

61

**DEPUTY SECRETARY OF TRANSPORTATION ARTHUR J. ROTHKOPF  
SPEECH LISTING**

<b>DATE</b>	<b>EVENT</b>
107/09/92	Air Freight Association Washington, D.C.
07/13/92	Environmenta Protection Agency Washington, D.C.
07/20/92	Coastal America New Haven, Connecticut
07/23/92	American Bar Association Washington, D.C.
07/30/92	East Coast Greenway Inaugrual Bicycle Ride Washington, D.C.
08/05/92	FTA Grants Announcement Chicago, Illinois
08/11/92	M.I.T. Congress On Transportation And Telecommunications Cambridge, Massachusetts
09/09/92	National Association Of Towns And Townships Washington, D.C.
09/10/92	American Road And Transportation Builders Association 4th Public/Private Transportation Ventures Conference Washington, D.C.
09/17/92	WMATA Contract Signing Washington, D.C.
09/17/92	Emergency Preparedness Grant Program Washington, D.C.

09/22/92	National Business Aircraft Association Dallas, Texas
09/22/92	Metroplex Aviation Forum Dallas, Texas
09/25/92	Career Strategies For Prospective Women Managers Seminar Arlington, Virginia
09/29/92	American Association Of Airport Executives Dallas/Forth Worth, Texas
10/05/92	Federal Highway Administration Rapid City, South Dakota
10/05/92	American Association Of State Highway And Transportation Officials Rapid City, South Dakota
10/08/92	Propeller Club Of The United States And American Merchant Marine And Maritime Industries SanJuan, Puerto Rico
10/23/92	Transportation Round Table Washinton, D.C.
10/23/92	DOT Minority Enterprise Development Week Washington, D.C.
10/27/92	Transporation Club Of Detroit Detroit, Michigan
11/13/92	National Technology Initiative Stony Brook, New York

1.2  
DEPUTY SECRETARY OF TRANSPORTATION ARTHUR J. ROTHKOPF  
AIR FREIGHT ASSOCIATION  
JULY 9, 1992  
WASHINGTON, D.C.

Thank you, Steve. It's a pleasure to join you to discuss today's multimodal air freight industry. Steve and I have worked closely over the past several months on noise and other issues of vital concern to your industry. I must say, Steve has been an articulate spokesman for your views.

Today, I'd like to take a look at how express freight fits into the Administration's transportation agenda and then focus on what we're doing on some specific fronts that directly affect your industry.

### *Keeping Pace with a Changing World*

I was heartened by the Air Transport Association figures to come out this week on the performance of the air freight side of your industry. They show domestic traffic up over 10 percent, and international freight up almost 17 percent. I trust they're a sign of more prosperous days ahead, both for your industry and for the economy at large.

Perhaps no industry better symbolizes today's rapidly changing world than the express freight industry. You've literally given new meaning to that old expression: "It's a small world." Thanks to the

companies you run, Americans can now send a shipment anywhere in the country by 10:30 the next morning -- and to most parts of the planet within only 48 hours. Who could have imagined such service just ten years ago? But then, who could have imagined the world we're living in just a few years ago?

We don't know how long it will take for the countries of eastern Europe and the former Soviet Union to solve their political problems and establish market economies. On our side of the globe, a North American Free Trade Agreement is within reach. And we're reaching out to South America with the Enterprise for the Americas Initiative. But we do know that they -- along with our neighbors to the south -- represent a virtually untapped, seemingly limitless market for transportation products and services. And this, in turn, represents tremendous challenges and opportunities for those of us in both government and industry.

### *Intermodalism and Competitiveness*

As the national economies of the world become increasingly integrated and competitive, each nation's transportation system becomes increasingly important. For a nation -- or industry -- to compete and stay ahead of the pack, it's going to have to deliver its products and services faster and more efficiently than its competitors.



No country will attain a competitive, 21st century economy without a first rate, 21st century transportation system.

And that means a genuine transportation system, not a collection of trains, planes, and automobiles that happen to feed people and goods to each other in the course of doing business. What I'm speaking about, of course, is an intermodal approach to transportation -- an approach that lies at the heart of President Bush's National Transportation Policy.

