



U.S. Department of
Transportation

News:

Office of Public Affairs
Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Thursday, August 5, 1982

DOT 29-82
Contact: Linda Gosden
Dick Schoenfeld
Tel.: (202) 426-4570

LEWIS ANNOUNCES ADDITIONAL ELEMENTS IN ADMINISTRATION'S MARITIME POLICY

Transportation Secretary Drew Lewis today announced additional elements of the Reagan Administration's maritime policy initiatives to bolster the competitiveness and capabilities of the nation's shipping and shipbuilding industries.

The new components are a result of decisions this week by President Reagan and the Cabinet Council on Commerce and Trade and represent a second important step in the Administration's maritime policy development. Coupled with the initiatives announced on May 20, they represent a significant move toward the first major new direction in maritime policy since 1970. The new policy positions are:

One. The Administration will authorize an increase in the fiscal year 1983 ceiling on Ship Financing Guarantees (Title XI) from the prescribed \$600 million to \$900 million. The \$300 million in additional Title XI authority would be held in reserve by the Secretary of Transportation to be used in the interest of national security. (This program provides government guarantees of private sector financing used for domestic vessel construction, conversion and acquisition projects.)

Two. Permission should be granted to U.S.-flag vessel operators to use existing and newly deposited tax-deferred monies in Capital Construction Funds to construct or acquire foreign-built vessels.

Three. The Department of Defense will continue its efforts to expand appropriate use of civilian non-government seafarers to crew government ships.

"These policy components reaffirm the President's strong and very positive commitment to do something about the state of the shipping and shipbuilding industries," Lewis said. "Although they represent a major accomplishment in development of a comprehensive national maritime policy, they are only the second phase. This is a continuing process. We are still assessing a number of additional policy considerations which address other long-standing problems of the shipping and shipbuilding industry."

Secretary Lewis also re-emphasized that the Administration will honor existing operating differential subsidy contracts, but no new contracts should be signed.

Further, the decision was reached that the Fiscal 1982-83 moratorium on signing new construction differential subsidy contracts should be continued.

"These steps are consistent with our belief that the U.S. fleet must become competitive to the extent possible without further subsidy," Secretary Lewis explained.

The Administration reaffirms existing laws which reserve domestic cargoes to U.S. carriers (Jones Act) and provide access to cargoes which are related in some manner to government-sponsored shipping (cargo preference).

In addition, recognizing that cargo allocation requirements of other nations increasingly present a challenge to U.S. operators, an interagency international shipping policy group will be established to evaluate the options available to the U.S. government. This policy group will be chaired by the Secretary of Transportation, with the State Department providing the Vice Chairman.

Admiral Harold Shear, Maritime Administrator, said the new policy components represent another step in the continuing effort to revitalize the merchant marine and shipbuilding industries.

Actions already taken by the Administration which will provide assistance to the shipbuilding and maritime industries include:

- * The Administration has aggressively supported regulatory reform legislation which provides for an expansion of anti-trust immunity and permits the U.S. shipping industry to operate on grounds similar to its international competitors.
- * The Department of Transportation and other departments are conducting regulatory reform programs in-house which address all regulations adversely affecting the shipping and shipbuilding industries.
- * DOT has initiated reforms in the operating subsidy program, to insure operating flexibility and reduce costs.
- * The Administration has supported before the Federal Maritime Commission the elimination of regulations governing rates in the domestic maritime trades.
- * The proposal has been made to extend the existing temporary authority permitting subsidized ship operators to build, acquire or reconstruct ships overseas.
- * In addition, DOT has proposed that legislation be introduced to encourage increased foreign investment in U.S.-flag shipping by increasing the allowable percentage of foreign ownership, while retaining U.S. management control.

- * Flexibility for ship operators to make repairs overseas without a tax penalty has been proposed. This would also require legislation.
- * As a separate, but quite relevant, initiative, the Navy T-ship programs (TAKX, TAKRX, TAO, TAH, T-5 tanker replacement) provide a necessary bridge for larger commercially-oriented shipyards, since these construction/conversion projects more nearly equate to the type of work these yards have performed in the past. The T-ships represent a level of work equivalent to about two years of commercial order backlog, and can keep the larger, more efficient commercial yards open at least during this period. At the same time, the acquisition concept (charter) for the majority of these T-ships provides needed sealift in a manner that will help both the shipbuilding and ship operations segments of the maritime industry.

