



Our Strategic Goals: Open and Safe Skies

Remarks to be Delivered by
Deputy Secretary of Transportation Mortimer Downey

during the panel on

“Civil Aviation: Changing International Markets”

Global Air & Space '99 Conference
The Hyatt Regency Crystal City
Crystal City, Virginia
May 3, 1999

Thank you, David, and good morning. It is a pleasure to serve on this panel and to speak with you about the changes taking place in this increasingly global civil aviation industry.

If this session had taken place 6 or 7 years ago, we would have been commiserating about how traffic growth was either slow or non-existent in many of our international aviation markets. And whether the situation would ever change.

The early 1990s were marked by concerns over security and a soft economy, and we were also making little if any progress eliminating restrictions on airline operations in our international markets, even after ten years of experience with domestic deregulation. Most of America's aviation relations were governed by restrictive bilateral accords. We were parties to no open-skies agreements and operated in only a handful of truly liberal aviation markets. The heavy restrictions placed on the free flow of aviation commerce no doubt contributed to the stagnation and red ink that plagued the industry at the time.

Now, however, as we enter a new decade and century, the civil aviation industry -- both domestic and global -- is stronger than ever and growing. This success has led to increased sales of U.S. aircraft, parts and equipment. Aerospace is one of the few industries in which we have continuously had trade surpluses -- a total of \$40 billion last year, according to the U.S. Department of Commerce.

This industry is vitally important to our national and global economy. And that's this Administration has made investing in our civil aviation industry and enhancing international aviation competition a high priority.

To increase competition in the aviation industry, we have worked with our partners in State, Commerce and other Federal agencies and with partner countries to eliminate the thousands of restrictions that had been placed on airline operations. Today, open skies means new markets, new services, increase air travel and access.

Since President Clinton assumed office, the United States has achieved 70 new aviation agreements. Each and every one of these agreements removes preexisting limitations on airline activity in the markets they cover or we would not have signed them. Almost half of the agreements -- 33 of the 70 -- create completely open skies. We now have 14 open-skies agreements with countries in Europe alone, providing the aviation industry many more market-oriented environments.

More open skies agreements mean that U.S. airlines can enter new markets and can improve and expand existing services. Service is up, fares are down, and we see growth in the market continuing.

Enhanced competition in our international aviation markets has made air travel affordable and accessible to many millions of potential new passengers and the results have been real increases in travel. It has required our industry to be on the cutting edge of technology and to develop new business methods for serving the new world market.

One recent example is in the area of global partnerships between aviation companies and airlines of different countries. These partnerships range from basic code-sharing in a few markets to the most advanced form of airline cooperation -- strategic alliances operating with antitrust immunity where there is sufficient competition to warrant such arrangements.

We have granted several international alliances antitrust immunity in order to overcome the inefficiencies that exist today in our bilateral aviation system. We did so only after we found that the proposed alliances would promote free markets and competition. We are also encouraging airline efforts to assure a single level of safety in these international arrangements.

Our studies of the U.S.-North Atlantic aviation market confirm that the existing airline alliances are competing and that this competition is producing substantial public benefits. For example, improved service and competition that alliances offer have resulted in a decline in average fares in U.S.-Europe markets. Since 1996, when a number of open skies agreements went into effect, North Atlantic airline passenger traffic has increased by 8 percent annually.

The U.S.-EU Hushkit Issue

DOT has been actively involved for some time, and especially over the past few weeks, in the "hushkit" issue -- the proposed EU regulation which bans aircraft equipped with certain new engines or with "hushkit" devices to reduce noise from operating in the territories of the European Union.

We were, to say the least, disappointed that the EU went ahead and adopted the regulation. But, we also believe that because the EU postponed implementation for one year, we can work out an international agreement on aircraft noise control that is fair to U.S. airlines and to communities on both side of the Atlantic.

The Clinton Administration has vigorously opposed the EU's regulation because: 1) Aircraft equipped with hushkits meet International Civil Aviation Organization noise standards, so there is no technical justification for the EU measure; and, whether intended or not, 2) The economic impact of this design-oriented rule would primarily affect U.S.-manufactured aircraft, engines and other products.

We will now use the time we have to work within ICAO in partnership with the EU and other member countries to develop an improved, multilateral noise standard that will result in the noise relief that we agree is desirable in a more effective and fair way. Our goal is to reach international agreement on a new noise certification standard and on transitional rules that would obviate the need for counter-productive regional standards in the future. Uniform international standards, which should mirror the state of this technology, are critical to the development of airport capacity and the future growth of aviation markets here and abroad. And I was pleased to hear agreement on that point from Mr. Forgeard.

This is a technology issue, and we need to use technology to deal with the noise issue.

Of course, we will continue to consult with the industry and the Congress on these developments.

Y2K

I never go anywhere these days without mentioning the Y2K issue.

President Clinton and Vice President Gore have made solving the Y2K problem throughout the Federal system a top priority.

The Department of Transportation has made substantial progress in repairing our own systems. We expect that all 606 of our mission-critical systems will be tested and certified Y2K ready well before the end of the year. As of today, we have completed more than 90 percent of the job.

I am pleased to report something I'm sure you all saw -- a successful test of our air traffic control system at Denver, Colorado last month. The test proved that our national air space will be ready for the Year 2000. And by the end of June, 1999, the FAA will be fully compliant.

FAA Administrator Jane Garvey will be flying across America in perfect safety on New Year's eve. At the same time, I'll be in the Y2K Information Center making sure the surface modes are up to FAA's standards.

Our concerns, of course, aren't limited to how the Year 2000 problem directly affects the federal government. While transportation operations are typically a private sector responsibility, ensuring their safe functioning is a matter of national concern.

I was happy to hear that Boeing's Y2K test of a 737 earlier this month, with Alan Mulally on board, went off without a hitch and that all Boeing aircraft around the world will be tested and ready by this summer.

In cooperation with the President's Council on Year 2000 Conversion, we're encouraging our partners to evaluate their own systems and to make any needed fixes.

However, we can, *and will*, make it clear that solving this problem is not just a public and a corporate responsibility but is, in fact, good business. We also can promote the sharing of effective strategies -- such as contingency planning -- to ensure the system's safe performance.

We also need to work with ICAO and the International Air Transport Association (IATA). ICAO has requested readiness information from all nations by July 1. We will look closely at these reports. And while we recognize that nations are providing self-assessments, those countries that provide solid reports will be far better perceived than those who offer no status information.

The International Civil Aviation Organization (ICAO) will be working closely with IATA to ensure national contingency plans are in place, that countries are working together on regional contingency plans, and that regional contingency plans are harmonized.

