Federal Transit and the National Highway Traffic Safety Administration to develop a Grade Crossing Action Plan. I anticipate release of this plan next month. Please give Jolene all the help you can not only in developing this plan but in seeing that it is carried through.

  -- We cannot achieve our full economic potential until we remove the scourge of highway-rail crossing accidents from existence.

- **We commit ourselves to work closely on disaster response.**

  -- Last year's floods in the Midwest were a test to all our strength.

  -- The railroads did an outstanding job in keeping the lines open and working together to assure that continued customer service was the rule -- not the exception.

  -- There's a chance we will see a renewal of the floods in the Midwest next spring.

  -- We recognize your capabilities and your contribution and promise to work with you for as long as needed to serve our customers -- the American people.

- **If we work together, we can do for the 21st Century what the Golden Spike symbolized for a previous era of American railroad history. I welcome your support and of course, you have mine.**

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
WREATH-LAYING CEREMONY AT KING MONUMENT
BIRMINGHAM, ALABAMA
JANUARY 17, 1994

I am truly honored to represent the Clinton Administration at the Martin Luther King Day celebration in Birmingham today. This wreath-laying ceremony here at the Civil Rights Institute where Dr. King's legacy is chronicled for future generations is especially important because it is sponsored by Miles College, Birmingham Southern and the University of Alabama at Birmingham.

Those of us who grew to maturity in the shadows of Dr. King have known and lived and felt the impact of his work. As President Clinton put it, Dr. King's "unparalleled commitment to justice and nonviolence challenged us to look deeply within ourselves to find the roots of racism."

That you in Birmingham have successfully passed that legacy on to a new generation in these college students is a fine tribute to this city.

You here in Birmingham know full well that the struggle for justice and equality is a drama without intermission. We must teach the lesson early. And each generation must continue to dream the dream and fight for its fulfillment. That's precisely what you are fostering as each generation of students at your colleges and universities becomes involved in these annual tributes.

President Clinton wants, as the theme of this day proclaims, to "Stop the Killing, Start the Heeling and Building." It won't be easy. But I believe, with Dr. King, and all of you, that we shall overcome.

Thank you very much.

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
UNITY PRAYER BREAKFAST
BIRMINGHAM, ALABAMA
JANUARY 17, 1994

I want to thank Alton Parker (breakfast chairman) for that very kind introduction. I'd also like to thank Reverend Abraham Woods of the Southern Christian Leadership Conference and Mayor Richard Arrington for co-sponsoring this tribute to a truly outstanding man who not made America a better place but left an indelible mark on each of our hearts and minds.

As we approached this city from the airport yesterday, I looked out at the magnificent skyline framing the statue of Vulcan -- the Iron God, monument to another era. I saw a symbol of the civil rights struggle -- the 16th Street Baptist Church -- sandwiched between the Civic Center and the new Civil Rights Institue. I was reminded of how much of Dr. King's legacy was actually built right here in this city. And I was truly honored to represent the Clinton Administration at this event.

It was, after all, right here in the Birmingham jail that Dr. King penned his famous "letter" stirring the conscience of America by telling us that "injustice anywhere is a threat to justice everywhere." That letter said the struggle for freedom is indivisible -- we are all in this together.

I know that many of you in this audience probably knew Dr. King and marched and prayed with him. Your

memories are much more personal. But I want you to know how profound the impact he had on me was. For, in the words of President Clinton, Dr. King's unparalleled commitment to justice and nonviolence challenged us to look deep within ourselves to find the roots of racism.

Let me share with you three ways Dr. King affected my life.

First, I grew up in South Texas where relatively few African Americans live. So the struggle Dr. King led made me keenly aware of the real tragedy that was occuring to an important group of Americans.

Years later, when I went to go to law school and become a civil rights lawyer. Dr. King's words and deeds convinced me and thousands of people like me that we should use our skills and our intellect and our energies in public service to respond to -- and overcome -- the evils of racism and discrimination.

Dr. King's second major impact on me was in the way he included everybody in his struggle, not only African Americans, but anyone subject to oppression.

And the third impression that sticks indelibly in my mind is the sheer beauty and great courage of the non-violent message Dr. King preached and practiced.

Those of us who reached maturity in the shadows of Dr. King owe it to ourselves to keep his dream alive -- to

complete the journey, to pass the legacy and the responsibility it carries to the next generation.

President Clinton acknowledged that legacy and responsibility the day he took office -- vowing to make his cabinet and the government "look like America." Today 13 percent of his Presidential appointments are African Americans and five are members of the cabinet. For the first time in a generation, the nation has in the White House a leader inspired by the legacy of Dr. King and proud to carry on the tradition.

The President has also moved, as Dr. King would have wanted, to help the ordinary people of America. President Clinton wants, as the theme of this day proclaims, to "Stop the Killing, Start the Healing and Building."

In his first year, we passed the Family Leave Bill which says you can't be fired if you take a little time off when a baby is born or a parent is sick. We have reformed the college loan program so that young people can get an education and pay back the loans by service to their community. And on April 15, when people pay their taxes, somewhere between 15 million and 18 million working families with children and incomes of under $23,000 will get a tax cut -- not a tax increase. None of these changes were easy. But there is an even tougher battle right ahead -- to extend health care to all Americans.

Health care for all that can never be taken away. This won't be an easy victory to win either. There will be many obstacles to overcome. But I believe this struggle is part of the healing our country needs. And I believe, with Dr. King, and all of you, that we shall overcome.

Thank you very much for having me today. God bless you.

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3.73

REMARKS PREPARED FOR DELIVERY
ACTING ASSISTANT SECRETARY FOR
POLICY AND INTERNATIONAL AFFAIRS
U.S. DEPARTMENT OF TRANSPORTATION
PATRICK V. MURPHY

Transportation Trends

WINGS CLUB

NEW YORK CITY
JANUARY 19, 1994

Before I begin my formal remarks, I want to tell you that Secretary Peña is very sorry that he is unable to be here. As most of you know, the Secretary has been in California to deal hands-on with the emergency transportation crisis brought on by the earthquake. He has been meeting with the State and local officials charged with coping with this tragedy.

And as we did during last Summer's Midwest floods, the Secretary has been slashing red tape to get relief to the people of California as quickly as possible. He is making a difference to our fellow citizens in need -- and he has asked me to convey his regrets.

Today is the eve of the Clinton's Administration's first anniversary in office -- an ideal time to reflect on what we've done and the challenges we still face in aviation.

It has been a year packed with intense activity. In aviation policy, especially, the old cliche, "time flys," rings true.

One year ago, when this Administration took office, we faced an airline industry in crisis, with losses mounting to over $10 billion in the previous three years. Three of our major carriers were in bankruptcy, and three others, Eastern, Pan Am, and Midway had gone out of business. There were simmering labor disputes, threats to U.S. air rights from foreign nations, declining aircraft orders and the risk of worse to come.

The times demanded action, and this Administration was committed to act. As far back as the 1992 campaign, President Clinton had made it clear that he views the airline and aircraft industries as strategically crucial to America's future -- sources of high-wage, high-tech jobs with impacts throughout the national economy.

That is why the President met with aviation executives in Little Rock -- even before taking office -- to discuss the industry's problems. And that is why we have acted expeditiously to address aviation problems over the past year in a host of ways.

I believe that we have been the most active, engaged, participant in aviation of any Administration since deregulation in the late 1970's. And I've been at the Department all through those years.

Throughout this year of study and planning -- and virtually constant action -- we have reached out to every element of the aviation industry.

We have forged new partnerships with airline management and labor, cargo carriers and shippers, aircraft makers and airport managers and consumers.

And we have done something that no previous Administration has even seriously attempted.

We have developed a comprehensive, five-point initiative to support the recovery and future growth of U.S. aviation -- an initiative which we outlined earlier this month in Washington.