In the past -- particularly before the emergence of the express freight industry -- it was all too common to think in terms of a single mode of transportation separate from its interaction with other modes. Government and industry paid the price in inefficiency. I'm glad to say that those days are changing -- and changing fast.

One of Andy Card's top priorities as Secretary is to institutionalize intermodal thinking and coordination within the Department of Transportation and throughout U.S. industry. Last week, for example, the President nominated Rob Martinez to become Associate Deputy Secretary of Transportation. Rob is moving up from the Maritime Administration and will also become the Department's first director of our new Office of Intermodalism.

It's worth noting that this new office is an outgrowth of last year's historic transportation act. That act, traditionally called the "Highway Bill," was named the Intermodal Surface Transportation Efficiency Act to reflect its new approach. The act itself is a testament to the changing times -- and thinking -- in transportation.

Of course, the express freight industry pioneered intermodalism and made it the greatest transportation success story in modern times. Your industry is the best example today of a "seamless," intermodal approach to transportation. You've sparked a virtual revolution in the way U.S. business does business.

### *A New Approach for a New Era*

The big challenge today is to negotiate your freedom to work the same magic globally that you are already working domestically. That effort forms part of the broader framework of what the Bush Administration is doing in transportation -- and, for that matter, for the economy at large.

The President's approach stresses a return to such principles as relying on a free market to the maximum extent possible and decentralizing by providing increased flexibility in the use of federal funds. I'm also speaking about strengthening partnerships between government and industry and between Washington and

state and local governments. And, perhaps most important, I'm referring to our attempt to loosen up Washington's regulatory grip on industry. While we cannot -- and will not -- compromise safety, we simply can no longer allow unnecessary regulations to hold industry back.

### *Cutting Back Federal Regulations*

Of course, that's why President Bush in January ordered a freeze on new federal regulations and a paring down of existing rules. That effort will save American consumers and workers between \$15 and \$20 billion on a yearly basis. That's up to \$300 a year for the average American family. And that's why the President extended his original moratorium for another four months. He's bound and determined to slash the red tape that is choking economic growth through excessive and unnecessary regulation.

I can honestly say that the Department of Transportation is at the forefront of the Administration's efforts in this area. As General Counsel, I was involved in the Department's review every step of the way. And we're still at it. In every one of DOT's operating administrations, we're looking at every single regulation with a keen eye as to its usefulness.

We're scrapping those that are outdated and no longer necessary. Others, we have either revamped or are in the process of revamping. And for the future -- and there are many rulemakings in the pipeline -- all will be subject to this fundamental test: Is this a rulemaking that makes sense? Does it properly balance costs and benefits?

I think it's important to point out that the government must go through the rulemaking process in order to change or eliminate an existing requirement. This takes time and adds pages to the Federal Register, which does not necessarily mean we're imposing extra burdens. For example, on May 20 we published a Notice of Proposed Rulemaking consisting of three pages. But this three page NPRM was required before we can eliminate 71 existing rules which take up 307 pages in the Code of Federal Regulations.

### *Criminal Background Checks/Random Drug Testing*

Among the rulemakings in the pipeline is one pertaining to criminal background checks. Precisely because it is still under consideration, I cannot comment on it directly. I can say, however, that we are committed to a common sense approach that balances safety and costs.



Regarding random drug testing, I would simply point out that this issue is still being reviewed by the Department and involves all modes of transportation, not just aviation. Again, we are seeking to balance the costs imposed with the increased safety that comes from more frequent random testing.

### *Trucking Deregulation*

Trucking is another area where government regulation holds major consequences for your industry. In March, the Administration submitted legislation to eliminate the last vestiges of trucking regulation at both the federal and state levels.

What we're trying to do is complete the job of economic deregulation that began with your industry back in 1977 and continued with railroads and interstate trucking three years later. Trucking deregulation has been a huge success, but the remaining regulatory requirements at the state level cost U.S. industry and consumers up to \$8 billion a year.

Congressmen Clement and Upton have introduced a bill -- H.R. 3221 -- that would help only a relatively few carriers and would leave others at a competitive disadvantage. While the Clement bill moves in the direction of further deregulation, the Administration

would prefer to eliminate all state economic regulation of interstate motor carriers.