Y2K is an issue that the public is concerned about, and we need to work to ensure that our transportation systems will function well from now until the year 2000 -- and beyond.

Conclusion

How do we ensure that international markets are open? How do we ensure that unfair rules that hamper competition are eliminated and that all airlines share in the growing volume of travel?

We must work together to ensure that our aviation industry has a fair and level playing field to succeed internationally.

To accomplish this, we must communicate with our counterparts overseas on these issues. Secretary Slater has invited aviation officials from more than 31 countries to attend an international aviation conference this December in Chicago, Illinois. The overall conference goal is to discuss ways that nations can work together to ensure that our international aviation system evolves in a way that will meet the transportation needs of the 21st century.

Deputy Secretary Mortimer Downey
Global Air & Space '99

It is in forums like this and in Chicago that we need to stress the benefits of replacing regulation with across-the-board competition, replacing bilaterally fragmented aviation markets with one, competitive global market. At the same time, we need to maintain high levels of safety throughout this market.

I look forward to the discussion to follow. Thank you.

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Remarks by Deputy Secretary Mortimer Downey
AFL-CIO Transportation Trades Department
Transportation Exhibit Center Ribbon Cutting
Friday, May 14, 1999, 10:30 am

Thank you and welcome students! It is great to be here with you today to talk about your future and careers in transportation.

If we are to continue to have a strong and prosperous country, Americans – and that means you – must be equipped with the skills and the knowledge they need for 21st century jobs. We want to inspire students to choose careers in transportation so that this nation will have the skilled workforce needed to operate and maintain the world's best transportation system.

I'll bet most of you have ridden on an airplane at least once or have been on a train. Have you ever thought that you might want to fly that airplane or drive that train? (Pause and look at audience for reaction)

Careers in transportation can be exciting and involve a lot of different skills. For example, the chief engineer of a large ship is responsible for making sure the ship's engines and other machinery are in tip-top condition. A navigator makes sure the ship remains on course using electronic equipment such as radar, while a radio operator maintains all the complex electronic equipment used to keep the ship in touch with other ships and with officials on shore. These positions are called the ship's officers.

There are many other different kinds of jobs in the world of transportation. Transportation companies and agencies need architects to design the trains or airports and planners to make sure all of the roads and trains work together efficiently.

At the Department of Transportation, we feel we have an obligation to help train students in the field of transportation. Achieving that goal is a mission of our Garrett A. Morgan Program. This technology education program is named after the man – Garrett Morgan -- who was truly the grandfather of transportation technology.

In the 1920s, Garrett Morgan, an African American entrepreneur and inventor whose parents had been slaves, invented the automated traffic signal. He had seen a terrible auto accident and wanted to do something so it would not happen again. He -- like you and Mayor Whelan -- wanted to *make a positive difference* in people's lives.

The Department's Garrett A. Morgan Program is using Federal agency resources, especially current technology, education and research programs, to forge partnerships with all sectors of the transportation community, including state transportation departments, the education community, the private sector and other parts of the federal government to improve educational opportunities for youth in math, science and technology.

The Garrett Morgan program has already reached out to more than 600,000 students across America to increase their knowledge of our transportation systems through partnerships with schools and internships.

Several years ago, we traveled around the country to find out what our nation's transportation systems needed to serve our citizens well into the 21st century. Transportation officials, business professionals, and others we talked to said it wasn't just new technologies, or more money that were needed.

Instead, we heard that the key need was *people*, or, to be more specific, well-educated, well-trained people who can design, build, operate, and maintain the advanced transportation systems we'll need to prosper and to protect our environment in the future.

What the Secretary and others heard helped to inspire this new education initiative, the Garrett Morgan program.

Just as Garrett Morgan sought an intelligent method to control traffic flow and growing congestion in the early 1900's, President Clinton is committed to seeking technological solutions that will increase safety and reduce congestion in the 21st century. But, in order to do that, we will need students like you to study hard and to be prepared to develop the transportation systems of the future.

When I was about 14, I decided that I wanted to do something challenging and interesting in my career – something that involved how goods and people get to their destinations and how our coastline and ports are managed. I knew that, to be able to choose the career I wanted, I would have to study hard and get good grades. It is true that success almost always involves a lot of hard work!

At (22), I was sworn into the United State Coast Guard Reserve. (Need to say something about what you did and why it was interesting and/or important.) Now, I am the Chief Operating Officer – the 2nd in command – at the United States Department of Transportation. I think I did OK!

The opportunities for a promising career in transportation are numerous for young women and men, and I encourage you to check out the DOT web page (www.dot.gov) under education to find out more.

I am confident that all of you would find success in the field of transportation or in other professions you may be interested in if you use all of your talents and work hard.

I hope you enjoy the exhibits you are going to see today, and I hope you will consider a career in transportation.

Thank you.

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**European Conference of Ministers of Transport
Panel on Public/Private Partnerships
in Transport Infrastructure Financing
May 18, 1999
Poland, Warsaw
The Millennium Bug in the Transport Sector**

Talking Points

- Public/Private partnerships for transportation infrastructure financing are an evolving relationship in the United States. Government has a role in financing projects that benefit the nation as a whole, however, the private sector also benefits and should share in the cost of such projects.
- The U.S. Federal Government's role in public/private partnerships is primarily in providing credit assistance to privately financed projects and public projects that the private sector builds.
- Our newest, 6-year transportation law created two new Federal credit programs that will create public/private partnerships for financing transportation infrastructure.
- One of those credit programs – the Transportation Infrastructure Finance and Innovation Act (TIFIA) program – provides Federal credit assistance to major transportation investments of critical national importance, such as intermodal facilities and the expansion of multi-state corridors. Credit is in the form of secured loans, loan guarantees or standby lines of credit.
- The other credit program – the Railroad Rehabilitation and Improvement Financing (RRIF) Program – provides direct loans and loan guarantees for the purchase or improvement of intermodal or rail equipment and facilities.
- State governments also partner with us and provide funding for infrastructure projects – including projects with private participation – that will benefit their citizens and economies.
- One example of a public/private partnership are toll road projects in California (The San Joaquin Hills and Foothill-Eastern Toll Road projects). These "turnkey" projects are publicly owned and operated, but designed and built by the private sector under a design-build contract with a guaranteed maximum price and completion date. The major source of funding for these

projects is tax-exempt toll revenue bonds. Project financing was supported with Federal credit provided in the form of standby lines of credit of \$120 million for each project.

- Now, I would like to take a few minutes to talk to you about an issue of paramount concern for both the public and private sectors and a prime example of a working public/private partnership -- the Year 2000 or Millennium Bug.