This initiative builds on actions that the Administration and the Department of Transportation have already taken. It draws heavily on the recommendations of the National Commission to Ensure a Strong and Competitive Airline Industry. We are, in fact, taking action on 49 of the Airline Commission's 61 specific recommendations. The initiative also incorporates elements of the Vice President's National Performance Review.

This is an agenda for action. It defines a clear role for government as an active "player" in aviation -- as a partner and referee, not simply as a spectator -- promoting competition at home and abroad in ways consistent with the public interest in safe, affordable, accessible air travel.

Today, I would like to highlight a few elements of our five-point strategy and discuss some of the issues we face in implementing it.

GOAL ONE: REVITALIZING DOMESTIC AVIATION

Our first, most basic, goal is to revitalize domestic aviation and strengthen the recovery that is now beginning in the airline industry.

The most important steps to that end were incorporated in the President's new budget last year -- the first credible move towards deficit reduction in a generation.

As world financial markets have seen that our commitment to lower deficits is real, interest rates have reached twenty-five year lows.

Economic growth is gathering momentum.

We are seeing better and better news almost every day now. More new jobs have been created in the past year than in the previous four years; unemployment is falling; consumer confidence is rising; home sales and car sales are up, fuel prices are down; inflation is low -- and likely to stay low.

For the highly-cyclical airline and aviation industries, this combination of low interest rates and rising consumer confidence is already helping staunch the flow of red ink. Overall industry losses in 1993 will fall by more than two-thirds. And continued growth should translate into increased business for airlines and a more generalized return to profit this year.

To buttress this recovery, the Administration's economic plan also provides relief from the Alternative Minimum Tax for capital-intensive businesses, including airlines, and an exemption until October 1995 from the 4.3-cent per gallon tax on gasoline and jet fuels.

Together, these provisions offer financial benefits of $1.4 billion to airlines for the fiscal years 1994-1998.

Besides direct financial relief, we are moving ahead quickly to restructure the FAA's Air Traffic Control services into a new, more efficient government corporation. We have established a committee of aviation experts to study the "corporatization" of ATC services and have draft legislation to Secretary Peña by April.

This committee is soliciting suggestions from the aviation community, Congress, outside experts and industry leaders. Frankly, we need your help both in formulating this reform and in putting it through Congress.

Our goal is to create a new entity, free of cumbersome government personnel and procurement rules. A business-like new corporation that can move far more rapidly to upgrade equipment and keep American Air Traffic Control systems at the cutting edge of technology.

We believe that by doing so, this new corporation will increase the efficiency of ATC services systemwide -- in ways that will translate into hundreds of millions of dollars a year in savings for airlines from reduced delays, fuel savings and increased efficiencies in fleet management.

It is essential to realize that this reform is not a "privatization" that will create any incentives for cutting corners on safety. Our commitment to safety remains absolute -- and FAA will continue to have oversight in this area. I want to be very clear that the purpose of this reform is to make our ATC systems more agile in responding to new technology and to avoid the cost-overruns we have seen in the past -- it is not to turn ATC services into a profit center.

Another source of efficiencies will be the application of Global Positioning Satellite (GPS) navigation systems. Last month the Departments of Defense and Transportation agreed on joint management of GPS's commercial applications -- and we expect to see a rapid rise in GPS use.

GPS has already be used for the first time on commercial flights by Continental Express between Denver and Aspen, Colorado. Over the course of the next three years, we will see GPS made available first for domestic take-off and navigation, then for trans-oceanic navigation by 1995 and finally for precision approaches worldwide by 1996.

As GPS is incorporated into our ATC systems, more and more carriers will be able to benefit from more precise routing, fuel savings and increased airport capacity in foul weather. I expect our carriers to move quickly to take advantage of this new technology.

Another important change is the review now underway of all regulations affecting the airline industry. This review is being headed by Deputy Secretary of Transportation, Mort Downey. The goal is to lower the compliance burden by eliminating or amending rules and regulations consistent with our duty to maintain safety and security and protect the environment. This is a serious exercise. We want results. We welcome your advice and suggestions.

There are many other elements in our strategy to revitalize domestic aviation -- ranging from bankruptcy reform to labor mediation efforts -- and I'll be glad to take questions on them.

But I'd like to turn now to a few highlights of our second goal: that of Promoting International Aviation Trade and Competitiveness.

GOAL TWO: PROMOTING INTERNATIONAL AVIATION TRADE AND COMPETITIVENESS

Just as we have supported pro-competitive aviation policies at home, the Clinton Administration has worked to sustain and expand opportunities abroad for U.S. air carriers and aircraft manufacturers. We believe that increased competition is good for travellers, shippers, cities and the world economy. In our view, nations that engage in "protectionism" toward their own flag carriers only do so at the cost of damaging their own economies.

Defending this basic view has required repeated responses to foreign efforts to roll back or inhibit U.S. carriers' air rights. This is not surprising, given the

financial woes many foreign airlines also face and the large market shares that tough U.S. competitors have carved out for themselves.

But we have not hesitated -- nor will we ever hesitate -- to use all available enforcement tools to guarantee U.S. carriers' rights.

At the same time, we have sought to move beyond the current, confrontation-prone system of bilateral air service agreements toward a more liberal, multi-lateral regime. Last November, Secretary Peña outlined four strategies we are currently pursuing toward this goal:

First, the U.S. will actively seek unrestricted, multilateral agreements with those groups of nations that are willing to bring comparable benefits for U.S. carriers and the U.S. economy to the table.

In this regard, we look forward to opening talks with the European Union on an "open skies" agreement for air cargo.

Second, while the U.S. pursues multilateral accords, we will also seek to liberalize existing bilateral agreements.

Third, the U.S. will vigorously defend all existing bilateral rights - and take action, through all available means, against any foreign competitors whose governments discriminate against or fail to honor the rights of U.S. airlines.

Fourth, the U.S. will explore the formation of a global coalition of like-minded, free market-oriented nations that recognize the benefits to citizens and national economies of expanded air travel.

We believe these strategies fit well with the "globalization" now underway in the airline industry and will, over time, defend and even expand U.S. carriers' opportunities in foreign markets.

To that end, we will soon ask Congress to liberalize current restrictions on foreign ownership shares -- from 25 to 49% of voting shares. This liberalization will give our carriers greater

access to international capital -- but it will be strictly conditional, applying only to private foreign carriers from nations that permit similar investment opportunities by U.S. carriers.

We are determined to secure such reciprocity in all areas of international aviation -- not only on air services, but in aircraft sales. We will closely monitor the 1992 Airbus Agreement and seek a new accord with the EC this year to further tighten disciplines on government subsidies.

What's more, this Administration, including the President himself, and members of the Cabinet, has taken -- and will take -- every opportunity to directly promote foreign sales of U.S. aircraft, parts and aviation services.

GOAL THREE: PROMOTE AIRPORT DEVELOPMENT AND GROWTH

Our third goal, promoting airport development and growth is very straightforward. We will be working closely with Congress on Airport Improvement Program legislation to be submitted soon in conjunction with FAA's re-authorization.

This legislation will provide a secure, multi-year source of funding for airport maintenance, development and expansion. Over the past year, DOT has invested $1.5 billion-plus in capital improvements through over 1000 individual grants all across the nation. We need to increase that level of investment in the years to come and put it on a stable longer-term basis.

With your support, we will do that.

GOAL FOUR: ENHANCE SAFETY AND CONSUMER BENEFITS, PROTECT THE ENVIRONMENT AND IMPROVE ACCESS TO AIRPORTS AND AIRLINES

Our fourth goal is enhancing safety and consumer benefits, protecting the environment and improving access to airports and airlines.

Our strongest commitment in this area is to continue to promote new entrants and protect competition. Since last January alone, we have received more than 65 new applications for certificate authority. 24 new jet carriers have commenced operations. In fact, we sign a new start-up authorization almost every week.

This competition is good for consumers and for the national economy and we encourage it.

We have used -- and will use -- our statutory power to counter predatory pricing practices against new entrants -- most notably in the Northwest/Reno Air case. We will respond to future complaints of predatory pricing just as we will protect consumers by enforcing rules against unfair and deceptive pricing.

