

KEYNOTE ADDRESSES

Secretary Rodney E. Slater, Department of Transportation

I am delighted to add my welcome to this National Conference on the U.S. Marine Transportation System -- the first to look at our waterways, ports and their intermodal connectors as an integrated system.

As the world's only naval superpower, and the leading maritime trading nation, our Marine Transportation System is pivotal to our role as a global power and to our destiny as a nation.

With the designation of 1998 as the Year of the Ocean, President Clinton has focused special attention on marine transportation issues this year, committing the nation to creating sustainable ports for the 21st Century. As he has said, we must help our ports and harbors remain competitive in the new century "by deepening them for the newest and largest ships, and by providing state-of-the-art navigation tools for preventing marine accidents."

Yet, the President has also made it clear that the future of our ports and waterways cannot be dictated from Washington. Government is the steward of the nation's transportation system, not its master. That's why I invited you here, as industry and government leaders involved in the maritime industry, to join with us to begin the work of creating a vision that will guide the MTS into the 21st Century.

The specific issues to be discussed are safety, security, environment, infrastructure, and competitiveness. We do not expect to resolve these issues this week, but rather to begin a dialogue for follow-on actions that will continue after the meeting.

MTS has always been important

This is the first conference to treat the MTS as a total system, but we are certainly not the first Americans to realize marine transportation's importance for mobility and economic growth.

Throughout his adult life, George Washington was a strong advocate of a canal linking the eastern seaboard to the Ohio River. During his Presidency, he also supported construction of a canal connecting Lake Champlain to the Hudson River. President Thomas Jefferson sent Lewis and Clark westward in 1803 to find a "Northwest Passage" linking the great Mississippi system with river systems further West. Both presidents understood the connection between waterways and economic growth.

Long before the railroads, long before the highways -- and certainly long before air travel -- navigable rivers and canals were America's first "interstate" transportation system.

Now, as we approach the third millennium, the relatively modest environmental footprint of maritime transportation, combined with potential energy savings, makes transport by water, once again, an attractive component of the nation's total transportation system.

We are here today to see how these important advantages can be effectively reflected in our nation's maritime transportation strategy over the next 20 years. We need to get the word out that, in terms of energy costs per ton, water transport is half again as efficient as rail, 10 times more efficient than highways and 100 times more efficient than air.

FRAMEWORK FOR MTS VISION

The goal of this conference is to formulate a vision for marine transportation's future. Let me frame this conversation by summarizing the President's larger vision for *America's* future and our vision at DOT for *transportation's* future.

President's Vision

Over the last six years, President Clinton and Vice President Gore have led America in preparing for the 21st Century. First, they put America's financial house in order. Under the President's leadership, we now have the balanced budget, the strongest economy in a generation, 17 million new jobs and the lowest unemployment in 30 years. Of particular relevance to this conference, 700,000 of those new jobs came from the transportation sector.

Second, the President has focused on long-term growth. That is why he places so much emphasis on improving our educational system. To build America's 21st Century economy, we need an educated workforce with 21st Century skills.

The President has also focused on expanding trade and, in recent months, laying the foundation for a new global financial system designed to deal with the financial issues of the Age of the Internet.

Transportation's Vision

Transportation is the tie that binds. At DOT we are committed to supporting the President's vision by upgrading our national transportation system.

Even in an information economy, economic growth will require a transportation system able to move people and things as well as electrons. The Internet is changing the way the world buys and sells its collective production of goods, but the benefits of the Internet will only come to full fruition if the physical transportation network can keep pace.

In order to keep pace, the Department of Transportation seeks the construction of systems that are international in reach, intermodal in form, intelligent in character and inclusive in nature.

International in Reach

Preserving and expanding our present prosperity will almost certainly require a transportation system that is international in reach. Thirty percent of America's economic gains over the past six years came from increased exports. And, by 2020, we expect U.S. trade to increase by 100-200 percent. Then, as now, 90 percent or more of that trade is likely to move by water for at least part of its journey.

Intermodal in Form

DOT's focus on systems that are intermodal in form was given a major boost with the President's signing of the \$217 billion Transportation Equity Act for the 21st Century (TEA-21) on June 9th. TEA-21 declares that intermodalism is a cornerstone of the nation's transportation infrastructure.

We still have some distance to go before true intermodalism really arrives. Unless we deal with the limitations of many of our outmoded marine terminals, rail yards and inefficient two-lane roads, intermodal connectors could become the "choke points" for freight transportation.

On the plus side, let me say that I was very impressed with American President Lines' state-of-the-art Terminal 5 expansion project in Seattle, which I visited in September. They seem to get everything right.

Intelligent in Character

Over the next two decades, communications and information technology, combined with Intelligent Transportation Technology, will continue to transform our national transportation system into what might more properly be called a '*national logistical system*' -- a system that integrates physical transportation infrastructure with advanced computer and communications technology.

These advances, which include high-tech sensors, as well as computers and communications equipment, are creating a transportation system that is intelligent in character. ITS systems have already enabled many businesses to integrate logistical functions along the entire supply chain. Companies are learning how to substitute the movement of information for the actual movement of physical goods.

In 1980, 10.8 percent of the U.S. Gross Domestic Product (GDP) was spent on inventory. By 1995, that figure had dropped by more than half, to just 4.3 percent.

This admirable productivity trend has stalled somewhat over the past two years, so there is still lots of room for improvement. But, what is most notable for us at this conference is that most of the gains -- and the increased profits -- have occurred in the non-maritime sectors of the transportation system. This is definitely an area of inquiry worth exploring.

While on the subject of technology, let me briefly mention a technology issue that needs your immediate attention. I am referring to "Y2K", or what some people call "The Year 2000 Time Bomb." Y2K poses a particular problem for the maritime industry because two-digit dates used on cargo documentation pass through so many hands. We are working hard on Y2K issues at DOT, and we expect to be in good shape by next Spring. If you have not already done so, I urge you also to get your house in order.

Inclusive in Nature

Most of DOT's emphasis on making sure that transportation systems are inclusive in nature has focused on access -- access to jobs, access for the elderly and disabled, access for the poor, access in rural areas. While these issues have only limited application in the maritime area, the underlying commitment to fairness and access must be part of our long-range vision for MTS.

Let me also add, parenthetically, that our process here this week, involving all of you here today, is also an expression of our commitment to be inclusive in our planning as well as our practices.

NEXT STEPS

You have an ambitious agenda ahead of you over the next two and a half days. I look forward to hearing your views on where we should go from here on Thursday.

The vision statement that comes out of this conference will enable us to move forward to create a Marine Transportation System for the 21st century -- one that continues to be safe, secure and environmentally sound. I also believe it will be one that helps ensure that the United States maintains a competitive position in the global economy.

I plan to share the recommendations of this conference with my fellow transportation ministers at the Western Hemisphere Ministerial Conference on transportation, scheduled for New Orleans this December.

I also plan to use it to plan the Department's legislative approach to the new Congress, and to help the Coast Guard crystallize its own strategic vision for 2020.

In other words, we plan to put your work product to work, right away.

Last spring I made a pledge to "do whatever it takes to make our nation's maritime industry ready for the next century." With your help, we are off to a good start.