Y2K Issues

- We appreciate the efforts of our partners in Europe to make Year 2000 computer issues a priority. Since Secretary Slater's participation in the ECMT meeting in May 1998, much work has been done in the U.S. and here in Europe to resolve the "Y2K" problem and to prepare for the new millennium.
- We have done extensive outreach to US industry and the public and have nearly completed our own governmental systems remediation.
- The U.S. Department of Transportation (DOT) will achieve full compliance of mission critical systems when the Federal Aviation Administration (FAA) finishes its work in June and the U.S. Coast Guard completes their efforts in September. Overall, as of April 30, 1999, DOT has achieved compliance in 92 percent of mission critical systems.
- We feel that our nation will be in good shape to meet the new millennium. However, there are issues of international coordination that remain to be resolved to ensure the continued safety and efficiency of the global transportation system.
- In the transportation sector, aviation and maritime issues are generally acknowledged as having the most significant potential international impact. Therefore, the U.S. has worked cooperatively with industry and with governments to identify areas for improvement and mechanisms for information sharing across borders to reduce the incidence of any adverse effects of Y2K.

Aviation and Y2K

- The U.S. is encouraging governments to respond by July 1 to the ICAO request for information on Y2K compliance status of international airports, air carriers and air traffic service providers. The U.S. Government and FAA also support ICAO regional contingency planning efforts worldwide.

- We encourage the sharing of information on the Y2K readiness of certificate holders and of contingency plans -- and testing of these plans -- for international airports and air traffic service providers. We support efforts by airport and air traffic service providers to cooperate with the International Air Transport Association and the International Civil Aviation Organization programs. We also support those air carriers that are working with the airports at which they are the leading carrier.
- In order to build and maintain confidence in the global aviation system, aviation authorities and entities are urged to make public the status of their systems. If system status is known, adequate contingency plans can be developed to mitigate safety and capacity issues. For those airport and air traffic services that do not rely on automation for many functions, those countries will be well served to make that information generally known.

Maritime and Y2K

- The U.S. Coast Guard assisted in coordinating a meeting of 16 international maritime industry associations and others, held at the International Maritime Organization (IMO) headquarters in London in March 1999. The product of that meeting was a Y2K "Code of Good Practice," a global compliance mechanism for the maritime industry.
- The U.S. Government urges the use of the maritime Code of Good Practice throughout the maritime transportation system. We encourage governments to promote and support the Code and request their action in disseminating this material throughout the maritime industry in their countries and regions.

Conclusion

- In conclusion, we must continue to work together internationally to ensure that vital sectors of our economies function well on January 1, 2000 and beyond.
- DOT has asked international organizations to address the issue, and we urge each Ministry of Transport to cooperate with their neighbors and with international organizations and trade associations through joint information sharing and contingency planning.
- In addition to encouraging awareness, we urge that Y2K readiness status be shared widely. We welcome further bilateral and regional exchanges.

- Finally, we encourage each of you to work with the International Y2K Cooperation Center to support regional and sector-based efforts to address Y2K issues around the world.
- Thank you.

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Speech

TRANSPORTATION'S ROLE IN THE DIGITAL ECONOMY
REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
BEFORE THE
ENO TRANSPORTATION FOUNDATION'S LEADERSHIP DEVELOPMENT PROGRAM
SEVENTH CONFERENCE ON TRANSPORTATION POLICY
AMERICAN PUBLIC TRANSIT ASSOCIATION
WASHINGTON, D.C.
MAY 24, 1999

Good Afternoon and welcome to Washington! I hope you have enjoyed yourselves so far and that you will return to your studies with insight into the Federal government's role in transportation, and how the political powers intersect with transportation decision making.

While we who work here in Washington make some important decisions that impact the future of our country, we understand that we DO NOT have all of the answers. And, we rely on the state, county and local governments, the academic community, and the private sector to help us make most of those decisions. Without these partnerships, we cannot ensure a safe and efficient transportation system today and tomorrow without these partnerships.

I notice that this is the 7th Eno Leadership Development Program, and I have been proud to be a part of several of these sessions. We welcome the Eno Foundation's efforts to improving our transportation systems and policies to make life better for all Americans. It's now a frequent occurrence for me to meet prior participants in my latest assignments.

I think it's mutually beneficial for us who work in transportation policy to interact with students of transportation. And, of course, I always look forward to working with new recruits because they bring a fresh perspective and updated knowledge with them.

Today, I plan to tell you about where we are in terms of Federal funding for transportation and infrastructure and about the outlook for transportation in the 21st century. And, I can tell you right up front that, our strong economy helps to fuel current and future investment, the outlook is excellent.

Six years ago, President Clinton and Vice President Gore put in place a bold new three-part economic strategy of cutting the deficit to help reduce interest rates and spur business investment. Today, all of us are reaping the benefits of that strategy:

- The economy has added 18.4 million new jobs since 1993 -- 2.6 million in the transportation sector;
- Unemployment -- at 4.3 percent -- is the lowest it's been in 29 years;

Deputy Secretary of Transportation Mortimer Downey
The ENO Transportation Foundation's Leadership
Development Program

Transportation for the 21st Century (TEA-21)

President Clinton and Vice President Gore understand the connection between upgrading our transportation infrastructure and growing our economy. They made a pledge to rebuild America, and they are doing it. The Transportation Equity Act, also known as "TEA-21," is just one of many ways they are keeping their promise.

On June 9, 1998 -- almost one year ago -- President Clinton signed this historic law. TEA-21 guaranteed a record \$198 billion of surface transportation investment while protecting our commitment to a balanced budget. TEA-21 expands core highway programs. The budget negotiations with Congress left the door open for up to \$20 billion in additional investment as part of the annual budget process over its six-year life. We think that's a fair deal: it fulfills our commitment to the balanced budget and to other national priorities, even as we achieve record-level transportation investments.

The law gives states and localities greater flexibility in using Federal funds for transportation. TEA-21 provides a record \$1.3 billion to develop and deploy advanced Intelligent Transportation Systems. So, while we do not think that high tech is the only answer for the new century, we know that we should invest in R&D and use it to our advantage in transportation. We are attempting to fix one of the drawbacks of TEA-21, which shifted the focus of this R&D away from the Federal labs and too much into a fragmented set of state programs.

This historic legislation reflects President Clinton's view that transportation is about more than just concrete, asphalt and steel. It is about people and about providing them with the opportunity to lead safer, healthier and more fulfilling lives.

This record investment is balanced: there's \$42 billion authorized for transit, including \$18 billion for transit formula funding. That is a 50 percent increase over the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) for the core program, the backbone of our commitment to urban and rural transit systems.