On the environment, we are moving forward to the Stage 3 fleet, perhaps the single best way to relieve airport noise and we have reached an agreement with the Department of the Interior to work on limiting overflights at the Grand Canyon.

GOAL FIVE: INTEGRATE AVIATION INTO THE NATIONAL TRANSPORTATION SYSTEM

Our final goal is simply to better integrate aviation into the nation's

transportation system. Too often, in the past, transportation policy has failed to look at highways, rail, airports, ports, transit and other sub-systems as a coherent whole. Planners have made discreet decisions on investment based more on funding sources than on integration.

Last December, we moved to change that by issuing a call to states, cities and industry across the nation to designate all the elements of a true National Transportation System. We will be holding hearings and soliciting advice on this all through this year. Once we have designated the elements of the NTS we will be able to make far better decisions on investments in expanded runways, new airports, highways, highspeed rail, transit connections and the like.

Clearly, our goal must be to avoid or correct gaps between modes -- like the out-of-the-way Metro stop at National Airport in Washington -- that frustrate air travellers by delaying the ground portions of their journeys. In the future, we will need more flexibility to ensure that investments in airports make ground connections to all modes much smoother and easier. The NTS will make these links much easier to "see" and connect.

CONCLUSION:

Taken together, the five elements of this initiative form a comprehensive strategy to guide the U.S. aviation industry well into the next century.

As in any good strategy, the whole is greater than just the sum of the parts. Moreover, this strategy is not written in stone: it will change and grow to meet new circumstances and challenges. After all, if we've learned anything from the turbulence of the post-de-regulation era, it is that we cannot anticipate or outguess the creativity of the markets. Because yesterday's conventional wisdom is so routinely made obsolete.

What should stand out to you, I believe, is the scope of this Administration's efforts, the depth of our commitment, and our willingness to work with all elements of aviation to secure the industry's recovery and its future. We have formed a special staff at DOT to keep pushing all 49 of the Airline Commission recommendations that we have accepted.

We need your help. None of what we are doing or planning to do is "inside baseball". Our proposals will be submitted and debated before Congress and the public. We will need your support to see them enacted.

I am convinced that as sustained economic growth takes hold, as reform moves forward at the FAA, as new technologies come on line, new labor-management cooperation evolves and new agreements open international markets all of us involved in aviation will look back on the mid-1990's with pride.

Because the partnership we are forging today between government, management and labor will lead the U.S. aviation industry into an era of renewed prosperity and dynamic service to consumers and communities at home and all over the world.

Thank you very much. I'd be pleased to take your questions.

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UNITED STATES OF AMERICA

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DEPARTMENT OF TRANSPORTATION

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TUESDAY

JANUARY 25, 1994

+ + + + +

PRESENTATION

BY

SECRETARY FEDERICO PENA

OF

THE STRATEGIC PLAN

This transcript done from tapes provided by the U.S. Department of Transportation.

NEAL R. GROSS
COURT REPORTERS AND TRANSCRIBERS
1323 RHODE ISLAND AVENUE, N.W.
(202) 234-4433 WASHINGTON, D.C. 20005 (202) 234-4433

DEPARTMENT OF TRANSPORTATION

STRATEGIC PLAN

STATEMENT OF SECRETARY FEDERICO PENA

ASSOCIATE DEPUTY SECRETARY WERTHA: Good morning, ladies and gentlemen. I'm Michael Wertha, DOT's Associate Deputy Secretary and Director of the Office of Intermodalism, and I'm very pleased to welcome you to today's presentation of Secretary Pena's Strategic Plan.

For the last few months, I have been quite privileged to work with Secretary Pena and many members of his team to develop a vision and a plan for the Department of Transportation. The result is the Strategic Plan that you will be hearing about today. A strategic plan is just what its name implies -- it is a statement of a unifying vision, mission and goals that we must all work together to meet. It is not an exhaustive list of every single thing that the Department does. The Department's activities are many, and we do them very well in our day-to-day business.

Rather, the Strategic Plan is a summary of the initiatives that, together, point toward a vision of the transportation system that we would like to see in the future. We should think of a strategy as an

answer to all of our questions. But it is a road map that we can follow together as we seek to address America's transportation needs.

The Plan was developed through a collaborative process involving every single part of DOT. The Secretary himself spent countless hours thinking about who we are, the challenges we face, and ultimately his and our plan for meeting the challenges of tomorrow.

The Secretary only returned last night from spending seven days in Los Angeles following up and coordinating the Department's response to the California Earthquake. And he wanted to come and share with you his vision for the Department in the future.

The Strategic Plan will only become a reality if we all join together to make it so. To present the Strategic Plan for the Department of Transportation, it is my distinct honor to introduce our Secretary, Federico Pena.

SECRETARY PENA: Thank you, Michael, thank you very much. Thank you very much, Michael, and good morning to all of you and thank you for being here in such large numbers. And I understand that we are also having our television hook up to give an opportunity

to people throughout the various buildings here in Washington and throughout our regional offices an opportunity to participate in this announcement. So we're delighted that we're able to do this. And let me first apologize to those of you who are behind this camera over here. You may not have a good view of the podium. I'm tempted to move the podium, but if I do that I have a feeling the cameramen will be very upset with me. So please bear with me, and I'll try to direct my comments to everyone in the room.

Let me first, on a personal note, thank all of you who have been so helpful in responding to the earthquake in Southern California. As Michael said, I have spent seven days there, came back for a day and a half a day or so ago, went back out. But in responding to the crisis there, almost every element of this Department has been involved in one way or another from the Coast Guard to the FAA to RESPA to Highways to Transit to our -- all the roads -- Federal Rail Administration and so many of you. And so I want to thank all of you for your extraordinary work. In fact, having just come back from Los Angeles and seeing how dependent that community has been on transportation re-enforces in me and I hope in all of you our commitment to ensuring that our nation truly

has a transportation system that is multimodel and gives people as many options as possible.

We saw, for example, in the Midwest floods where a major corridor was disrupted because of the floods, how that affected the quality of life and the ability of people to move themselves and goods dramatically affected negatively because of those floods. And so I think today it's appropriate that we publicly announce the Strategic Plan that so many people had been working on for so long.

This is a collective effort developed by many people, and it is our collective blueprint on where we want our transportation investments and what we want our vision to be as we guide ourselves over the next several years. And the success of this strategic document, which I think you now have before you, is dependent on all 105,000 people in the Department doing all that they can to focus their energies and skills and talents to implementing this very strategic document.

The mission and goals in the Strategic Plan that you have before us is a vision for the future of transportation and outlines each of our roles in implementing that vision. It reflects the collective talent, thoughts, aspiration and diversity

of our Department. It is a very ambitious road map -- a guide for providing a transportation system to ensure the economic strength of our country.

This Strategic Plan also addresses the Vice President's Directive in the National Performance Review that every one of us throughout government find a way to reinvent ourselves and reinvent the organizations within which we deliver services to the country.

I'm happy to say that the Department of Transportation has moved very quickly on one of the most exciting and challenging and rewarding initiatives in history -- an effort to bring about a monumental change in the way in which we deliver government services and, in fact, to reinvent the way in which we do that.

I have spent a lot of time in thinking about this effort in working with so many people in the Department in putting this document together. I'm convinced that these strategic goals will help us to provide future generations -- our children and their children and, hopefully, their children -- a transportation system that is safer, more environmentally sound, more efficient and more responsive to the needs of America. That is my dream,

and I know that you share that dream.

Now let me discuss very briefly the mission and the goals that are in the document before you. And, by the way, we have had several thousand of these documents printed for today, and we will actually have 105 documents printed for the entire Department and they will be -- how's that -- 105,000 - - what did I say -- 105,000 documents for every employee of the Department. It will take another week or so to get them out throughout the country. But we want everybody to have one of these documents on their desk so that you will constantly and daily be reminded of how we are to focus our resources, our time and our priorities.