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News:

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Washington, D.C. 20590

FOR IMMEDIATE RELEASE
Tuesday, August 31, 1982

DOT 32-82
Contact: Linda Gosden
Dick Schoenfeld
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TRANSPORTATION, JUSTICE DEPARTMENTS FORM INTERDEPARTMENTAL BID RIGGING INVESTIGATIONS COORDINATING COMMITTEE

The Department of Transportation and the Department of Justice today announced they will form a committee to coordinate anti trust investigations of contract bid rigging.

The joint committee will be composed of senior managers of both Departments and will focus on planning, targeting areas to be probed, devising new investigative techniques, and determining the resources each Department will supply.

For the past three years, DOT and the Justice Department have been investigating and prosecuting contractors who have rigged bids on highway and airport paving contracts involving Federal funds.

Grand Jury investigations in 17 states have resulted in the conviction of 134 companies and 155 individuals, \$36.6 million in fines, and prison sentences totaling 37 years. DOT has debarred 63 companies and 69 individuals from participating in Federal highway and airport contracts.

The Interdepartmental Bid rigging Investigations Coordinating Committee will be co-chaired by DOT's Inspector General, Joseph P. Welsch, and DOJ Antitrust Division Deputy Assistant Attorney General Helmut F. Furth.

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U.S. Department of
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News:

Office of Public Affairs
Washington, D.C. 20590

FOR RELEASE TUESDAY
September 7, 1982

DOT 33-82
Contact: Linda Gosden
Dick Schoenfeld
Tel.: (202) 426-4570

U.S. AND JAPAN SIGN NEW AGREEMENT EXPANDING AIR SERVICES

The U.S. and Japan today signed an interim three-year aviation agreement that provides for additional air services between Japan and the United States.

Deputy Secretary of Transportation Darrell Trent and Japan's Ambassador to the U.S., Yoshio Okawara, signed documents formally establishing the new accord, based on principles agreed to on June 4. The two officials had headed the delegations that negotiated the agreement this past spring. The two governments had met periodically since January, 1981, to work out details of the new agreement.

Under the agreement, United Airlines will be permitted to operate seven round-trip flights a week between Seattle/Portland and Tokyo, effective April 1, 1983. Effective the same date, Japan Air Lines will be permitted to start operating five round-trip flights a week between Tokyo and Seattle and/or Chicago.

Charter flights operated by U.S. airlines will be expanded substantially under terms of the agreement. Effective Oct. 1, 1982, the airlines of each country will be permitted to operate 300 one-way charters a year. The number of charter flights operated by U.S. airlines has been limited in the past.

Charter flights will be allowed to operate under rules of the country of origin. Thus, U.S. carriers can provide the public with a broad range of charter services.

The two countries are to reconvene negotiations by the end of 1983 on a wide range of aviation topics. The interim agreement signed today will remain in effect for at least three years, and will not expire until such talks are concluded.

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Other provisions of the interim agreement include:

- Continental/Air Micronesia will be permitted to start service between Saipan and Nagoya, Japan, effective April 1, 1983. Service will be permitted at up to seven round trip flights a week. Air Micronesia now provides service to Tokyo.
- Japan Air Lines will be permitted to pick up Los Angeles passengers on two flights per week which stop in Los Angeles en route from Tokyo to Sao Paulo and/or Rio de Janeiro, starting April 1, 1984.
- At a date to be agreed upon later by the two governments, Japan Air Lines will be permitted to start operating two all-cargo flights per week to Chicago.

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U.S. Department of
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FOR IMMEDIATE RELEASE
Thursday, September 16, 1982

DOT 34-82
Contact: Linda Gosden
Dick Schoenfeld
Tel.: (202) 426-4570

LAMM APPOINTED DEPUTY ADMINISTRATOR OF FEDERAL HIGHWAY ADMINISTRATION; MORGAN BECOMES EXECUTIVE DIRECTOR

President Reagan has appointed Lester P. Lamm to be Deputy Administrator of the Federal Highway Administration. He appointed Richard D. Morgan to succeed Lamm as Executive Director. Swearing-in ceremonies are scheduled for Friday, September 17.