We also have \$19 billion for major capital grants, new starts, fixed guideway modernization, and bus. The opportunities for transit aren't limited to the traditional, dedicated funding programs. We want transit to participate fully in other initiatives, such as Intelligent Transportation Systems, and innovative finance, which has a new credit assistance program for major construction projects.

TEA-21 established a \$500 million program to help invest in clean-fuel buses as an important clean air strategy. For the first time, we have a transit counterpart to the highways enhancements program, dedicated funding for the low-cost, high-benefit projects to help

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This unique program, for the first time, provides communities with the comprehensive tools and resources they need to preserve green spaces, ease traffic congestion, promote regional cooperation, improve schools, and enhance economic competitiveness. In short, to reclaim their communities -- for themselves and the future.

The Livability Initiative recognizes that different communities face different circumstances and it provides resources so that they can plan and achieve their individual community vision.

In the same way, our TCSP program recognizes that each community has its own unique development and preservation needs. It also recognizes that transportation must be a vital partner in local communities' efforts to achieve their hopes and aspirations for the future.

The TCSP program will fund the planning and implementation of transportation strategies in urban, suburban and rural areas which promote efficient transportation, a healthy environment, and access to jobs, services and places of business.

The demand for Federal partnership in this bold effort is overwhelming. During the time we were taking applications -- a period of just a few weeks -- we received 524 requests for almost \$400 million. There were many thoughtful, forward-looking and innovative projects that we were simply unable to fund.

This year's \$13 million program is set to increase to \$25 million next year. But that's not enough. We believe even more money is needed for Federal government to become partners with the many communities who have expressed a desire to link transportation to livability. That's why, as part of Vice President Gore's livability agenda, we have called for an increase to \$50 million. With that amount, we won't be able to fund all of the worthy projects but it will help.

This year, we have selected 35 projects in 28 states to receive funding. Amid very tough competition, these projects reflect the broad range of innovative strategies that local communities proposed, including transit oriented development, traffic calming initiatives, community development, brownfields restoration, efficient freight transport, and planning tools and modeling.

TCSP is a program that relies on the communities of America. The initiative for these proposals, the ideas, the concepts and even the implementation, come from the many communities across our nation that are preparing for the 21st century and are thinking in terms of livability.

ONE DOT

Within the Department of Transportation, Secretary Slater and I have instituted an initiative called "ONE DOT."

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The ENO Transportation Foundation's Leadership
Development Program

We have proposed *improving system safety* by increasing funding for safety personnel and modernization and for the expansion of reliever and general aviation airports to accommodate larger General Aviation aircraft.

And, we have proposed *improving the environment* by increasing the funding for noise mitigation set-asides and increasing the flexibility to use the set-asides to lessen noise impacts of airport development projects. We also propose to establish a cooperative procedure with the National Park Service on the regulation of flights over national parks.

Conclusion

The revitalized economy we now enjoy under President Clinton's leadership creates a new opening for assuring the future well being of all of our people. But this opportunity is also a challenge. Remember, without first-class transportation to support it, the digital economy can't move material objects anywhere. As the top management of Federal Express puts it, "What often gets lost in discussions about Internet commerce and the digital economy are the physical aspects of doing business."

To assure our future prosperity we must create a 21st century transportation system that is efficient and supports economic growth while still being safe, secure and environmentally friendly. We can reconcile these apparently conflicting goals if we are both visionary and vigilant. Visionary about what is possible and vigilant about seizing the means to realize those possibilities.

I wish you all the best in the remainder of this week and the remainder of your studies. Please give me a call if, ever after what you've heard this week, you end up coming to Washington for work. We will welcome you to the table of transportation enthusiasts and decision makers.

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Transportation's Role in the Digital Economy

Remarks by

Deputy Secretary of Transportation Mortimer Downey

Before the

**Eno Transportation Foundation's
Leadership Development Program
Seventh Conference on Transportation Policy**

American Public Transit Association
1201 New York Avenue, NW, Suite 400

Washington, DC

May 24, 1999

11:45 am - 1:15 pm

Good Afternoon and welcome to Washington! I hope you have enjoyed yourselves so far and that you will return to your studies with insight into the Federal government's role in transportation, and how the political powers intersect with transportation decision making.

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- The economy has added 18.4 million new jobs since 1993 -- 2.6 million in the transportation sector;
- Unemployment -- at 4.3 percent -- is the lowest it's been in 29 years;
- Real wages have risen 6 percent in the mid-1990s compared to a decline of 4.3 percent in the mid-1980s;
- Construction jobs are coming back. After losing 662,000 jobs in the late 1980s, 1.7 million new construction jobs have been added since January 1993.

Surely, this economic strength will have a positive impact on our efforts to rejuvenate and upgrade our nation's transportation infrastructure.

The Digital Economy

Many people talk about the information age and how the Internet is changing our lives and lifestyles. This is certainly true, but one point I want to get across today is this: ***No matter how impressive and effective the Internet is, without a transportation system to support it, the digital economy cannot move goods around the nation or the world.***

Think about it: you dial up the Internet, you log onto Amazon dot.com and order a copy of John Tapscott's bestseller, *The Digital Economy*. Then, you pay for the book electronically with your Visa card. That's all there is to it, right!?

WRONG! Unless you have the planes, trucks and highways ready and able to bring that book to your home or office, you're out of luck. Without transportation systems, the digital systems do not always work. OK, but now the high schoolers are telling us that, before long, books, movies and music will be sold and downloaded to a disk on-line.

This may work for some print media, but not with all goods. You can't "download" the flowers you ordered your Mom for Mother's day or the golf club you bought for Dad for Father's Day. Or perhaps you want some Omaha steaks for your BBQ? Somehow, I don't think downloading a steak is going to work!

To succeed in the Internet economy -- which has grown exponentially -- companies and communities will have to have the transportation infrastructure as well as the electronic infrastructure. A good example is FedEx. The company relies on transportation systems to keep its shipping business booming every day, including 3.9 million miles of public roads, 123,000 miles of major railroads, and more than 5,000 public use airports. One Wall Street analyst recently dubbed FedEx as the recommended stock for a sound ^{Internet} investment.
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On June 9, 1998 -- almost one year ago -- President Clinton signed this historic law. TEA-21 guaranteed a record \$198 billion of surface transportation investment while protecting our commitment to a balanced budget. TEA-21 expands core highway programs. The budget negotiations with Congress left the door open for up to \$20 billion in additional investment as part of the annual budget process over its six-year life. We think that's a fair deal: it fulfills our commitment to the balanced budget and to other national priorities, even as we achieve record-level transportation investments.

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We also have \$19 billion for major capital grants, new starts, fixed guideway modernization, and bus. The opportunities for transit aren't limited to the traditional, dedicated funding programs. We want transit to participate fully in other initiatives, such as Intelligent Transportation Systems, and innovative finance, which has a new credit assistance program for major construction projects.