Whether it's the President's moratorium and review or initiative to deregulate trucking -- all have one overriding objective: To make the U.S. economy more productive and efficient, and to speed up the current recovery.

### *Open Skies*

I can't tell you how much we'd like to deregulate -- or liberalize -- the international airline and express freight business. Secretary Card took a major step in that direction last March. He announced that the United States was offering to negotiate open skies agreements with all European countries willing to permit U.S. carriers essentially free access to their markets.

We continue to proceed toward this important goal, which is shared by some European countries, but not all. It is our hope that open skies agreements with our European partners will stimulate interest in other regions of the world to join the United States in similar talks. The Department has asked for, and received, a great deal of valuable advice from industry as to how we should define open skies.

### *Bilateral Negotiations*

Even in markets where open skies appear to be beyond reach -- at least in the near term -- the Bush Administration will continue to work as hard as possible to create new competitive opportunities for our air cargo operators. Last year, for instance, we conducted preliminary discussions with the E.C. Commission on possibility of an open skies U.S.-E.C. transatlantic cargo regime. Unfortunately, the Commission hasn't been able to get a mandate from the E.C. member states to continue the discussions.

It is well known that some of our European trading partners are seeking to place new constraints on the ability of U.S. airlines to expand their trans-Atlantic services. That's because they are troubled by a perceived imbalance in market share in their services to and from the United States.

There are two points to be made about that perception: First, the so-called "imbalance" only favors the United States if U.S. carrier traffic is taken as a whole. For example, the eight U.S. combination carriers serving France do carry more traffic -- together -- than Air France. But the fact is, Air France's market share is nearly twice that of its single largest U.S. competitor.

More important, Air France and other major European airlines continue to carry substantially more cargo than all U.S. carriers put together. In other words, whatever complaints our European friends may have about the challenge posed by U.S. airlines, those complaints are not germane to all-cargo services. Accommodations made in the context of combination services, therefore, should not be permitted to impede the flexibility or growth of the integrated, multimodal air cargo services which have become so essential to international trade.

Forecasts suggest that international cargo volumes will continue to grow fastest in Pacific Rim markets. For that reason, we have placed great emphasis in recent years on expanding opportunities for air freight operators to, from, and within Asia. A recently concluded agreement with Singapore, for example, provides unprecedented route flexibility for all-cargo operators and represents a major milestone in our efforts to liberalize the rules that govern air cargo operations.

Finally, we intend to maintain our vigilance on the need for flexible intermodal opportunities abroad. The Administration went to bat for its cargo carriers when it looked as though intra-European trucking rights might be reserved for companies controlled by E.C. nationals.



The E.C. ultimately adopted a far more forthcoming approach.

### *Noise Compatibility*

I'd like to comment on one more issue that I know is a pressing concern of this industry. I'm referring to our current implementation of the ground breaking aircraft noise initiative that was hammered out over the past couple of years.

The good news is that the number of U.S. citizens exposed to excessive aircraft noise should decline by 85 percent over the next eight years. The bad news is that this reduction will cost the industry between \$1 to \$4.5 billion, and still, noise continues to be a highly divisive issue in certain communities.

We fought long and hard to establish a more predictable environment in which industry can respond to market demands and the orderly phaseout of Stage 2 aircraft. And we're convinced that most necessary noise relief can be achieved without additional local restrictions. While all airports will benefit from the national rule, if relief is not sufficient or if special local problems exist, then negotiations should be pursued within the context of the 1990 legislation.

We think that voluntary agreements between parties can, and should, be the solution to disputes on local

noise issues. Successful negotiations are being conducted at the local level in Los Angeles and Minneapolis/St. Paul. We are monitoring the situation at the Port Authority of New York closely. We have been in contact with all parties involved, and are strongly urging a mutually agreeable solution.

### *Conclusion*

For three years, the Administration and this industry worked together to hammer out a resolution to the noise problem. That effort demonstrates the kind of progress government and the cargo industry can make when we set our minds to it and work together. I trust it is a harbinger of an even more productive partnership in the days ahead.

Thank you.

###

1.3

ARTHUR J. ROTHKOPF  
DEPUTY SECRETARY OF TRANSPORTATION  
ENVIRONMENTAL PROTECTION AGENCY  
JULY 13, 1992  
WASHINGTON, D.C.