Transportation Secretary Drew Lewis, in announcing the appointment, praised Lamm for his "experience, skill and dedication." Lewis also said, "Les Lamm is eminently well-qualified to serve as Deputy Administrator, and I am confident he will continue to serve this Department with distinction."

In discussing the appointments, Federal Highway Administrator Ray A. Barnhart said, "It is most satisfying to me to be able to acknowledge Les Lamm's outstanding contribution to this country and the Federal Highway Administration by his appointment to this new position. There are few individuals who could successfully succeed Les Lamm as Executive Director; Dick Morgan is one of them."

Lamm had served as Executive Director of the Federal Highway Administration since his appointment in June 1973. Except for two years of military service, Lamm has been with the agency since 1955. Among the positions he has held are Acting Director, Office of Program and Policy Planning; Chief, Urban Planning Division; and Director, Highway Programs Office and Deputy Regional Highway Administrator, Delmar, New York. A native of Massachusetts, Lamm graduated from Norwich University in Vermont with a degree in civil engineering. He later completed graduate work in city planning at the Massachusetts Institute of Technology and economics at the University of Maryland.

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Morgan had served as Associate Administrator for Engineering and Traffic Operations for the Federal Highway Administration since 1979. In that position he headed the Office of Highway Operations, the Office of Direct Federal Programs, the Foreign Projects Division, the Northeast Corridor Assistance Project Office and the Office of Engineering. A graduate of Michigan State University with a degree in civil engineering, he joined the Federal Highway Administration's predecessor organization, the Bureau of Public Roads, in 1957 as a highway engineer trainee and served in various field positions before being transferred to headquarters in 1972. Morgan has served as Director, Office of Highway Planning; Chief, Federal-aid Division; and Chief, Special Procedures Branch for the agency. He also holds a law degree from the Franklin Law School of Capital University, Columbus, Ohio. He is a member of the Ohio Bar and a registered professional engineer.

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News:

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Washington, D.C. 20590

FOR RELEASE AT 10 A.M., EDT
Monday, November 29, 1982

Contact: John Swank
Tel.: (202) 426-5807

Remarks Prepared for Delivery by Capt. Warren G. Leback, Deputy
Maritime Administrator, At the First International Bulk
Conference, New Orleans, La.,
Monday, November 29, 1982

My dictionary says a keynote address is "designed to present
the issues of primary interest to an assembly and often to arouse
unity and enthusiasm."

Although it's not an easy task, I gladly accepted the
challenge of outlining to this assembly the issues which will be
presented during the next three days.

And, I will give the task all the enthusiasm I can muster.

Although dry-bulk shipping is far from a success story for
the U.S.-flag merchant fleet, it is vitally important to us, in
the United States.

I assure you my enthusiasm is sincere.

But, as to arousing unity...I make no promises.

Participants in this assembly come from many countries
representing quite a mixture of stages of development, economic
approaches and political structures.

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In the United States, our record of maritime unity is less than we would like it to be (though we have made strides in the past year).

We cannot expect the diverse, international group assembled here to develop a consensus as to precisely what the future of dry-bulk shipping will be, much less as to how to prepare for it.

But I do expect that we will be able to increase our knowledge of dry-bulk shipping, and our understanding of each other.

That, in itself, would be significant.

At the outset, I want to congratulate Richard Peckam and his associates for conceiving of this congress and for bringing the idea to fruition.

The scope of the agenda is impressive.

Impressive, too, is the location of the congress, the dynamic Port of New Orleans.

According to port figures, some 95 percent of the international cargoes passing through the area are bulk cargoes. And those cargoes account for nearly a quarter of all U.S. foreign trade.

Today's presentations on the world trade outlook will set the stage for all that follows. For it is in the context of the anticipated volume and composition of bulk trade that the technical and policy considerations have meaning.

In London some three hundred years ago, the financial community used wind direction to predict economic conditions. An east wind meant ships could come up the Thames, and that meant increased commercial activity.

Today, we must look at which way the economic winds are blowing to predict increases in shipping activity.

The first day of the congress is devoted to that task.

Intertwined with forecasts of worldwide economic prospects will be discussions of the outlook for specific agricultural and industrial goods. Attention will be given to two important variables in the outlook for trades of all types: energy availability and political influence.

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An examination of dry-bulk trade today will give us the historical setting for our further deliberations.