TEA-21 established a \$500 million program to help invest in clean-fuel buses as an important clean air strategy. For the first time, we have a transit counterpart to the highways enhancements program, dedicated funding for the low-cost, high-benefit projects to help communities improve their quality of life and to build stronger, broad-based support for investment.

TEA-21 expands opportunity for all Americans. Following the President's call, it creates a five-year, \$750 million program to improve transportation for lower-income workers and those making the transition from the dependence of welfare rolls to the independence of payrolls. People can't go to work if they can't get to work, and this will help them. Recent announcements have been made of the first year's grants to ~~more than 170~~ projects in ~~43~~ states.

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TEA-21 creates new ways to help pay for transportation improvements. It continues, and expands, our innovative financing program, and authorizes \$700 million for border crossing and trade corridor improvements.

TEA-21 is a safety bill. It protects Americans' lives through campaigns to promote seat belt and child safety seat use, to fight drunk driving, to make highway-rail grade crossings safer, and to prevent pipeline accidents. It strengthens proven strategies to protect public health and the environment, expanding programs to improve air quality and creating a program to develop clean, fuel-efficient trucks.

Finally, TEA-21 expands opportunity for all Americans. It helps those moving from welfare to work, it preserves a strong Disadvantaged Business Enterprise program, and it maintains protections for transportation workers.

We're proud of TEA-21. Besides its record levels of investment and its emphasis on improving safety, environmental protection, and fostering safety, it extends, and expands, the principles of intermodalism first set forth in ISTEA. Those principles are really a common-sense version of the realities of today's transportation world, where multiple modes and transfers are common both for passengers and for freight.

TEA-21 carries forward the ideal that we need to promote the best and most efficient form of transportation for each segment of a trip, helping people and products get to their destinations as safely, as quickly, as conveniently, and as economically as possible.

Earlier this month, Secretary Slater announced 35 proposals totaling \$13.1 million that will receive funding under an innovative initiative called the Transportation and Community and System Preservation Pilot program (TCSP), which promotes the Clinton Administration's livability initiative.

The initiative rests on the bedrock principle that local citizens know best how to grow and shape their communities. Land development and infrastructure decisions are best made at the local level.

This unique program, for the first time, provides communities with the comprehensive tools and resources they need to preserve green spaces, ease traffic congestion, promote regional cooperation, improve schools, and enhance economic competitiveness. In short, to reclaim their communities -- for themselves and the future.

The Livability Initiative recognizes that different communities face different circumstances and it provides resources so that they can plan and achieve their individual community vision.

In the same way, our TCSP program recognizes that each community has its own unique development and preservation needs. It also recognizes that transportation must be a vital partner in local communities' efforts to achieve their hopes and aspirations for the future.

The TCSP program will fund the planning and implementation of transportation strategies in urban, suburban and rural areas which promote efficient transportation, a healthy environment, and access to jobs, services and places of business.

The demand for Federal partnership in this bold effort is overwhelming. During the time we were taking applications -- a period of just a few weeks -- we received 524 requests for almost \$400 million. There were many thoughtful, forward-looking and innovative projects that we were simply unable to fund.

This year's \$13 million program is set to increase to \$25 million next year. But that's not enough. We believe even more money is needed for Federal government to become partners with the many communities who have expressed a desire to link transportation to livability. That's why, as part of Vice President Gore's livability agenda, we have called for an increase to \$50 million. With that amount, we won't be able to fund all of the worthy projects but it will help.

This year, we have selected 35 projects in 28 states to receive funding. Amid very tough competition, these projects reflect the broad range of innovative strategies that local communities proposed, including transit oriented development, traffic calming initiatives, community development, brownfields restoration, efficient freight transport, and planning tools and modeling.

TCSF is a program that relies on the communities of America. The initiative for these proposals, the ideas, the concepts and even the implementation, come from the many communities across our nation that are preparing for the 21st century and are thinking in terms of livability.

ONEDOT

Within the Department of Transportation, Secretary Slater and I have instituted an initiative called "ONE DOT."

This initiative is focused on creating the "virtual organization" we need to serve a changing industry and a changing world, one which transcends the traditional modal boundaries to achieve our goals without sacrificing the strengths of our modally-based organizations as program managers and advocates.

Over the past five years, we've worked to put these principles into action. The federal transportation agencies are cooperating better than ever before, and we've tried to foster greater partnering between state and local agencies and private transportation firms.

We are working to increase cooperation and coordination among DOT modes. The ultimate goal is to support the intermodal links we need for a virtually seamless and more efficient transportation system.

FAA Reauthorization

Because Federal Aviation Administrator Jane Garvey could not be with you this week, I want to talk a little bit about future funding for that DOT agency. We are currently working with the Congress to fund FAA programs for the next five years.

Since we already have the best and safest aviation system in the world -- and want to keep it that way -- our reauthorization proposal focuses on improving our nation's aviation system, by (1) improving system capacity; (2) improving system efficiency; (3) improving system safety; and (4) improving system environment.

We have proposed *improving the system capacity* by authorizing a predictable \$1.6 billion for Airport Improvement (AIP) grants which provide funds for construction of capacity, safety, security, and noise projects at airports. We have also proposed increasing Passenger Facility Charges allotted by airports to \$5, from a cap of \$3. These funds can be used for capacity expansion and other airport projects.

Many in industry recognize the gridlock that will occur if we don't upgrade Air Traffic Control facilities, *and we have proposed...*

We have proposed *improving efficiency* through the creation of a performance-based organization for Air Traffic Services to be supervised by a Chief Operating Officer. The organization would be funded by new cost-based user fees, providing a dependable source of funding for the FAA that is more responsive and cost effective than the current Federal budget system.

We have proposed *improving system safety* by increasing funding for safety personnel and modernization and for the expansion of reliever and general aviation airports to accommodate larger General Aviation aircraft.

And, we have proposed *improving the environment* by increasing the funding for noise mitigation set-asides and increasing the flexibility to use the set-asides to lessen noise impacts of airport development projects. We also propose to establish a cooperative procedure with the National Park Service on the regulation of flights over national parks.

Conclusion

The revitalized economy we now enjoy under President Clinton's leadership creates a new opening for assuring the future well being of all of our people. But this opportunity is also a challenge. Remember, without first-class transportation to support it, the digital economy can't move material objects anywhere. As the top management of Federal Express puts it, "What often gets lost in discussions about Internet commerce and the digital economy are the physical aspects of doing business."

To assure our future prosperity we must create a 21st century transportation system that is efficient and supports economic growth while still being safe, secure and environmentally friendly. We can reconcile these apparently conflicting goals if we are both visionary and vigilant. Visionary about what is possible and vigilant about seizing the means to realize those possibilities.