It is a great pleasure to join Administrator Reilly today in support of this important step forward in the Administration's fight against air pollution.

Enhanced inspection and maintenance programs will help clean up the air Americans breathe, as Bill has just explained. But they have an added benefit. They will also help Americans maintain that mobility which has made our transportation system the envy of the world.

Enhanced inspection and maintenance programs support our transportation objectives to facilitate the mobility of the traveling public. They will make it easier for state transportation agencies around the country to comply with Clean Air Act requirements when they plan and build new highways and transit facilities. Today's action will reduce the possibility that states and localities will address pollution problems by other measures that will be more costly, or more restrictive, for American citizens.

To support EPA's efforts, the Department of Transportation will allow states to use certain transportation funds to develop advanced I/M programs. The money comes from a program to fight congestion and clean up the air. This program was created as part of last year's surface transportation act. And is known by its acronym, CMAQ, which stands for Congestion Mitigation and Air Quality Improvement. It is a prime example of this Administration's strategic approach to meeting the nation's transportation and environmental challenges.

CMAQ will provide \$6 billion to the states over six years to help cities meet national air quality standards through transportation programs. Typical examples of eligible projects are the construction of high occupancy vehicle lanes, carpool and vanpool programs, and projects to

expand mass transit infrastructure. Today, we're adding enhanced inspection and maintenance programs to the list.

The Department of Transportation will allow states to use CMAQ funds for start-up costs for advanced I/M activities. These would include the construction of I/M facilities, the purchase of equipment for such stations, and the start-up costs for programs to train mechanics to use I/M equipment effectively.

This initiative is a good example of the Administration's commitment to attaining greater flexibility in the use of federal money. Not only is DOT making some of its grant money available to clean up the environment, we are allowing states to use their own discretion as to how to best use that money to meet national air quality standards.

The Transportation Department's support for EPA's proposal is also an excellent example of another key Administration policy. And that's our stress on the need to expand partnerships at all levels -- between government and industry; between Washington and state and local governments; and, yes, between federal agencies right here in Washington.

To promote these partnerships, Administrator Reilly and Secretary Card recently sent a letter to all of the nation's governors. They urged the governors to see that their state and city agencies were working together to coordinate air quality and transportation planning. We don't want to repeat past experiences where lack of coordination hampered the fight against pollution caused by transportation or delayed important transportation initiatives.

We believe today's action builds upon the lessons of the past. And it provides a unique opportunity to help meet our clean air standards -- and our mobility needs -- in a positive and coordinated fashion.

Thank you.

###



1.4

ARTHUR J. ROTHKOPF  
DEPUTY SECRETARY OF TRANSPORTATION  
COASTAL AMERICA  
JULY 20, 1992  
NEW HAVEN, CONNECTICUT

It's a pleasure to join Senator Lieberman, State of Connecticut officials, and our federal Coastal America partners in this combined effort to restore Connecticut's salt marshes.

Coastal America is an indispensable part of President Bush's overall efforts to improve America's environment. It is one of the best examples of his creative approach to addressing the nation's challenges by harnessing existing resources in the most efficient manner possible. Coastal America does this by pooling the environmental expertise of nine diverse federal agencies. These agencies, together with state and private organizations, bring their expertise to bear on the task of protecting and restoring coastal ecosystems.

The Department of Transportation is proud to be a major participant in this nationwide effort. And we are delighted to join ranks with Coastal America for this important initiative here in Connecticut.

I'm particularly pleased that we were able to come together for this event in Union Station. Now we can all see firsthand why this stately, historic landmark won the nation's highest award for historic preservation this year. And I'm happy to say that, by providing federal money, the Department of Transportation had a hand in restoring this building and returning it to productive use. With today's signing ceremony, Union Station will stand as a testament to DOT's commitment to restoring both the nation's historic and environmental resources.

When President Bush announced his National Transportation Policy in 1990, he put the Department of Transportation on record as a staunch advocate for preserving the environment. The commitment to provide transportation systems and services that are compatible with the

environment comprises one of the major components of the Administration's transportation policy.

The President put action to words when his Administration initially crafted and worked with the Congress to enact the historic surface transportation act of 1991. It is called the Intermodal Surface Transportation Efficiency Act -- better known by its acronym, ISTEA. This act sets a new agenda for restoring the country's surface transportation infrastructure. And today's event is a perfect example of our new transportation agenda at work.