The second day of the congress will build upon the first, with assessments of the effects of changes in trade composition and patterns upon ports and the dry-bulk handling and transportation industry, on a worldwide scale. Terminal design, midstream transshipment, existing coal ports, new port demand, U.S. railroads and inland waterways are among the areas to be covered.

On the third and final day, the congress will concentrate upon many facets of ocean dry-bulk shipping, such as:

- o freight market prospects and opportunities
- o future ship financing, and
- o shipping policy issues

So we see the congress organizes many aspects of dry-bulk shipping into a logical and incremental flow of ideas.

I would like to contribute to this process by following approximately the same progression of topics in offering some observations from the point of view of the Maritime Administration, and the United States.

Dry Bulk-Trade Forecast

Under its mandate to promote the American merchant marine and maritime industry, the Maritime Administration conducts and commissions trade studies and forecasts. One of the most recent studies was the examination of the outlook for dry-bulk trade, completed in August, and based on projections from Data Resources, Inc., econometric models.

U.S. and world trade in general have been severely disrupted by the serious international economic downturn affecting all industrial nations.

For the United States, real exports are expected to fall by 5.5 percent between 1980 and 1982. That's the largest such decline in more than 20 years.

One of the mixed blessings of a strong U.S. dollar is its adverse effect on U.S. exports.

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A major bright spot has been the decline in oil prices, which has stemmed the foreign exchange drain on many less developed countries and allowed them to expand trade-- particularly in foodstuffs with the United States.

The current worldwide economic disarray will pass, but the long-term performance of U.S. trade is not expected to match that of the last two decades.

The commodity pattern is expected to continue to evolve as it did in the late 1970s, with the United States becoming to a greater extent a net dry-bulk commodity exporter, and a net manufactured commodity importer.

Food and crude material exports will lead the recovery. High technology capital good exports should show above average growth after 1985.

In the long run, U.S. trade is expected to move away from the industrialized countries and toward the developing nations. Industrial material exports may suffer, as chemical export growth is eroded. Developing nations are expected to continue to provide profitable markets for U.S. footstuffs.

U.S. economic recovery should increase the demand for imports, but a depreciating dollar, upward pressure on oil prices, and voluntary quotas on European steel and Japanese autos should, to some extent, offset this demand.

Grains

Grain exports, the primary driving force for rail and barge as well as ocean bulk carrier traffic, are expected to show overall gains in 1982: Both wheat and soybean exports are projected to reach record levels. But, despite a record harvest and high carry over stocks, corn exports are expected to decline slightly.

Unless there is a major change, grain rates which have begun to rise, will recover slowly.

DRI forecasts a small increase in grain exports in 1983. Corn exports are expected to grow slightly, returning to 1981 levels. Wheat exports are projected to fall slightly. Soybean exports are forecast to reach 953 million bushels in 1983, up 19 million bushels from the 1982 record.

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In the longer term, continuing debt problems in many communist bloc and third-world countries may limit grain exports. Wheat and soybean exports should continue to be strong, benefitting barge and ocean carriers the most, but the slow recovery of corn exports will keep rail grain traffic weak through 1985.

Coal

It is with some hesitation that I venture into a discussion of coal prospects, since that is the realm of our knowledgeable luncheon speaker today. Nonetheless, I will venture forth, so that the information developed for MARAD will also be on the table.

Despite the excitement of the past two years, the outlook for domestic coal is again in the doldrums.

This year's domestic consumption should be about the same as last year's. A 35-million-ton increase, fueled largely by a recovery in electric utility and industrial demand for steam coal, is expected next year, however.

Export coal is the only bright spot. Even here, the market seems to be softening due to the drop in oil prices and the recession. Projections for 1983 are for a seven-million-ton increase.

Coupled with expected domestic increase, this would mean a 42 million ton upturn in coal production.

DRI's long-term outlook for coal exports sees an increase from 110 million tons in 1981 to 121 million tons in 1985--and 161 million tons by 1990.

The risks involved in such a projection center around the fact that the United States is a high-cost spot market supplier. Thus it is vulnerable to price cutting by foreign competitors, and by OPEC.

Iron Ores

U.S. steel production in 1982 is projected to decline by about 26 million tons from 1981. It therefore is not surprising that a 20 percent drop in iron ore movements is expected. Iron ore imports are expected to fall 36 percent, to just over 18 million tons.