I wish you all the best in the remainder of this week and the remainder of your studies. Please give me a call if, even after what you've heard this week, you end up coming to Washington for work. We will welcome you to the table of transportation enthusiasts and decision makers.

Tuesday, May 25, 1999

Central New Jersey Mayors' Day
Old Executive Office Building, Indian Treaty Room
Pennsylvania Avenue entrance

Talking Points

- Thank you, Representative (Rush) Holt and welcome mayors.
- In about two weeks, we will celebrate the first anniversary of the Transportation Equity Act for the 21st Century (TEA-21).
- **TEA-21** is a record \$200 billion-plus investment in transportation that will improve America's roads, bridges, transit systems, and railroads -- it is more than just transportation projects -- its goals include:
 - lower the number of lives lost and health care costs from transportation crashes; enhancing our environment; and creating opportunities for all Americans. It is truly the centerpiece for creating America's 21st Century transportation system.

- One of its best features – building on the success of ISTEA, its predecessor -- is that it provides unprecedented flexibility for state and local officials to use Federal funds for a wide variety of projects that best meet their needs.
- By the end of this year -- 1999 -- Amtrak will begin high-speed rail service between New York City and Boston and New York and Washington. The new service will make it possible to travel between New York and Washington, DC or Boston in less than 3 hours.
- I am told that passenger comforts on these new trains will be unmatched. Unlike an airplane, you will be able to plug in your laptop, use your cell phone, and stroll the aisles during the trip or sit in comfort without someone virtually in your lap. The new service is expected to increase Amtrak's net earnings by about \$180 million per year -- a key to its current business plan for operating self-sufficiently by the year 2002.
- For New Yorkers, New Jerseyites and for travelers all along the northeast corridor, high-speed rail will reduce trip times, increase access to midtown Manhattan, and we believe it will be the mode of choice -- the preferred way to travel in the near future.

- TEA-21 increases the amount New Jersey will receive for highway funding by more than 30 percent and for transit by more than 55 percent compared to the Intermodal Surface Transportation Efficiency Act of 1991.
- Highway and transit formula funds under TEA-21 could support as many as 39,055 jobs in New Jersey.
- New Jersey has a significant number of major bridges that are reaching critical age for replacement and major renovation and has insufficient funding to meet of its needs. TEA-21 increases funding for bridges to an annual average of \$3.4 billion and continues to distribute the funds to states based on bridge needs.
- In addition to the major program funding for transit and highways, TEA-21 strengthens the state and local planning processes that have been so effective in providing a framework for informed decision making.
- New Jersey has made use of funding flexibility for financing mass transit in the past, and we welcome you to continue making the best decisions based on your state's transportation needs.

- It continues a number of special programs including the successful Congestion Mitigation and Air Quality Improvement program and the Transportation Enhancements set-aside to help improve and enhance communities. And it reinforces our commitment to building National Scenic Byways, bicycle transportation and pedestrian walkways and recreational trails.
- New Jersey has one of the most difficult air pollution problems in the nation. But, your leaders have taken advantage of our Congestion Mitigation and Air Quality Improvement (CMAQ) program to address these issues. The program supports enhanced vehicle inspection and maintenance, transit and demand reduction.
- All of these programs support the Clinton-Gore **Administration's Livability Initiative** by giving state and local officials the funding, the flexibility and the tools to provide effective and more environmentally friendly transportation.
- Transportation is about so much more than concrete, asphalt and steel. It is about people and their pursuit of happiness and opportunity. It is about getting people to work, to school, to recreation, to an enhanced quality of life.

- Working together, we can design meaningful and workable transportation strategies that create healthy communities and healthy economies for every American.
- Earlier this month, Secretary Slater announced the winners of our **Transportation and Community and System Preservation Program (TCSP) grants**.
- More than 500 applications -- all of outstanding quality -- competed for the \$13 million available to improve and enhance local communities all across America. This program will help states and communities develop strategies to make their transportation systems work more efficiently, reduce congestion and minimize the impact on the environment.
- The 35 grant winners – indeed, all of the applicants – are national leaders in developing innovative strategies for sustainable development and livable communities.
- Congratulations are in order because two projects in New Jersey were awarded grants under the program, including:
 - \$700,000 for Modern Intermodal Freight Infrastructure to Support Brownfield Economic Redevelopment and;

- \$535,000 to the State of New Jersey to create more Transit-friendly Communities.
- The need to create sustainable and safe communities is getting a lot of attention. Through TCSP, the transportation community is stepping forward to help build livable communities for the future.
- A second round of grants will be awarded this Fall, and we have requested \$50 million, double the amount of funding of this year's program.
- In support of livable communities, Secretary Slater has designated five DOT commitments or "building blocks for the future."
- **Integrated approach to community livability:** Our Transportation Livability Initiative will assist communities in using existing DOT programs more effectively -- to link safety, growth strategies, environmental quality and economic development. .
- **Aircraft Noise Reduction:** A key component of our commitment to reduce transportation-related pollutants. And the industry has done an excellent job. By the end of this year, the commercial jet fleet serving the U.S. will comply with the latest reduced noise standards (Stage 3), but we think more is needed.

- **Stage 4 Noise Standards:** DOT is now committed to aggressively pursuing the development of even more stringent international noise standards to ensure that people living near airports can enjoy peaceful and quiet neighborhoods.
- **Environmental Forecasting:** Transportation accounts for over 25 percent of our nation's greenhouse gas emissions. The new Center for Climate Change and Environmental Forecasting will allow us to develop win-win solutions for our transportation partners that will help to reduce greenhouse gases.
- **Data for Decisions:** Data on livability will ensure that communities have ready access to high quality, timely information to better understand the costs, benefits, consequences, and alternatives to transportation proposals affecting them.
- Clearly, one of the best ways that we can make sure that a community is livable is by making sure that it is safe.
- The Department's "Safe Communities" Initiative is designed to help mobilize communities to help reduce transportation-related injuries and fatalities to our friends, neighbors and loved ones.

- Safe Communities presents new opportunities for creating innovative partnerships to prevent and control transportation-related fatalities and injuries. It can be used as an umbrella to bring together many new partners and implement a variety of programs such as Buckle Up America, Partners in Progress, Operation Lifesaver, Red Light Running and Prevention Through People to name just a few.
- Today, we have over 472 Safe Communities coalitions nationwide and our goal is to reach 600 by the end of this year and 1000 by the end of the year 2000.
- I encourage you to take a look at the Safe Communities website on the National Highway Traffic Safety Administration's homepage and hope that you will consider becoming one of our safe communities.