First of all, ISTEA provides unprecedented flexibility to state and local governments in the use of federal transportation dollars. This is based on our conviction that local officials are best able to determine solutions to local transportation needs. Secondly, as we can see from the many state and federal officials gathered here today, we are promoting partnerships among all levels of government and the private sector to tackle the nation's many transportation challenges. Another key element of our new ISTEA agenda is that we are harnessing government resources in several innovative ways to protect the environment.

ISTEA's approach to preserving the nation's wetlands complements the President's comprehensive wetlands initiative released last August. This initiative sets the guidelines for ensuring that the nation maintains and enhances its wetlands resources -- a key Administration goal. It also helps transportation agencies to cooperate with Coastal America's attack on coastal pollution, habitat loss, and sediment contamination.

ISTEA specifically says that states may use federal highway money to enhance wetlands and to offset the loss of other wetlands caused by the construction of transportation projects. Another important provision of the new transportation act is the requirement that \$2.8 billion go for activities to improve the environment. These activities include creating scenic or historic preservation programs, building bicycle and pedestrian facilities, controlling outdoor advertising, and stopping water pollution caused by highway runoff.

In a related initiative to improve the environment, ISTEA also created a new program to fight traffic congestion and clean up the air. This program will provide \$6 billion to the states to help cities meet national air quality standards through a variety of transportation programs. Just recently, I had the privilege of joining Administrator Bill Reilly of the Environmental Protection Agency in announcing a joint effort involving this program that will lead to dramatic improvements in air quality.

On behalf of Secretary Andy Card, I commend the State of Connecticut and its enterprising transportation officials for participating in this Coastal America initiative. You are making ISTEA work as it was intended to work. You are taking full advantage of the flexibility provided by our new approach and moving forward on the basis of a broad partnership as we envisioned. In the end, we'll work together to identify sites where we can expand tidal flow and restore bays to undo damage caused by highway and rail construction many years ago.

AMTRAK's Northeast Corridor between New York and Boston is a case in point. When the rail line was built in the last century, at several points the roadbed stopped the flow of water to inland tidal coves, and upset the natural ecology. Today we have a unique opportunity to overcome past mistakes with minimal disruption to rail service. It is the Administration's hope that, after many decades, the Connecticut Department of Transportation will be able to open up certain obstructions along the railbed and thus restore hundreds of acres of salt marshes.

The reconnaissance study that Connecticut and its federal Coastal America partners are commissioning today will determine which areas represent the greatest potential for successful wetland restoration. Everybody wins -- the State of Connecticut, the federal wetlands program, and AMTRAK -- not to mention the American public and the nation's environment.

In many ways, this event epitomizes what the Administration and the Department of Transportation are trying to accomplish on the environmental front. We are committed to this approach and to its success across the nation. It is our hope that this enterprising Connecticut initiative will serve as a model for states throughout the country in using DOT money for wetland projects.

Thank you very much.

###



1.5

ARTHUR J. ROTHKOPF  
DEPUTY SECRETARY OF TRANSPORTATION  
AMERICAN BAR ASSOCIATION  
JULY 23, 1992  
WASHINGTON, D.C.

It's a great pleasure to be back in a room full of lawyers once again -- especially to see so many familiar faces. I've been Deputy Secretary for about a month now. And let me tell you, it's great to be a client. Now I can turn to Walter and say, "Tell me what I can do, not what I can't do." How many times a day do you hear that from clients! Seriously, having this opportunity to work day-in and day-out on the challenging issues facing DOT is extraordinarily rewarding.

This country faces a series of challenges across the transportation spectrum. None are more difficult from a policy and legal standpoint than those involving aviation. The comprehensive agenda of this two-day forum bears that out. It also shows that we at the Department of Transportation and you in the ABA are active participants together in some of the most pressing aviation issues of the day -- issues that will have an enormous impact on the lives of many Americans for years to come.

You have a remarkable group of panels with outstanding panelists. I only wish that I could have attended the prior session dealing with the economic future of the air carrier industry, as well as many of the other timely sessions.

What I would like to do today is to review briefly some of the key issues before us at DOT, many of which are being discussed at this forum.