We know that we live in an era of severe limitations on available resources, an era of national deficit reduction. There simply are not enough transportation dollars to meet all of the needs that we would like to address. So we have to choose our priorities carefully and wisely. As we invest in the future, we can build upon the impressive wealth of transportation infrastructure that already exists in our country. As the federal steward of the nation's transportation system, the Department of Transportaion possesses expertise, talent and commitment to the

finest transportation system in the world.

We can use these attributes to ensure that our national transportation infrastructure does not deteriorate, that our investments improve the condition of our environment, and that our decisions strengthens America's economy and creates jobs.

To address these challenges, I'm calling on each and every one of you to join with me to implement the seven strategic goals that we have prioritized to fulfill this Department's mission.

Let me first review very quickly those seven goals, and then I'll walk through the document with you and address each of those goals. And at the end of that time, we'll have an opportunity to have a discussion and please ask whatever questions you would like to.

(1) We will tie America together through an effective intermodel system;

(2) We invest strategically in transportation infrastructure which will increase productivity, stimulate the economy and create jobs;

(3) We will create a new alliance between the nation's transportation and technology industries to make them both more efficient and internationally competitive'

(4) We will promote safe and secure transportation;

(5) We will actively enhance our environment through wise transportation decisions;

(6) We will put people first in our transportation system by making it relevant and accessible to users; and

(7) We will transform the Department of Transportation by empowering all of us -- all of us in this effort -- in a new team effort to achieve our goals.

Now let me walk through with you this document. And before I do that, let me compliment the people who worked on this because I think they did a good job in trying to crystallize much of the work we did which is reflected in a document probably this large into a small pamphlet like this.

I'd like to Sue Challis of the Office of Public Affairs who edited the Strategic Plan and also Cathy Voss from the Publications Services Division who designed this very striking brochure. So thank you very much.

Now let's walk through this document. And if you turn to goal one, which is several pages into the document, I'll discuss the first goal and that is

tying America together through an effective intermodal transportation system. Now what we mean by this -- and I saw it again in Los Angeles -- is how we can truly have a transportation system that is integrated where we take each of the forums and options that we provide to the traveling public and ensure that they are connected and that they are thought through in a comprehensive fashion as opposed to the decisions that were made decades ago where we primarily thought about highways or we only thought about transit or we perhaps only focused on airports. It is now time for us to think about all of these systems and how they all integrate into one national transportation system. And in doing so, finding a way to also encourage people at the local level to think about how they can tie all their forms of transportation together to make their system more efficient.

Now to do that, we must assume that the various forms of transportation that we have in the country and the modes are all viable. Well, in fact they are not. For example, we're going to focus particular attention on three of those industries -- the aviation industry, the maritime industry and the passenger rail industry. We cannot have an intermodal integrated system unless all the components are

healthy. So we must focus our attention on those three in particular.

Now you know that in December we announced our national highway system. That was required by IT, and I want to congratulate everyone who worked on that report. It was actually done ahead of schedue to the surprise of some members of Congress. But that's the way we do things in the Department of Transportation.

We're going to build on the national highway system and now work on a national transportation system. This year we will spend almost all twelve of the months to go throughout the country to talk to America -- elected officials, citizens, agencies, state governments -- about how we can begin to think about and create a national transportation system. The goal is to begin to think beyond IT -- what will eventually replace the IT legislation we have today. We believe it ought to be a national transportation system concept which we are very committed to implementing.

We believe that to do this we need to take one of our important assets, Amtrak, and make it financially stable and make it a world class passenger service. We're going to implement the aviation strategy which was announced several weeks ago. Our

maritime revitalization effort will be reflected in the budget which the President will announce very soon, and we will identify and develop global transportation corridors to think about how our nation connects to the world. Not only how we connect and tie ourselves together within the boundaries of our country, but to the entire world.

So that's our first goal. Our second goal is to address strategically a transportation infrastructure which will increase productivity, stimulate the economy and create jobs. And as we do that, we have to do two very fundamental things. First of all, we have to work to complete what we have started and to repair what has broken on time and within budget.

Sounds like a simple thing, but it is not. The fact is we have invested in a number of very complicated and far-reaching investments throughout the country. It is now time to complete them. One thing that I have observed is that from administration to administration projects are to continue along and are passed on to new administrators or new secretaries, and we inherit them from those who have come before us and sometimes we pass them on to others. We've got to stop that. Let's finally

realize that if we're going to finish the Northeast Corridor, let's finish it. If we're going to finish the transit system of Los Angeles, let's do it and let's do it on time and on budget. Let's begin to change the way in which we think about investing in these projects, and let's get them done.

And very -- a parallel to that effort is to recognize that if we're to start new projects -- and we are, that we have to have the same commitment.

So we're going to establish very specific time tables to achieving demonstrable results within three years. Why do I pick three years? Well, in politics we're not ever sure how long we're going to be here. We know for sure we'll be here for four years. So let's say that's our goal and let's get these projects within at least the first term of this Administration.

Now how are we going to do that? We're going to develop a strategy to repair and build transportatio infrastructure. We're going to use needs assessments and cost benefit analyses. It is very important that we demonstrate to the country that we assure the taxpayers of this nation that when we invest in new projects, they will be strategically and critically needed projects for our country.

The old days where people criticized

government for pork barrel projects, questionable investments that had questionable impacts are gone. We must now take every dollar and ensure that every investment pays off and is being done for a very strategic reason based on cost benefit analysis and needs assessments.

We're going to work with Congress and all interested parties to develop a comprehensive, continuing and reliable funding program for investing in transportation infrastructure. I think for too long we have been reliant on year-to-year funding, never quite knowing how much resources we were going to have in the future. We've got to change that and develop a stable and reliable funding program.

We're going to encourage the use of American companies to promote greater opportunities and also to promote greater opportunities for minority and women-owned businesses in our country.

Goal number three, we're going to create a new alliance between the nation's transportation and technology industries to make them both more efficient and internationally competitive. We're going to accelerate technological advances to make our transportation system more efficient. I am very excited about this. As I travel throughout the

country and I see the opportunities we have in the defense conversion effort, in the dual-technology effort, as we have seen in the President's technology reinvestment project. I believe the greatest opportunities lie in the transportation arena. I have seen this time and time again, whether it is the construction of the Stealth Bridge in California, the bridge which uses the materials used by the Stealth Bomber -- and you'll be able to see this bridge, I promise you -- or the very interesting work being done by Texas Instruments in using a new form of infrared technology that was used during Desert Storm and Desert Shield to help guide our tanks through the desert. We're now using that technology on our trucks which can guide them to the highways to avoid hitting obstacles in the side of highways or in police cars, whatever. But technological opportunities that exist in our country today are without boundaries, and I think this is a very important effort that we're going to focus on.

And with that, we're going to promote the development and the exploitation of these technologies. Now why do I say that? One of my frustrations -- and I have a few -- is that as I observe technologies that we are now trying to import

into our country, I'm reminded that they were actually invented by Americans. Let me give you a couple of examples. We are considering, for example, buying the Tilt Train technology from Sweden or Spain. Yet when we were having those discussions with those governments, I'm reminded that the Tilt Train technology was invented Americans 15 years ago.

But somehow we, the government, were not able to work closely in partnership with those U.S. inventors in the creative genius of our country to develop and apply that technology here in the United States.

The same is true of Madrud Technology. In Pueblo, Colorado we have the transportation test track, and I was there last year and I started to see where the effort had been made almost 15 or 20 years ago to begin to build the first Madrud track. But we abandoned that project. We ran out of money. And who took it over? Germany and Japan and now we're thinking of capturing it back from those countries. We've got to stop that. We've got to find a way to support U.S. inventors and the creative genius of this country to help develop that technology, create those industries that are American and then export those products throughout the world. I think that should be

part of our mission.