Note: Mention brochures you brought for them about Safe Communities.

FAA Reauthorization

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- Since we already have the best and safest aviation system in the world -- and want to keep it that way -- our reauthorization proposal focuses on improving our nation's aviation system, by (1) improving system capacity; (2) improving system efficiency; (3) improving system safety; and (4) improving system environment.
- We have proposed *improving the system capacity* by authorizing a predictable \$1.6 billion for Airport Improvement (AIP) grants which provide funds for construction of capacity, safety, security, and noise projects at airports.
- We have also proposed increasing Passenger Facility Charges allotted by airports to \$5, from a cap of \$3. These funds can be used for capacity expansion and other airport projects.
- Many in industry recognize the gridlock that will occur if we don't upgrade Air Traffic Control facilities, so we are planning for the overhaul of our ATC systems.

- We have proposed *improving efficiency* through the creation of a performance-based organization for Air Traffic Services to be supervised by a Chief Operating Officer. The organization would be funded by new cost-based user fees, providing a dependable source of funding for the FAA that is more responsive and cost effective than the current Federal budget system.
- We have also proposed *improving system safety* by increasing funding for safety personnel and modernization and for the expansion of reliever and general aviation airports to accommodate larger General Aviation aircraft.
- Thank you for the opportunity to address the group about key transportation issues.
- I would be happy to answer any questions that you may have.

Talking Points for Deputy Secretary Downey,
DOT Y2K Tabletop Exercise on Consequence Management
May 26, 1999

Our Challenge

DOT is responsible for:

- Maintaining our own core business processes
- Monitoring and providing information about the industries we serve
- Assisting businesses within our authorities
- Providing transportation resources via the Federal Response Plan

Project Goal

Develop strategies that provide the best information possible to enable rational decision making within the Department of Transportation

Why Are We Here Today?

- Identify Administrators' information needs
 - *To brief the Secretary*
 - *To support decision-making*
 - *To allocate staff and other resources*
 - *To provide public information via the media*
- Ensure awareness of what is actually happening with Y2K
 - *In DOT*
 - *Elsewhere in federal agencies*
 - *In industry*
 - *Internationally*
- Learn what decisions will require the personal attention of the Administrators
- Identify steps to be taken between now and December 31, 1999

A Learning Experience

Be open -- raise the nagging questions, the unresolved actions, gaps in planning. Our goal today is to identify areas for improvement and take action while we can.

Today's visitors from the Inspector General's office and the White House's Information Coordination Center are here to observe, not judge.



Speech

REMARKS PREPARED FOR DELIVERY
DEPUTY SECRETARY OF TRANSPORTATION MORTIMER DOWNEY
BEFORE THE
AMERICAN IRON AND STEEL INSTITUTE'S ANNUAL MEETING
NEW YORK, NEW YORK
MAY 27, 1999

Thank you, Paul, for that kind introduction. It is a pleasure to be here for your 106th annual meeting, and always a pleasure to be in New York. The institute's role as an important player in the issues and policies that have built this nation for more than a century, is a tribute not only to the institutes' strength but to the strength of the steel industry.

Perhaps as important as your industry's role in shaping our transportation and infrastructure, trade and other policies is your continuing role in making life better for all Americans.

Few people stop to think about how important steel is to our economy and to their everyday lives. From the cars and trucks we drive to the infrastructure that supports them -- steel is a material we cannot live without, in wartime or peacetime.

As you know, the Clinton Administration is committed to improving the environment for current and future generations. I want to commend you for your work in making our environment cleaner. Since the early 1970s, your industry has reduced the air and water pollution you emit by well over 90 percent. I also know that steel is the most recycled material in the world at a rate of over 65 percent for the past 7 years. These are impressive accomplishments and are important contributors to meeting our responsibility to future generations.

Like steel, transportation is a vital component of our national and the global economy. Transportation-related demand contributed \$905 billion to an \$8.1 trillion GDP in 1997, according to our Bureau of Transportation Statistics. You know as well as any other industry -- if you cannot deliver the product to your customer when they expect and need it as you heard from Tom Stallkamp, you will not be competitive.

The point I would like to make today is that the outlook for our economy and, therefore, our ability to maintain investment in transportation infrastructure and research -- from highways and bridges to autos, trains and ships -- is excellent. And, of course, this means that steel will continue playing a major role in building the transportation infrastructure and machinery our nation will require in the new century.

Six years ago, President Clinton and Vice President Gore put into action a bold new three-part economic strategy of cutting the deficit to help reduce interest rates and spur business investment. Today, we are reaping the benefits of that strategy:

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The economy has added 18.4 million new jobs since 1993;

- Unemployment -- at 4.3 percent -- is the lowest it's been in 29 years;
- Real wages have risen 6 percent in the mid-1990s compared to a decline of 4.3 percent in the mid-1980s;
- Construction jobs are coming back. After losing 662,000 jobs in the late 1980s, 1.7 million new construction jobs have been added since January 1993.

The Transportation Equity Act for the 21st Century

Our economic strength is having a positive impact on our ability to rejuvenate and upgrade our nation's transportation infrastructure. Achieving our goal of improving our nation's surface transportation -- our roads, transit systems, highways and terminals -- is being done under the Transportation Equity Act for the 21st Century.

President Clinton signed this historic law about one year ago. It guarantees a record \$198 billion of surface transportation investment over 6 years while protecting our commitment to an overall balanced budget. TEA-21, as it is known, expands core highway programs, includes a vast array of highway and transit programs and provides unprecedented flexibility for local and state officials to use funds for their most pressing priorities. It not only helps us rebuild the nation's infrastructure, but it also contributes to improving safety, protecting and enhancing the environment and creating new opportunities for all Americans.

While this level of federal funding is substantial, it is what we need to prepare now for a population that is growing and more mobile than ever.

TEA-21 will expand highway programs, including billions of dollars for the National Highway System (NHS), the Surface Transportation Program, and the bridge program.

For the Year 2000 alone, President Clinton has proposed a record \$36 billion under TEA-21 for infrastructure investment to improve mobility. The Fiscal Year 2000 funding request includes a record \$28.4 billion to maintain highways and build new roads and bridges, including \$126 million to improve border crossings and trade corridors to accommodate the expanding commerce in North America today.

The states are working together with us to improve borders and transportation routes that are strategic to trade with Canada and Mexico. So, far, we have received 150 applications for more than \$2.1 billion in funding.

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TEA-21's predecessor, the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), marked a turning point in surface transportation policy. With the Interstate System completed, Congress demanded that we move to a new era -- one that focuses on making our overall transportation system work effectively and intermodally. This improved system will position the United States to compete even more effectively in the global marketplace.

