Follow that Freight:
America’s Freight is America’s Future
Part 2

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America’s Freight is America’s Future: How so?

- The 21st century is an increasingly competitive world where countries like China and India have set their sights on overtaking America as the preeminent economic power.
- Only immediate bold action to invest in transportation will sustain our national competitiveness and personal opportunities.

AASHTO
Future Federal Surface Transportation Program

Challenges:

– Current federal highway & transit (airport, rail, port and waterway) capital investment programs are woefully under funded to meet current OR future mobility, security and environmental needs

– Failure to act dramatically for the future… now… also puts America’s competitiveness at serious risk

ARTBA

American Road and Transportation Builders Association
Federal Surface Transportation Program

Let's compare to:

CHINA

- “National Transportation Highway System”: $150B investment
  - 1989: 168 miles of expressway
  - 2001: 10,000 miles of expressway
  - 2005: 25,480 miles of expressway

- 12/04 announcement: “7918 Highway Network” expansion to NTHS
  - Goal: 52,000 expressway miles by 2020, connect all cities with population over 200,000

- China highway investment in 2001: 2.5% of GDP (0.3% average through 1980s)

- US highway investment: 0.65% of GDP
Federal Surface Transportation Program

Let's compare to:

INDIA

• National Highway Development Project: $50B investment
  – Improve 40,000 miles of expressway
  – 1999: Enacted national gas & diesel tax; created Central Road Fund trust fund

EUROPEAN UNION

• “30 Priority Axes”: 2005 European Commission identified 30 critical transnational multi-modal transportation improvement projects
  – $300B investment from EU and member states
  – More than 1/3 of projects ALREADY UNDERWAY

• TEN-T Plan: By 2020 expanding existing road network by 2,976 miles, rail by 7,750 miles + substantial additional highway, rail and inland waterway improvements
Near-term Freight Transportation Revenue

Growth: 2005 to 2017 — but only if freight flow continues unimpeded!

Source: U.S. Freight Transportation Forecast to...2017
Rail Investment Impacts on Highways

- $2.6 Billion - Annual Public Investment Needed for Rail

- If not met, 31 billion truck VMT shift to highways
  - $21 Billion – Increased cost to Highways
Major Freight Corridors and Bottlenecks
$18 Billion Cut in Federal Hwy Prgm.
If Congress Takes No Corrective Action

[Bar chart showing the reduction in Highway Program in billions from 2005 to 2010]

- SAFETEA-LU Extended to 2010
- Highway Program Reduction
Percentage Increases in Transportation Project Construction Costs 1993-2015
Restoring the Federal Program’s Purchasing Power

This will require the annual program to be increased from $43 billion to $73 billion.

To do this will require a 10 cent increase in the federal fuel tax or its equivalent between 2010 and 2015.

JUST TO RETURN TO THE 1993 BUYING POWER
The Current HTF Funding Levels Are Merely Down Payment on Needs

BOTTOM LINE: SAFETEA-LU is $42 billion below the amount needed to “maintain” and $91 billion below the amount to “improve” the infrastructure it is committed to, according to US Chamber Foundation’s 2005 report.

From 2005 to 2015, total national needs will be $3.4 trillion to “improve” the system, but total revenue will be only $2.4 trillion, leaving a cumulative gap of approximately $1 trillion.
Two Big Issues in DC

• **System Solvency** — Highway Trust Fund (HTF) running out - Existing revenue streams into the HTF will fall $20 billion short annually in meeting the Federal “share” of investments necessary to maintain the highway and transit systems and $43 billion short annually to improve these systems.

• **Lack of National Transportation Vision** — SAFETEA-LU contains over 6,000 earmarks predicated on the idea of needing to bring back big money for specific projects. Many contain only regional/local implications to the states and localities of Congressional members. Many states primary concern is their rate of return for gas tax.
The Donor / Donee Problem

The Interstate Highway System would never have been built if each state alone had to pay for the segments running through it.

Implementing the IHS “vision” required 50-state buy-in to strong federal leadership, direction and financing.
Freight Trust Fund

• Goal:
  – Establish a comprehensive fund dedicated to the construction and improvement of goods movement infrastructure.
  – Build on the Projects of National and Regional Significance program established in SAFETEA-LU.
  – Tap other revenue sources in addition to those currently dedicated to the federal Highway Trust Fund.
Freight Trust Fund

• The Mass Transit Account and even the Interstate Highway System are examples of similar program and funding decisions.

• Like the MTA, a dedicated freight trust fund with objective allocation criteria can ensure that critical goods movement projects are funded to completion in order to put in place the infrastructure needed to keep America’s goods and economy moving through 2020 and beyond.
Our Coalition

• Established in 2001 to bring national attention to the need to significantly expand U.S. freight and goods movement transportation capabilities and to work toward national solutions

• Approx. 40 organizations, including motor carriers, railroads, ports, COGs and state DOTs, real estate and engineering firms and freight corridors

• Our sole purpose is to raise public recognition and Congressional awareness and to promote funding

• Supported by full-time staff for lobbying, outreach and media relations
The Coalition for America’s Gateways and Trade Corridors

JOIN OUR EFFORT to IMPROVE and SECURE OUR FUTURE ECONOMY, CONSUMER PRICES and GLOBAL COMPETITIVENESS!

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