*Regulatory Moratorium and Review*

The initiative that deserves first mention is the President's moratorium and review of all federal regulations which he launched last January. When he ordered a freeze on new regulations and an internal review of all existing rules, President Bush set a new tone that has since focused attention throughout the Administration.

The Department of Transportation has been at the forefront of the Administration's efforts in this area. In every one of DOT's nine operating administrations, we're looking at every single regulation to see how useful it really is. We're scrapping those that are outdated and no longer necessary. Others, we have either revamped or are in the process of revamping.

The entire process has been very open -- contrary to fears that our work would be secret. We've received valuable advice from the public and industry from the very beginning. We were the first agency to ask for public comments and the first to release a report to the President. It's important to point out that the moratorium does not affect rules mandated by Congress or safety concerns of particular importance. Nor did it put a stop to regulations designed to stimulate economic growth.

The Department has already implemented several of the recommended rule changes in our report to the President, and we are committed to implementing all of the priority items as soon as possible.

[Compliment highly professional efforts of OST and FAA staffs. Note Canadian study of their rules.]

In the future -- and there are, of course, many rulemakings in the pipeline -- all will be subject to this fundamental test: Is this a rulemaking that makes common sense? Can it withstand the scrutiny of a stringent cost/benefit analysis?

### *Random Drug Testing and Alcohol Testing*

Random drug testing is a textbook example of the perennial cost/benefit debate. Drug testing is mandated by statute, and we have fixed the testing rule at 50 percent for all modes of transportation. Many comments urged that this rate be reduced, and Congress has been looking at the issue. I would simply point out that this issue is still being actively reviewed by the Department and involves all modes of transportation, not just aviation. We are particularly sensitive to

seeking a balance between the costs imposed by more frequent random testing and the increased safety that comes from it.

Alcohol abuse also affects virtually all modes of transportation. And Congress has mandated alcohol testing across all of them -- including aviation, trucking, rail, transit -- and this involves millions of employees. We are now in the midst of our rulemaking process. One public hearing was held and we are examining the difficult issues inherent in testing that involves the excessive use of a legal substance. Again, we are seeking to achieve the proper balance.

### *Aircraft Noise*

Another issue of great concern to the aviation community has already passed through an extensive rulemaking process and is now in the implementation phase. I'm referring to the landmark national aircraft noise policy that was hammered out over the past couple of years.

The good news is that the number of U.S. citizens exposed to excessive aircraft noise should decline by 85 percent over the next eight years. The bad news is that this reduction will cost the industry billions of dollars. And still, noise continues to be a highly divisive issue in certain communities.

We fought long and hard to establish a more predictable environment in which industry can respond to market demands and the orderly phaseout of Stage 2 aircraft. And we're convinced that most necessary noise relief can be achieved without additional local restrictions. While all airports will benefit from the national rule, if relief is not sufficient or if special local problems exist, then negotiations should be pursued within the context of the 1990 legislation.

We strongly believe that voluntary agreements between parties can, and should, be the solution to disputes on local noise issues. Successful negotiations have been conducted at the local level in Los Angeles and Minneapolis/St. Paul. We are closely monitoring the situation at the Port Authority of New York and New Jersey. We have been in contact

with all parties involved, and are strongly urging a mutually agreeable solution.

### *Airport Privatization*

As the need for funds at the local level increases, communities have been giving increased attention to the various forms of privatizing government-owned and operated facilities, such as airports. In April, when the President launched his privatization initiative, federally funded airports were listed along with highways and transit facilities as transportation assets whose ownership can be shifted to the private sector. Legislative programs are in place for private ownership of roads, bridges, tunnels, and transit systems.

The general criteria for approving privatization requests for federally funded facilities were spelled out in the President's recent Executive Order. They stipulate that states or localities must funnel sales proceeds into additional infrastructure, or use the money to reduce debt or cut taxes. States or localities also must ensure that public infrastructure transferred to the private sector must continue to be used as originally intended and for as long as necessary. And they must see to it that user fees remain reasonable.

As you can imagine -- given the substantial number of public concerns -- the sale or lease of an airport to the private sector involves many complex legal and policy issues. To date, no particular transaction has been presented to us for review and approval. We remain interested in reviewing any proposal that is supported by all interested parties -- airport sponsors, private operators, local communities, affected carriers and other aviation interests -- to determine its impact on the travelling public and the nation's air space system.