TEA-21 created a new program to leverage federal funds -- the Transportation Finance and Innovation (TIFIA) program -- which will provide \$530 million in available funds for credit support to assist up to \$10 billion in projects of national significance. TIFIA authorizes the Department to provide direct loans, lines of credit, and loan guarantees to public and private sponsors of major surface transportation projects of national significance. The program is designed to fill market gaps and leverage substantial private co-investment by providing supplemental capital.

TEA-21 and Bridges to the 21st Century

Several years ago in a State-of-the-Union address, President Clinton talked about building a bridge to the 21st Century. The ears of some in the steel industry perked up over this theme as they wondered if it meant work for them.

Whatever the President's message meant to you or to others, the reality is that we need to build some new bridges and upgrade others if we want to enjoy continued economic growth and mobility. And, not surprisingly, the steel industry has a major interest in the bridge market.

Nearly 578,000 bridges -- or 31 percent -- of America's bridges are structurally deficient or obsolete for today's increased traffic congestion, according to our Federal Highway Administration (FHWA). With dedicated funding of \$20.4 billion over the next six years, TEA-21 will help us build new bridges and renovate others.

High Performance Steel (HPS) -- in which DOT has invested millions of research dollars in recent years -- will make our bridges stronger and more corrosion-resistant than ever. This product, developed under a cooperative research program with the FHWA, the U.S. Navy and AISI, is now commercially available for highway bridge construction. We are proud of this success and will continue to partner with industry in transportation R&D that is in the national interest.

The City of New York alone has 2,025 bridges, and I know that a number of them -- including the Brooklyn Bridge -- are sorely in need of replacement or continuing repair. I am confident that the steel industry will be called on to supply the raw material that will be needed! And, I think you will be pleased to know that they Buy America steel provisions continue under TEA-21.

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Other Modes of Transportation

In addition to bridges and highways, the steel industry is a major contributor to other modes of transportation, particularly autos, rail, and ships. DOT has been working with your industry, other Federal agencies and academia to build more efficient transportation achieving greater efficiency and minimizing congestion in our transportation network. And, we continue to consider how all of these forms of transport work together, or intermodally. Again, intermodalism is important to achieving the greatest efficiency and the least congestion in our transportation network.

As the world's reliance on motor vehicles has grown, so have concerns about increased air pollution. With a growing number of drivers and vehicles on the road, the United States -- and the world -- will need extremely efficient automobiles to ensure future air quality.

In 1993, President Clinton signed the Partnership for a New Generation of Vehicles (PNGV), an agreement with the nation's biggest automakers to develop a vehicle that is 3 times more fuel efficient -- at 80 mpg -- and emits almost no harmful pollutants. At the same time, the vehicles must meet both existing and anticipated safety standards.

DOT, the Department of Energy and a number of other agencies are working together with industry to develop and test these cleaner, more advanced vehicles. The steel industry is aiding this effort by investing in research to develop ultra-light steel as an option for advanced automotive use. While some jumped to the conclusion that the weight requirements of the program meant that other materials would dominate, the steel industry has been quick in responding to the need. And, we need to maintain this competition in the interest of consumers and U.S. global competitiveness.

The changes we see in our nation's rail system should also interest the steel industry. For many years, DOT has been working with state governments, universities and industry to make high-speed rail -- with speeds that begin at 90 mph and increase up to 150 mph -- the reality it is today. High-speed rail will help to relieve congestion and protect the environment in many of our nation's metropolitan areas.

Maglev -- or high-speed rail powered by magnetic levitation -- has the potential to provide American travelers with safe and efficient ground transportation at speeds of up to 300 mph or more. President Clinton believes that we should develop and deploy Maglev technology wherever it makes sense. Densely populated regions such as the Northeast and Southern California would be prime candidates for Maglev.

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To support the President's plan, our Secretary of Transportation Rodney Slater announced \$12.2 million in grants to determine the feasibility of deploying Maglev in communities throughout the United States.

But, we are not waiting for Maglev to deploy high-speed rail. By the end of 1999, Amtrak will begin high-speed rail service between New York City and Boston and New York and Washington, DC. The new service will make it possible to travel between New York and Washington or New York and Boston in less than 3 hours.

Passenger comforts on these new trains will be unmatched. Unlike an airplane, you will be able to plug in your laptop, use your cell phone, and stroll the aisles or sit in comfort without someone virtually in your lap.

For New Yorkers and travelers all along the northeast corridor, high-speed rail will reduce trip times and increase access to all cities along the corridor. We believe it will be the mode of choice and the preferred way to travel in the near future in many parts of the United States. And, of course, the locomotives needed will be made primarily of steel.

Until now, hundreds of smaller U.S. railroads have had difficulty finding capital to fund equipment and infrastructure improvements to handle the new generation of freight cars. There is concern whether the new rail cars, which weigh 286,000 pounds and carry 11 percent more cargo, can move safely over aging tracks.

Earlier this month, DOT announced a new program -- the Railroad Rehabilitation and Improvement Financing Program (RRIF) -- that will make \$1 billion in credit assistance available to public or private sponsors of intermodal and rail capital improvement projects. It is one more example of the broad and flexible funding opportunities available through TEA-21 and another potential source of demand for steel product.

Another area we are working to update for the 21st century is shipbuilding. Our National Shipbuilding Initiative (NSI) is focused on advanced ship designs and shipyard modernization to make our yards world-class competitors.

Our shipbuilding initiative will demonstrate a commitment to fuel efficiency and environmental protection. In addition to an aggressive program to develop maritime fuel cell technology with other agencies, we have financed numerous shipbuilding projects under Title XI of the Merchant Marine Act. Under this program, builders can secure loans in the private sector with repayment guaranteed by the federal government. This financing assistance is helping to strengthen our nation's maritime industry.

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The Future and Steel

With all of the transportation sectors affecting steel changing and growing, the outlook is certainly positive for your industry. My colleagues and I at the Department of Transportation look forward to working with you to make our transportation system as safe and efficient as possible for the new century.

I couldn't help noticing on the agenda for this meeting that there is an entire session devoted to the question of whether steel manufacturing will thrive in an electronic economy.

Many people talk about the information age and how the Internet is changing our lives. This is certainly true, but two points I want to leave with you today are these: *No matter how impressive and effective the Internet is, without a transportation system to support it, the digital economy cannot move goods around the nation or the world. And, without a steel industry, we could not build the transportation system we currently have or the one we will need in the new century!*

While you might buy a car on-line, you cannot download it -- you still need roads and bridges to bring it home. The Internet may change the way we do business to an extent, but the United States and the world will still need steel and basic industries and roads and bridges to function. And I hope our partnership to produce them will remain strong.

Thank you.

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