We've ought to accelerate the intelligent vehicle highway system that many of you are working on, the global positioning system which is already being used to some extent in the air. But we need to use on the land and over water. I talked about advanced materials, promoting high speed rail and restructuring the way in which we conduct our research and development efforts in this Department. The fact is that if you compare the budget for the Department of Transportation with other departments, for example, DOD, DOE and even Commerce, our budget is relatively small. But if we restructure ourselves and are more efficient at how we use those dollars, we're now beginning to capture the attention of the other departments and we're now playing a larger role in the technology effort.

We want to implement the President's new shipbuilding initiative, and we want to promote low cost access to space with technical enhancements to current expendable launch vehicle fleets while the next generation launch system is developed.

Now why did I say that? Not because the commercial launch people are here, because I think we've got to start thinking about the future. And

oftentimes we stay focused on the present and the crises that we face today that we don't think about future transportation modes. It is not too far in the distant that people begin to use commercial space and commercial launch vehicles as a way to transport around the world. Let's start thinking about now.

Goal number four, promoting safe and secure transportation. I know that this has always been an important priority for the Department. We will not only continue to make it a priority, we will enhance it. We need to significantly reduce deaths and injuries in our transportation systems which will reduce the burden on our health care system.

For a long time this Department has done a great job in encouraging Americans to drive more safely -- not to drive and drive, to fasten our seatbelts, to use safer technologies. And it had always been done on the basis of safety. Well, now as we focus on this debate on health care, why not remind Americans that what we're also doing by reducing deaths and injuries throughout the national transportation system is also making a contribution to reduce the cost of health care in our country. There are significant impacts that these tragedies have on our health care system.

So let's take that new initiative and give us a new springboard upon which to talk about safety and security. We need to improve the safety of transporting hazardous materials in our air and water and surface and pipeline transportation. We want to maintain and advance our leadership in aviation safety. There's been a lot of discussion about creating a federal corporation for the air traffic control system. We think that's a way to improve safety by giving us the flexibility to bring on board new technologies faster than we have been able to do in the past.

Identify and implement new measures to enhance security on all modes of transportation. Now I put this in this document for a very important reason. Let us be mindful and sensitive to the changing conditions of the world. And I think it is our responsibility to reflect that in what we do and to say that we need to be more thoughtful about how we provide security in our national transportation system. Now by being alarmists, but by being realists and understanding that times are changing throughout the world.

Goal number five, actively enhancing our environment through wise transportation decisions. We

want to harmonize transportation policies and investments with environmental concerns. We want to provide leadership by our own example to implement environmentally friendly solutions in our daily activities.

We want to introduce low emission and alternative fuel vehicles in the Department of Transportation fleet and promote the use of environmentally friendly vehicles by the general public. Now I know we already have some. We can do more. Having just come back from California where there's this raging debate about electric vehicles and other forms of alternative fleets, I think it is our responsibility -- in fact, our challenge to provide national leadership on this issue.

We want to promote congestion reduction and demand management strategies in metropolitan areas in our nation's highways that includes specific targets and deadlines. We want to work very closely with the Environmental Protection Agency, the Department of Energy, state and local governments and the Metropolitan planning organizations throughout the country to implement fully the Clean Air Act Amendments of 1990. We want to vigorously implement the Marine Pollution Agreements of the Oil Pollution

Act of 1990. Enhancing our environment will be a high priority.

Goal number six, putting people first in our transportation system by making it relevant and accessible to users. That means ensuring that our transportation policies and investments embrace the concerns of the traveling public and the neighborhoods through which those transportation systems pass and the economic development interests of communities and other societal concerns.

The days of old where we used to build freeways through neighborhoods without neighborhood input are over with. In California, they had at Caltran said publicly that they no longer have the ability to build any more highways in California. They've simply run out of space. I think they've also recognized that unless we think differently about how we make our investments including the communities, supporting neighborhoods, supporting people, they're very difficult to do.

So we want to ensure mobility, for example, in all transportation modes for the Americans in our country with disabilities. We want to support public involvement in the transportation planning process and make the Metropolitan planning

organization processes work. There are new in the sense that they now have new responsibilities, and we have given them that responsibility through IT. They now have tremendous power, but they need our help in implementing those responsibilities and ensuring that public involvement is ensured.

We want to make transit and passenger rail more viable options for the traveling public. We want to ensure that transportation planning investments for the movement of people and goods support economic development, strengthen our neighborhoods and are friendly to America's communities.

Our seventh goal is to transform the Department of Transportation by empowering all of you -- a 105,000 employees in a new team effort to achieve these goals. We want to listen to our customers both internally and externally and provide them with the quality services that they very much demand.

We want to cultivate a responsive pro-active work ethic that rewards getting it done. Let me give you one little example. When I first came to the Department, I think to some extent for so many years there was a view that whenever there was a problem or a challenge that we faced that typically what would happen is that a Congressional committee

would conduct the hearing, we would be invited to present testimony along with other parties, the Congress would pass a law, and then we would be required to implement the regulations.

We want to change that way of doing business. You are the experts. This Department has the best expertise in the country. We don't necessarily have to wait until Congress has a hearing. If we need to move, let's move. If we need to make recommendations to make our system safer, let's do it. If we need to bring change, let's act on it. If we need to respond to a crisis somewhere in Mobile because of an Amtrak derailment, let's go and not wait for an invitation by the government or the Mayor or anybody else. If people are hurting, we ought to be there helping them.

So we're going to be more pro-active in how we reach out to America and how we conduct our business. We want to use the reservoir of the tremendous experience and ingenuity of all of you and the thousands of people in this Department to add a new dimension to relations between work force and management -- I use the word management somewhat carefully here, I guess I'm part of that management -- and ensure that all of you and all the employees in

this Department have a voice, have a say, feel a part of the team, that peopl are listening to you, that I am listening to you, that Michael is listening to you, that all the managers of these departments are listening to all the employees.

And also begin to adapt new technologies and new structures for the way in which we do business. A small thing that I had done since I arrived here is have brown bag lunches in my office whereby, using a lottery system, 25 or 30 people come into my office, we close the door, everybody brings their lunches and we just talk. We don't have any managers around, no supervisors are there, we don't take notes really, and I listen. And I ask how are things going, what are you happy about, what are you unhappy about, how can we do a better job, how can we respond to your concerns -- breaking down the barriers and opening the doors to all of you.

I don't want to talk about the tenth floor any more. When I first walked into this building, I was informed that there was a tenth floor, that people described the tenth floor as if it was a heavenly body somewhere in the sky. The tenth floor is you. We want people to come to the tenth floor. We want to invite you to be a part of this administration, and

we're going to break down those walls.

We have to develop continuous customer feedback, to refine the services that we're providing. We want to implement the National Performance Review by reinvigorating what works well, eliminating what does not work and reinventing that which could work much better.

We have to take steps to ensure that the Department work force reflects the diversity of the American people and the President has spoken very clearly about this, and that all employees are afforded the same opportunities for reaching their highest potential.

And lastly, we must provide leadership that builds and maintains an environment for work force excellence, that increases worker involvement, encourages learning, improves performance and recognition systems and emphasizes employee well being and satisfaction.

So without going through all the details of our Strategic Plan, I hope that I've been able to summarize very briefly our seven goals and some of the major components of these goals. Now let me add that when we went through this effort, many of the agencies said we have our own strategic plan, we have worked

out our own priorities. And we very much understand that. But as a Department, these are our overall departmental . . .

(TAPE RECORDING CONCLUDES AT THIS POINT)

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CERTIFICATE OF TRANSCRIBER

MATTER: PRESENTATION OF STRATEGIC PLAN
BY SECRETARY FEDERICO PENA

DATE: JANUARY 25, 1994

I HEREBY CERTIFY THAT THE ATTACHED TRANSCRIPTION OF PAGES 1 TO 26, INCLUSIVE, ARE TO THE BEST OF MY BELIEF AND ABILITY A TRUE, ACCURATE AND COMPLETE RECORD OF THE PROCEEDING AS RECORDED ON TAPE PROVIDED TO US BY THE AGENCY.