### *Montreal Protocols*

I'd like to turn now from the domestic front to an area of international law that I know is of great concern to many of you. I am hopeful that, at long last, we are finally approaching the end of a long road toward ratifying the Montreal Protocols to the Warsaw Convention.

Ratification will finally put an end to the current situation which severely limits financial recoveries for U.S. passengers killed or injured in international aircraft accidents. The present limitation is simply unconscionable. Add to that the inordinate delays that the current structure imposes on the families of victims. As most of you know, the new Protocol -- together with the Supplemental Compensation Plan -- will provide unlimited recoveries for all U.S. air travelers. That even includes travel between two foreign points.

As you know, on July 2, Senators Mitchell and Ford introduced a bill to enact the Supplemental Compensation Plan into law. We are hopeful the bill will soon be enacted. Then prompt ratification of the Protocols themselves will be virtually assured.

Without the continued involvement of the ABA, there's no question that we would have little hope of persuading Congress to ratify the Protocols. On behalf of Secretary Card and the Department, I would like to thank you for your support, and ask for your continued help.

### *Open Skies*

The ABA will also be interested in another area that is crucial to progress in international aviation. And that's the Bush Administration's effort to liberalize the rules governing international air services. We've already taken several steps to help prod open world aviation markets. These range from our Cities Program -- which unilaterally opened new U.S. gateway cities to foreign carriers -- to our decision to ease restrictions on foreign investment in U.S. airlines.

In the past, we offered "open skies" to only our largest aviation partners, thinking that smaller markets did not warrant such treatment. Recently, Secretary Card proposed to expand this policy to include any European country willing to permit U.S. carriers essentially free access to their markets. We asked all interested parties to respond with their view and ideas. We received responses from U.S. carriers, foreign carriers, civic groups, and airports. As you would expect, the



comments dealt with a wide variety of issues. Of particular interest, a number of respondents raised the issue of airline ownership.

Our law, dating back to 1938, says that no more than 25 percent of the voting stock of an airline can be held by foreign interests. In addition, it has been interpreted to require that foreign interests should not effectively control any U.S. carrier, regardless of the level of stock held.

At the present time, our policy is to allow foreign investment of up to 49 percent of the equity value and to look at the control issue more closely in individual cases. The Department of Transportation has also announced its support for increasing the percentage of voting stock that foreign nationals may own from 25 percent to 49 percent.

The critical question for us is what conditions should be attached to these increases in foreign ownership. The Department has been examining this question both on a case-by-case basis and in the context of a comprehensive review of foreign investment in all modes of transportation. We are now in the process of completing the comprehensive review and continuing our case-by-case analysis.

As you are all aware, USAir and British Airways have entered into an agreement which would result in BA purchasing a significant stake in USAir. We are currently examining that transaction, and obviously I can't comment on its merits at this time.

### *Commercial Space Transportation*

Aviation is not the only area of international negotiations where we need to incorporate new thinking. Commercial space transportation is also such an area. It may seem hard to believe today, but it was only ten years ago that a private company asked the federal government for permission to conduct the country's first commercial space launch. And it was just four years ago that DOT's Office of Commercial Space Transportation issued its first license for launch activities.

This year, our commercial space launch industry entered its fourth year facing formidable competition from abroad. Of the 21 payloads



scheduled for launch this year, Europe's Arianespace [Arie-AN-es-paws] has 57 percent of the market share, U.S. companies have a third of the market, and China has ten percent. The competition is bound to stiffen in the years ahead.

The European Space Agency plans to introduce a new launch vehicle in about four years. And Japan's first commercial launch is expected to take place in 1994. Our biggest threat, however, comes from China and Russia. They are not constrained by the market-oriented pricing and cost structures that govern our industry.

That's why the chief goal of our commercial space trade policy is to ensure a free and fair global market in which U.S. private industry can compete. It will not be easy. With the breakup of the Soviet Union, Russia has inherited an impressive inventory of rockets and launchers. It has enough equipment to meet virtually the whole world's demand for commercial launch services for the foreseeable future -- at prices well below market rates. The United States intends to seek an agreement with the Russians to head off the possibility that this situation could lead to a disruption of the global market.