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Spurred by increases in capital spending and voluntary limits on imports from Europe, the domestic steel industry is expected to recover significantly in 1983. Production is expected to increase 23 percent to 115 million tons, with ore imports rising to 25 million tons.

These gains will bring these commodities back to 1980 levels. However, ore imports are not expected to return to 1979 levels for the rest of the decade.

Ports, Handling Techniques and Inland Transport

During the second day of the Congress, as I mentioned, attention will be focused on ports, handling techniques, and inland transport.

I won't spend a great deal of time on these subjects now, since this session will be chaired by John Pisani, director of MARAD's Office of Port and Intermodal Development, and Ned Reed. I'll leave much of the discussion of our concerns and initiatives in this area in their capable hands.

On the topic of inland waterways, I do want to point out the increased emphasis being placed on this transportation segment by the U.S. Department of Transportation and MARAD.

For the first time, we have at MARAD a Deputy Maritime Administrator for Inland Waterways and Great Lakes, Howard Watters. It is appropriate to note that in September, he presented a paper on coal transportation on the Great Lakes to a seminar sponsored by the National Coal Association and the Edison Electric Institute.

A major topic related both to ports and inland waterways is the question as to how improvements should be financed. In the United States, it often is raised in terms of fairness.

We believe the Reagan Administration's policy is fair.

The Reagan Administration believes federal transportation outlays should be financed, wherever possible, through charges levied directly on the user or immediate beneficiary of the applicable transportation service or facility--rather than through general taxes levied on the population as a whole.

Transportation Secretary Drew Lewis has explained the policy in these words:

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Transportation Secretary Drew Lewis has explained the policy in these words:

"Two major concepts underlie the cost recovery principle. One has to do with the matter of fairness or equity in the distribution of the burden of payment for services and facilities provided by the federal government. It seems to be only simple justice that profit-making businesses should pay for the facilities they use rather than having the general taxpayer bear their costs..."

"The other basic concept relates to the effective functioning of the free marketplace as the mechanism which should decide how much and which traffic should go by each mode. When not distorted by subsidy or arbitrary regulation, the marketplace lets shippers decide how much of which commodity they will ship by which mode, with decisions based solely on each mode's respective cost and service characteristics..."

Those are Secretary Lewis' words.

In addition to principles, the policy is one of practicality. Very simply, the federal government cannot continue to finance port and waterway development.

Technological changes and developments

On Wednesday, the Congress' attention will be focused for a while on technological changes and developments in dry-bulk shipping.

This is a topic in which the United States is keenly interested, for technology advances are vital to our effort to overcome the cost handicap of U.S.-flag dry-bulk shipping.

Indeed, one project completed just recently was devoted to the topic of "Advanced Technology U.S.-Flag Bulk Carriers." It specifically considered restricted draft, wide-beam configurations; hull form refinements and flow improvement devices; fitting of large diameter, slow-turning propellers; and alternative main propulsion machinery.

The results were applied to the concept design of a bulk carrier for a specific export opportunity--in this case, the transport of coal from Seward, Alaska, to the Pacific Rim countries. The new concepts showed promise of achieving about a 10 percent required freight rate reduction.

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In a related area, we are looking at another approach--other than new construction--to develop shallow-draft bulk carriers.

There are a large number of VLCCs in the 200,000 to 275,000-deadweight-ton range which could be bought at very economical prices. While our review is not complete, there appears to be reason to believe such U.S. converted, shallow-draft, coal-fired vessels, financed by leveraged lease options, could compete in U.S. and non-U.S.-vessel export coal trade markets. And, if coupled with Title XI financing, it is possible they could actively compete in selected non-U.S.-sourced, foreign trade routes.

We aren't ready to discuss the details yet, but needless to say, we will carefully explore any possibilities which appear promising.

Further Policy Observations

Also on the final day of the Congress, time will be set aside for the consideration of shipping policy issues.

Actually, shipping policies of the United States, of other major maritime nations, developing countries and various international organizations and alliances will underlie all that is discussed here.

In the United States, we are setting a new course for the American merchant marine, for past federal maritime policies have failed.