Marlaine Williams 1/27/94

Transcriber Marlaine Williams (date)

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
PRESENTATION OF DOT STRATEGIC PLAN
WASHINGTON, D.C.
JANUARY 25, 1994

I'm delighted that so many of you are gathered here and are watching by television hookup, because I want you to be the first to share the Strategic Plan that I am announcing today. It is your plan. Its success depends upon the support of all 105,000 employees of the Department of Transportation.

The mission and goals in the plan offer a vision for the future of transportation and our roles in it. It reflects the collective talent, thoughts, aspirations and diversity of our Department. It is also a very ambitious roadmap -- a guide for us in providing a transportation system to ensure our country's economic future.

With this plan we can position our Department and America's transportation system for success in the months and years to come.

This document also fulfills the Vice President's directive in the National Performance Review that all Departments formulate a strategic plan to guide us in "reinventing government."

And I'm happy to announce that DOT is one of the first Departments out of the starting gate on what promises to be one of the most exciting, challenging and rewarding races in history -- a race to bring about monumental change in the way we deliver government

services, to "reinvent government" and make it serve people.

We at DOT are "early starters" because we had excellent help within our own ranks in putting this document together and I want to thank all who had a part in bringing this Strategic Plan to life.

I've invested a lot of my time in crafting this strategy. And I know it won't be easy to fulfill. But I am convinced these strategic goals will help us provide future generations with a transportation system that is safer, more environmentally sound, more efficient and more responsive to the needs of its users. That is my dream, and I know that you -- the employees -- share that dream.

I'm going to discuss the mission and goals briefly. But I think it's important to understand why we needed this document to focus our energies and talents and guide us along the way.

You who work in this Department day after day know that we live in an era of severe limitations on available resources, an era of national deficit reduction. There simply aren't enough transportation dollars to meet all of the needs we would like to address. We have to choose priorities carefully and invest wisely.

As we think about the future, we can build upon the impressive wealth of transportation infrastructure that already exists here in America. As the federal steward of

the nation's transportation system, DOT possesses expertise, talent and commitment to the finest transportation system in the world.

We can use these attributes to ensure that our national transportation infrastructure does not deteriorate; that our investments improve the condition of our environment; and that our decisions create jobs and strengthen America's economy.

To address these challenges I am calling on all of you to join with me to carry out the seven strategic goals we have settled on to fulfill this Department's mission:

One, we will "tie America together" through an effective intermodal transportation system.

Two, we will invest strategically in transportation infrastructure, which will increase productivity, stimulate the economy, and create jobs.

Three, we will create a new alliance between the nation's transportation and technology industries, to make them both more efficient and internationally competitive.

Four, we will promote safe and secure transportation.

Five, we will actively enhance our environment through wise transportation decisions.

Six, we will put people first in our transportation system by making it relevant and accessible to users.

Seven, we will transform DOT by empowering employees in a new team effort to achieve our goals.

As we developed these goals, I thought of each of you and the effort we've already put into that first goal "Tie America Together." We have created a National Highway System to evaluate nationally significant infrastructure and future freight and passenger needs on our roads.

From that model we have begun work on a National Transportation System -- including not only roads, but rails and waterways, airports, seaports and transit systems -- in short, all modes of transportation. This NTS will revolutionize the way we think about and act to meet transportation needs.

Tied closely to this first goal are the objectives of restoring the health of the aviation, maritime and passenger rail industries.

One has only to look as far as the earthquake in Los Angeles or last summer's midwest floods to be reminded of the importance of integrated transportation to regional economies. Transportation is equally vital to our national economy and this fully integrated system that links all modes will help to insulate us from future shocks and carry our economy into the 21st century.

Second, we will invest strategically in transportation infrastructure, which will increase productivity, stimulate the economy and create jobs both immediately and in the long run. This means completing what we have started and repairing what is broken on time and within budget. It also means ensuring that new projects strengthen the national and regional economies, reduce congestion, increase efficiency, and enhance safety.

Third, we must use our technological genius to serve transportation. We can do that by creating a new alliance between the nation's transportation and technology industries to make them both more efficient and internationally competitive.

Over the past year I have tested and seen the wonders of American technological genius and the many ways it could be applied to transportation -- IVHS, the Global Positioning System and the Clean Car Initiative are just a few examples.

The Technology Reinvestment Project also has vast promise for converting defense technology to civilian transportation uses.

I am determined that DOT play a lead role in all of these efforts and I believe that we will see them lead to new American industries, American jobs and American technological leadership.

Our fourth strategic goal, promoting safe and secure transportation, is and always will be the number one priority of this Department.

We have already significantly reduced deaths and injuries on our transportation systems over recent years dramatically.

Death and casualty rates on our highways are dramatically down due to greater use of safety belts, airbags, tougher safety enforcement and drunk driving laws. Last year, not one single passenger died in accidents involving major domestic air carriers. And despite last year's terrible Amtrak tragedy in Alabama, we have seen railway safety improving steadily for years.

We can and should be proud of this progress. But we must achieve much more. And we will. We can start by improving safety at the intersections of transportation modes such as bridges with waterways and highways with railroads. We can maintain and advance American leadership in highway and vehicle and aviation safety and in the safety of our ports, harbors and waterways and pipeline transportation networks.

Fifth, we will actively enhance our environment through wise transportation decisions. We will introduce low emission and alternative fuel vehicles into our own DOT fleet. We will promote congestion reduction and demand management strategies in metropolitan areas and on our nation's highways and include specific targets and

deadlines to measure our successes. And a very important element of meeting this environmental goal will be to aggressively implement the transportation elements of the president's Global Warming Initiative.

All of us at DOT -- and, I believe, all Americans -- want to leave the world a better place for the next generation. The fifth goal in our strategic plan serves that purpose.

Sixth, we have already begun "putting people first" in our transportation systems by making each investment decision we support relevant and accessible to users. An example is the metrorail links in Los Angeles and Washington, D.C., that unite previously isolated underdeveloped urban areas with the rest of the city, providing convenient transportation for those who have had none.

But we must do more. We must remember that our customers are the users of the transportation system, the men and women who depend upon it to get to school or work or home as well as to move products every day.

Seventh, we will empower DOT employees to get the job done. I am asking you to come forward with new ideas and do not be afraid to speak up with suggestions to speed our work make it better. Even if some ideas don't work out as well as you might have thought they would, the whole Department will benefit if you dare to stretch your imagination to find a better way.

In return, I promise you that the managers will listen to you. I ask you all to listen as well to our customers and find ways to provide them with the quality service that they want and deserve.

This strategic plan offers each of us a clear sense of how we can make a difference in the lives of the people we serve. That's our job. It's a challenge I know you're up for -- and so am I. So let's get on with it.

Thank you very much.

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TALKING POINTS, SECRETARY OF TRANSPORTATION FEDERICO PEÑA
GOING-AWAY DINNER
FORMER AMTRAK CHAIRMAN W. GRAHAM CLAYTOR, JR.
JANUARY 25, 1994

*** Chairman Claytor is moving on after a truly extraordinary career at AMTRAK.**

*** In a little over a decade, Graham Claytor has managed a rise from less than 50% to over 80% in the revenue coverage of AMTRAK's passenger services.**

*** Ridership is up across the nation, and in the New York-Washington corridor, AMTRAK now carries close to half of the passengers moved by common carrier.**

*** All of this is a tribute to the tireless attention to detail and exacting standards that Graham Claytor has brought to <u>all of his careers</u> -- as an attorney, a destroyer escort captain, a corporate president and as a public service executive.**

*** I know you'll be hearing a lot more about Graham's career tonight. But I'd like to add a personal "Thank you" to him for something he did back in 1983 -- just about the time I first took office as Mayor of Denver.**

*** What Graham did was re-route AMTRAK's California Zephyr so that it passed "through the Rockies and not around them" -- to create one of the most amazingly beautiful scenic train routes in the world.**

*** Many many thousands of people have appreciate that ride in the decade since.**

*** I hope, Graham, that you'll take that run again sometime soon yourself. And for the sake of the staff on the Zephyr, I hope that when you do they make sure that every spring is firm and every door handle is in working order.**