We held consultations with the Chinese just this week to review our agreement that governs trade in commercial launch services. Our discussions with the European Space Agency are currently on hold as a result of the transition to the new regime of the European Community.

What does the future hold for the U.S. commercial space launch industry? We predict the launching of medium to large satellites -- those which generate the greatest revenues -- to level off at 15 to 20 launches a year over the next decade. But we could well see significant growth in the launching of smaller satellites, which are less profitable to send into space. For 1992, we expect U.S. industry to generate revenues of at least \$500 million.

I'm extremely pleased that this forum is devoting a breakout session to the counselling of commercial space ventures. In many respects, space law is -- as your forum is appropriately entitled -- "The Future Frontier."

Whether it is concerning space transportation, or any of the other areas I've touched on today, there are many points at which the interests of the Department of Transportation and the ABA intersect. We value our relationship with the ABA, and I am delighted that I and so many of my colleagues have been able to participate in this important forum.

Thank you very much.

###

1.6

ARTHUR J. ROTHKOPF  
DEPUTY SECRETARY OF TRANSPORTATION  
EAST COAST GREENWAY INAUGURAL BICYCLE RIDE  
JULY 30, 1992  
WASHINGTON, D.C.

- For all of us here at DOT, welcome. Congratulations on finishing your four-week, 600 mile journey. Know it was hard work, but I'm sure you had a lot of fun.
- Just by showing up in Washington today, you've accomplished an important goal: You've demonstrated that an East Coast Greenway for bicyclists and pedestrians is indeed possible.
  - Hope all of today's events at Congress, here at DOT, Education, and Interior will further advance your goal.
  - Understand that Anne Lusk just broke from the group to testify on the Hill.
- Pleased to note that both Anne and W. W. Johnson have been recognized by President Bush as "Points of Light" for their community efforts.
  - Anne, for helping establishing the Stowe Trail in Vermont and for leadership in national greenway movement.
  - As retired police officer, W. W. has contributed great deal to this city in helping at-risk inner-city teenagers.

- Bicycling and pedestrian facilities can help cities across the country through the recreational and educational activities they make possible.
- That's why, like you, DOT is promoting more bicycling and walking -- and the use of trails is an essential part of that effort.
- Bicycling and walking are part of our new emphasis on "intermodalism" at DOT.
  - trails can link roadway and transit systems.
  - can meet both transportation and recreational needs.
  - means of "recycling" historic transportation corridors, such as railroads and canals.
- Our NTP -- Department's charter, as it were, which Dr. Larson had prominent role in crafting -- envisions bicycling and walking as integral modes of seamless transportation system.
- Several ways we are following through on our NTP vision:
- ISTEA, new six-year surface transportation act, supports bicycling and trails in important ways.
  - recognizes that bicycling and walking can be helpful means of reducing congestion and pollution, as well as valuable forms of recreation and education.

- provides for several funding programs, but no direct grant programs.
- money must go through state DOTs and metropolitan planning organizations.
- that means localities must carefully plan for bicycling and pedestrian facilities.
- Sen. Symms was responsible for getting the National Recreational Trails Act included in ISTEA.
  - creates a funding source for recreational trails.
  - when money is appropriated, will help create trails, preserve existing ones, and provide expertise and advice through Advisory Committee.
  - proud that DOT has been appointed as lead agency for administering the program. Will work with DOI.
- DOT also supports bicycling through several research, training, and safety activities. One prominent example is joint NHTSA and FHWA program.
  - now working with U.S. Cycling Team, two of whom are in Barcelona representing U.S. at Olympics.
  - developed safety campaign to promote safer bicycling through increased use of helmets, stress on enhancing visibility, and educating cyclists on following rules of the road.

- produced a 30-second TV spot, 10-minute video, brochure, and poster.
- this program complements DOT's many ongoing research and training activities related to cycling.
- We look forward to working with you in the future to promote more cycling and safer cycling across America. Thank you for all your good work to date.
- I understand that from here you're heading over to the Department of Education, and from there to the Department of the Interior. I know you'll receive as warm a reception as you've had here. Good luck, and thank you for stopping by at DOT.

###