Our subsidy programs, established in 1936, were well intended. But they have neither prevented nor corrected the decline of our shipping and shipbuilding industries.

Only 4 percent of our waterborne foreign trade moves in U.S.-flag ships today, including only miniscule carriage in the dry-bulk trades.

The Reagan Administration's commitment to the American merchant marine begins right at the top.

President Reagan has been taking the lead in searching for the ways and means of restoring the United States to the status of a major maritime power.

Transportation Secretary Drew Lewis announced the first new maritime program elements earlier this year.

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The Administration favors reducing government regulations which inhibit innovation and competitiveness. It aggressively supports regulatory reform legislation to clarify the antitrust immunity of liner operators and ensure that U.S.-flag carriers are not subjected to more restrictive ground rules than those governing our competitors.

A major restraint on subsidized operators in both the liner and bulk trades has been the requirement that they operate only American-built ships. In the absence of construction subsidies, that requirement was temporarily lifted--under certain circumstances--by the U.S. Congress. We've asked that this build-abroad authority be extended. And, we've asked that U.S.-flag operators be permitted to use certain tax-deferred funds for foreign projects.

Under the temporary build-abroad authority, ten companies plan to build or acquire up to 36 new vessels and reconstruct 13 others in foreign yards. Taken together, these projects will help to upgrade the U.S.-flag merchant fleet, without a massive outlay of tax dollars.

We also are working within our operating-differential subsidy (ODS) program to increase operator flexibility and reduce program costs.

Consistent with the Administration's determination that the American merchant marine become as competitive as possible without further subsidy, no new ODS contracts will be signed. But existing contracts will be honored.

The moratorium on new construction-differential subsidy contracts continues.

In the meantime, American shipyards are receiving substantial contracts for the upgrading and expansion of the U.S. Naval fleet.

Let me emphasize that the policy formulation process is continuing.

Let me also emphasize that we fully realize that bulk shipping constitutes the weakest link in the U.S.-flag fleet.

We share with many less developed nations the aspiration to participate more fully and more fairly in the carriage of these vital international cargoes.

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Some of them are just starting out in their maritime endeavors. For us, we seek a new beginning.

This, the First International Bulk Congress, can serve as the symbol of such a beginning, for all of us--for all nations which desire equity and stability in international trade and transportation.

Thank you.

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U.S. Department of
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FOR RELEASE TUESDAY
December 7, 1982

DOT 45-82
Contact: Linda Gosden
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MINORITY FIRMS TO GET LOANS, BONDING UNDER NEW PROGRAMS

Secretary of Transportation Drew Lewis announced today his Department will start three innovative programs to provide working capital and bonding to help more minority and women-owned businesses get railroad contracts.

In a speech before the Department's Civil Rights Conference in Washington, Secretary Lewis described the programs:

o Under a new DOT-Amtrak agreement, the rail system will use up to \$2 million in DOT funds to provide short term loans at the prime rate to minority business enterprises (MBEs) that cannot get loans in the capital markets.

o Through a joint venture with a minority bank, minority firms involved in rail contracts will be able to draw on a \$5 million loan fund. The minority bank, working through participating banks in various cities, will provide short-term loans at the prime rate to minority businesses that cannot get loans in the capital markets.

o Under an agreement with a national insurance company, MBEs will be able to obtain surety bonds in connection with rail-related contracts. The company will make available up to \$20 million in bonds for such firms.

In explaining the urgent need for these programs, Secretary Lewis said, "We know from experience that obtaining working capital and surety bonding have been the biggest obstacles MBEs face in getting contracts. We believe these programs will help solve those problems."

Even when minority firms can obtain loans on the capital markets, they normally must pay a higher rate than the prime rate which banks charge for preferred customers. Minority firms often need capital for the purchase of equipment, inventory, salaries, and performance bonds needed to carry out contract work.

As for bonding, minority firms often find it very difficult to obtain surety bonding or if they can obtain bonding, to get it at reasonable cost. The DOT project will make bonding available to MBEs that would normally not qualify for bonds under conventional standards.

Lewis said the programs reflect President Reagan's policy of enlisting the private sector as a partner in government programs.