*** Thank you for your service and congratulations, Graham. And now, on behalf of the Board Of Directors of AMTRAK, I'd like to present you with this Resolution of Appreciation for a job well done.....**

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3-08

TALKING POINTS
SECRETARY OF TRANSPORTATION FEDERICO PEÑA
PROPOSED EXTENSION OF SUPER BOWL TOUR RULES TO OTHER EVENTS
U.S. CAPITOL, WASHINGTON, D.C.
JANUARY 27, 1994

*** I want to thank Senator Kohl, Senator Feingold, and Congressman Klug for being here -- and for calling to our attention the abuses that we seek today to curb.**

*** Just a few weeks ago, we learned that Wisconsin Badger football fans had been misled by tour operators promising them tickets to see their team play in the Rose Bowl in Pasadena -- only to have the operators renege on that promise and leave them without Bowl tickets.**

*** Ever since a series of similiar abuses in connection with the Super Bowl in the mid-1970's, the Department of Transportation has enforced strict rules requiring tour operators who advertise package tours to that game to have those tickets in hand or under contract -- or else to refund the full tour price to consumers.**

*** Today we are proposing to extend that sort of protection to other events -- such as the College Bowl games, NCAA playoffs, the World Cup, or other special occasions which may be promoted as part of a tour.**

*** We are seeking public comment on the issue of which events should be included. I'm sure we'll see various suggestions and some debate.**

*** But the bottom line is clear. Just as we protect consumers from rip-offs in relation to this week's Super Bowl -- and have been doing that successfully for many years -- so the time has come to protect other fans from similar deceptive practices.**

*** Together with our collegues in the Congress, that is what we mean to do.**

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SECRETARY OF TRANSPORTATION FEDERICO PEÑA
U.S. CONFERENCE OF MAYORS WINTER MEETING
WASHINGTON, D.C.
JANUARY 27, 1994

INTRODUCTION

I want to thank Jan Laverty Jones for that kind introduction -- and tell you all how happy I am to be here at your winter meeting.

A lot has changed -- and in many ways for the better -- since I spoke at your 61st annual convention in New York last June.

Under President Clinton's leadership, the economy is growing, housing starts and car sales are up, unemployment is down in most places and a majority of Americans now believe that our country is moving in the right direction.

In his State of the Union message on Tuesday, the President made it clear that this year we will build on the success of 1993 by taking bold action on issues critical to America's cities -- crime, health care and welfare reform. We will move to create empowerment zones and community banks and a vastly-improved job-training system.

Speaking for my Department, I can tell you that the pace in transportation has quickened since I spoke to you last June. We have completed the National Highway System ahead of schedule and transmitted it to Congress.

That same day, I also announced a bold new initiative -- the National Transportation System -- a comprehensive nationwide network of the most crucial systems in all modes, not only roads but railroads, waterways, ocean ports, airports and even pipelines. This will be, I believe, the foundation stone of transportation planning in the post-ISTEA era.

This month we announced a five-point Aviation Initiative to restore the health of the airline industry and improve our entire national aviation system. We also issued a new policy to resolve tension between airports and airlines as a result of the LAX dispute.

We have also issued the ISTEA planning regulations to give local governments more say and more flexibility in transportation infrastructure investment decisions.

And we have delivered on the commitments I made to you in June. I announced then that I would convene a meeting with state and local officials to harness your talents and experience fully utilized in the ISTEA decision-making process.

On September 8, we held that meeting with representatives of the U.S. Conference of Mayors, the National League of Cities, the National Conference of State Legislators, the National Governors' Association, the National Association of Regional Councils and the National Association of Counties. It was a historic setting ... the first of its kind. Mayor Abramson and Mayor Jan

Laverty Jones of the U.S. Conference of Mayors were present.

Partly in response to concerns raised at that meeting in September, we held 10 regional roundtable meetings on ISTEA in November and December with local officials around the country.

In Hartford, Chicago, Kansas City, Missouri, Louisville, New York, Philadelphia, San Jose, Seattle, Tulsa and Denver we sought your advice and that of hundreds of citizens -- for a "reality check" on how ISTEA is working in practice.

Through all of this time, we have reached out to the mayors directly. Many of my top aides have traveled all across this nation to meet with you. Either my Deputy Secretary, Mort Downey, or the Director of my Office of Intermodalism, Michael Huerta, have been at each of the ISTEA outreach meetings around the country. Federal Transit Administrator Gordon Linton and his deputy, Grace Crunican, Highway Administrator Rodney Slater and his deputy, Jane Garvey, have met with mayors to discuss Air Quality conformity issues.

All of these top DOT officials have been directly accessible to mayors. And I should add that wherever I travel, my office routinely makes an effort to set up meetings so that I can hear your concerns directly.

Ladies and gentlemen -- my former colleagues -- I hope you will agree with me that this is a whole new way of doing federal transportation business.

We've not only listened in these regional meetings, but we have also drafted an action plan to act on your concerns. That plan will be out by the end of February.

And very recently this week, I announced a Strategic Plan for transportation in America -- with seven goals to guide us in ensuring our mobility and in sustaining our economy into the 21st Century. In a few minutes, I will tell you what we learned at the regional roundtables and also outline for you two elements of this new strategic agenda that are especially important to cities and mayors.

But first, having spent seven days in Los Angeles on the aftermath of the terrible earthquake, let me share some personal observations about that experience.

EARTHQUAKE

Certainly, aiding the people caught up in this disaster has been uppermost in President Clinton's mind. He intends to use the considerable resources of the federal government to help Southern California rebuild -- both immediately and in the months and years of reconstruction.

President Clinton has already sent $639 million for loans, $41 million for roads and $143 million for relief.

And the President is preparing a multi-billion dollar supplemental appropriations bill to provide for more assistance.

This earthquake, as you know, is the largest natural disaster in American history -- even surpassing the damage done by Hurricane Andrew.

I know of no more sobering experience than viewing the damage in Los Angeles, almost feeling the fear as I listened to the tragic stories of frightened residents. I saw thousands of people sleeping in parks and parking lots. I overflew the nine major collapsed freeways and saw the massive shock lodged against the transportation system.

My task, in partnership with state, city and local agencies, was to use every resource of imagination to develop solutions to the massive transportation problems caused by the earthquake.

Most of you know that I have been preaching the importance of transportation to America's economy for years. As a former Mayor, I thought I really knew the value of transportation infrastructure to all of our regional economies. After all, we used investment in transportation infrastructure to strengthen the Denver economy and pull it out of the deepest recession in a generation.

But I don't think anyone really understands how much we as a nation depend on transportation infrastructure until you see a whole metropolitan area of

15 million people crippled by the collapse of freeway overpasses and bridges.

DOT had an Emergency Transportation Task Force on the scene within hours (and we will remain there,) working in every way to help Mayor Richard Riordan and many county officials nearby to pull the Los Angeles area out of this disaster.

On the day of the earthquake, my staff made 60 phone calls to local officials throughout the Los Angeles area to see what their needs were and what we could do.

Highway Administrator Rodney Slater and his deputy Jane Garvey gave your transportation and communications committee an update yesterday. Let me just add that Transit Administrator Gordon Linton, Aviation Administrator David Hinson, and the staffs of RSPA, the Coast Guard and the Federal Railroad Administration have also been working at an emergency pace.

This disaster carries a clear message for all of us. Now is the time to develop a comprehensive, well-balanced transportation system for every region in this country. We can no longer afford to accept the old travel patterns of cities like Los Angeles where 72 percent of vehicles on its highways carry just one person. All of us have to be creative and innovative in developing multi-modal transportation systems that people will use.

Look at the options being used in Los Angeles today. After the earthquake, ridership on the Metrolink passenger train service rose from 1,000 passengers a day to 31,300.

Twenty transit cars borrowed from Caltrain service in the San Francisco Bay area will allow Metrolink service to expand. Eight of those cars are expected to be put into service today.