Minority Bank Program—The Atlantic National Bank, Norfolk, Va., and participating banks, will make short-term loans, and to a lesser extent, long-term loans to MBEs that do business with railroads, rail agencies and their contractors. These firms will be involved in rail improvement and maintenance projects. Eligible firms will be referred to banks by DOT Program Management Centers in 14 cities which provide assistance to MBEs. DOT will provide 75 percent and Atlantic National 25 percent of the face value of loans made.

DOT-Amtrak Program—Loans will be made to minority firms in connection with Amtrak contracts for rail construction, goods and services. In order to be eligible for loans, minority firms will have to show they have been turned down twice in applications for conventional loans. The program will help more MBEs to compete for a share of the approximately \$250 million Amtrak will spend for Northeast Corridor Improvement projects in the next two years.

Under these two programs, loans made will include provisions designed to insure timely repayment. Equipment and other assets of loan recipients will serve as collateral.

Surety Bonding--Under a grant agreement with the Fireman's Fund Insurance Co., the company plans to underwrite up to \$20 million in surety bonds. DOT has agreed to provide up to \$5 million in the event of default by an MBE bonded under this program.

When Congress enacted rail legislation in 1976, it authorized the Secretary of Transportation to provide MBEs with capital to help them carry out rail contracts. Previous efforts under this authority have included investing in the stock of minority firms and providing long-term loans. Under the new programs, for the first time, the focus will be mainly on providing short term loans (for periods of six months or less).

The special minority business programs were developed by DOT's Office of Small and Disadvantaged Business Utilization, which is directed by Dr. Melvin Humphrey.

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FOR IMMEDIATE RELEASE
Wednesday, October 14, 1982

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DOT SECRETARY APPOINTS TASK FORCE TO STUDY AIRPORT FACILITIES ALLOCATION

Secretary of Transportation Drew Lewis today appointed a special task force to study the problem of allocating use of airport facilities.

The 24 person task force will be headed by Dan McKinnon, Chairman of the Civil Aeronautics Board, and will include representatives of airport operators, airline operators, state and government officials and consumers.

Congress authorized creation of the task force last month to study the problem of allocating airport facilities to those who want to use them, including gate facilities, landing facilities and ticketing and terminal space.

A report of the task force's findings is to be submitted within four months after its first meeting, which is scheduled to take place within 30 days of the appointment of members.

Serving with Chairman McKinnon will be:

- * Eric L. Bernthal, President, Metropolitan Washington Coalition on Airport Problems,
- * Tristram Colket, Jr., Chairman of the Board, Altair Airlines, Philadelphia,
- * Mervin E. Dillum, Vice President - Government Affairs, Delta Airlines,
- * James W. Dietrich, Jr., President, Clearprint Paper Co., Emeryville, CA,
- * Edward J. Driscoll, President, National Air Carrier Association,
- * Donald L. Fraser, Vice President - Consumer Affairs, International Airline Passengers Association,
- * Harold B. Kluckhohn, Managing Director, Public Finance Department, Dean Witter Reynolds, New York,
- * Virginia Knauer, Special Assistant to the President and Director, U.S. Office of Consumer Affairs,

- more -

- * H. Clifton Madison, Vice President, Western Airlines,
- * Mark F. Mispagel, Chief, Division of Aeronautics, California Department of Transportation, Sacramento,
- * Clifton A. Moore, General Manager, Los Angeles Department of Airports,
- * J. E. (Sandy) Murdock III, Chief Counsel, Federal Aviation Administration,
- * Lawrence M. Nagin, Vice President - Administration and General Counsel, Flying Tigers, Los Angeles,
- * Daniel C. Orcutt, Executive Director, Indianapolis Airport Authority,
- * Norman J. Pillion, Executive Vice President, Air Transport Association,
- * J. Dawson Ransome, Chairman and President, Ransome Airlines, Philadelphia,
- * Donald J. Reilly, Executive Vice-President, Airport Operators Council International,
- * Mario Rosati, Esq., Palo Alto, CA.
- * Alan R. Stephen, Vice President - Operations, Regional Airline Association,
- * Edward W. Stimpson, President, General Aircraft Manufacturers Association,
- * James A. Wilding, Director, Metropolitan Washington Airports, Federal Aviation Administration,
- * John H. Winant, President, National Business Aircraft Association,
- * Rick Yates, Special Assistant to the Assistant Secretary for Policy, Department of Transportation.

(All members of the task force are located in Washington, D.C., except as noted.)

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