Twenty new buses were loaned to the Metropolitan Transit Authority. A ridesharing program was announced on Sunday. It's too early to have specific ridership figures on these additions.

Telecommunications centers are being set up to serve new "telecommuters" and the city is proposing to expand telecommuting to 15,000 employees.

These options have been around but they were not used. My message today is -- we must not wait for a disaster to raise the consciousness of people in our communities. Let's move now to build a truly integrated multi-modal transportation system that gives our citizens many options that are efficient and cost effective.

Two elements in my strategic plan particularly address this challenge.

STRATEGIC PLAN

Just two days ago, a few hours after returning to Washington, I announced my seven-point Strategic Plan, defining concisely my vision for transportation in America and everyone's role in it.

This strategy is designed for the era we live in -- a time of severe limitations on available resources at all levels of government, an era of national deficit reduction, and a time of increasing demands on our cities. There simply aren't enough transportation dollars to meet all of the needs we would like to address. We have to choose priorities carefully and invest wisely -- to do more with less.

We must ensure that our infrastructure does not deteriorate; that our investments improve the condition of our environment; and that our decisions create jobs and strengthen America's economy.

This morning I want to focus on just two points in the Strategic Plan that are most central to our partnership with America's mayors.

Number one, to "Tie America together" through a balanced and integrated intermodal transportation system.

Number two, to invest strategically in transportation infrastructure, which will increase productivity, stimulate the economy and create jobs.

POINT #1 -- TIE AMERICA TOGETHER

Our first goal is to "Tie America Together," and as the Los Angeles earthquake vividly illustrates, highways alone cannot do that.

To "Tie America Together" we need every mode of transportation at our disposal and some not yet invented. Our National Transportation System must link all of our resources -- from the biggest airport to the smallest bicycle path -- and it must leave room for change, growth and innovation.

What we mean by this -- and I saw it again in Los Angeles -- is how we can truly create an integrated transportation system, taking each of the forms and options that we provide to the traveling public. We must ensure that they are connected and thought through in a comprehensive fashion as opposed to the way decisions were made a decade ago -- when we separately thought only of highways or just about transit or just airports -- depending on where the funding could be had.

It is now time for us to think about <u>all</u> of these systems and how they all integrate into one National Transportation System. In doing so, we will work with mayors and other local officials to tie all their forms of transportation together more efficiently.

This year we'll be traveling throughout the country again to talk to America -- elected officials, citizens,

agencies, state governments -- mayors -- to discuss ways to create a fully-integrated National Transportation System. This effort will go well beyond the base we set with the National Highway System.

Indeed the real goal of our work on the National Transportation System is to begin to think <u>beyond</u> ISTEA to what will eventually replace the ISTEA legislation we have today. We believe a National Transportation System concept ought to be the foundation for ISTEA II.

Of course, when we speak about using all modes of transportation to "tie America together," we are assuming that all modes are healthy and viable. Unfortunately, that's not the case. And that's why we are also focusing special attention on restoring the health of the aviation, maritime and passenger rail industries -- because we can't have an intermodal, integrated system unless all of the components are healthy.

To do this we need to also make Amtrak a financially stable, world-class passenger service. And we need to implement the aviation strategy we announced some weeks ago. We must also pursue the maritime revitalization effort that will be reflected in the President's coming budget. All of these are just some of the steps we'll take toward our first goal.

POINT #2 - INVEST STRATEGICALLY

Our second goal is to invest strategically in transportation infrastructure that will increase productivity, stimulate the economy and create jobs both immediately and in the long run.

This means we have to do two fundamental things: complete what we have started and repair what is broken on time and within budget.

This sounds simple, but as any mayor knows, it is not. The fact is that we have invested in a number of very complicated and far reaching projects throughout the country and it is now time to complete them.

You've all observed how major projects can be passed from Administration to Administration. We inherit them and sometimes pass them on to others. At DOT, we've got to stop that practice.

We must finally realize that if we're committed to finishing the Northeast corridor -- let's finish it. If we're going to finish the transit system in Los Angeles -- let's do it -- and let's do it on time and on budget.

Similarly, if we are to start <u>new</u> projects -- and we are -- we have to have the same commitment. As we develop a strategy to repair and build new infrastructure we must demonstrate to the American public that when we do, these will be wisely-chosen, strategically valid investments.

We need to see that every such investment pays off and is being done for a strategic reason with proper cost benefit and needs assessments.

And yes, we must continue to support full funding of ISTEA -- the single major concern we heard most often at the 10 regional roundtable meetings. I've been fighting for full funding of ISTEA since the day I arrived at DOT.

When the President submits his '95 budget and the congressional budget process is completed, I am very hopeful that we will at last have full funding of the highway and transit formula capital grants programs of ISTEA. This could be nearly $4 billion over the FY'93 funding levels.

In addition to full funding of ISTEA, we will be focusing a major effort this year on alternative financing of infrastructure. We will be meeting with Wall Street analysts and others in the financial community to explore ways to stimulate private sector involvement in infrastructure financing.

The recent increase in private financing of infrastructure projects reflects the expanded use of a wide range of financial tools provided by ISTEA to help make transportation infrastructure projects more attractive to the private market.

In addition to dedicating specific revenue sources to repayment of bonds, credit enhancement techniques such

as bond insurance, lines of credit, and special guarantees can make public bonds more acceptable to the private investor by reducing risk and expanding the market for such bonds. All these routes are worth exploring and we seek your counsel in this effort.

ACTIONS STIMULATED BY ROUNDTABLES

Let me briefly discuss additional steps we will take as a result of our ten regional roundtables.

One, the distribution of ISTEA funds. I understand very keenly your concerns -- about whether inner cities can influence the states to deal fairly -- even with the new ISTEA regulations and the mandate for change.

Let me emphasize that you are part of a historic process of change. ISTEA commits to law the local government's right to be involved in the surface transportation planning process. And it supports the rights of our communities. The days when we could simply ram a highway, or any other transportation system through a neighborhood, without consulting the people who live there, are over -- and that's the law. And we will be working to ensure that it is carried out.

Two, we heard your concerns about streamlining the ISTEA approval process and reducing the regulatory burden. Accordingly, we will explore the option of exempting low dollar enhancement projects from this plethora of regulations.

We are also reviewing all regulations as part of the "re-inventing government" process and reducing the burden of ISTEA will be part of that effort.

Three, another message from the roundtables is that you want the ability to discuss environmental needs and concerns not only with the Secretary of Transportation but with the Administrator of the EPA as well.

I spoke with Administrator Carol Browner and we both agreed it would be a good idea to bring together state and local organizations together to discuss the transportation and environmental concerns we must resolve. You will be hearing from us on the time and place of a joint meeting with Administrator Browner to build upon our growing communications and collaborative efforts and bring a fresh approach to addressing these issues.

Finally, let me say that we learned many lessons from our regional meetings. We have followed through on some of your suggestions and will follow through on others. We completed training sessions on the conformity regulations in nine cities with over 500 state, local and federal field office employees participating.

We're conducting education and training on the planning and management system regulations in eight venues and by the time we are finished at the end of February, 2,000 people will have participated.

But we have heard from you that there is a need for more education and training especially for local players in the ISTEA process.

To address that request I have asked my Office of Intermodalism, the Federal Highway Administration and the Federal Transit Administration to design this a new training and educational program with the help of the U.S. Conference of Mayors and the other local government associations. I expect to have this program in operation by March.

CONCLUSION

I hope you will agree with me that this is a track record of action and responsiveness and commitment to your concerns.

ISTEA changed forever the decision-making process for transportation investment. Mayors and other local officials have been required to make the biggest changes. We are determined to do everything we can to help you meet the challenges of this process -- and prepare you for an even more enhanced role in the post-ISTEA era.

Because if there's one thing that's certain it is that the role of mayors and local officials will become even more important.

We have ambitious plans and strategies ahead. We are counting on you to be active partners in making them come true.

Thank you very much.

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