

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

March 11, 2011

President of the United States of America
The White House
Washington, DC 20500

Dear Mr. President,

As members of the President's Export Council, we appreciate the opportunity to help you and your Administration craft a national strategy to enhance our nation's ability to send American-made goods and services into markets around the world.

A robust, reliable, and efficient domestic transportation infrastructure is the critical 'first-step' on the road to more exports, and your Administration has made a tremendous investment in repairing and replacing our nation's aging infrastructure. As you explained in the 2011 State of the Union address, "*Over the last two years, we have begun rebuilding for the 21st century, a project that has meant thousands of good jobs for the hard-hit construction industry.*" We support these efforts, not only because of the positive economic impact they have had, but also because of the role they play in facilitating exports.

America's transportation infrastructure is also America's export infrastructure.

America's highways, railways, bridges, waterways, ports, runways and air traffic control systems are at the very beginning of a very long global logistics chain. American business cannot participate in the global economy if it cannot get its products out the door.

This is an effort that includes all modes of transportation:

- Freight rail moves goods in and out of 49 of the 50 states.
- 70% of all U.S. freight moves at some point by truck.
- 60% of all U.S. grain exports are shipped through the mouth of the Mississippi River.
- In 2009, U.S. exports transported by U.S. passenger and cargo airlines equaled \$334 billion or nearly 20% of all U.S. exports of goods and services.
- U.S. ports support, directly and indirectly, more than 13 million American jobs.

There are several steps we suggest your Administration consider enhancing America's export infrastructure:

1. Comprehensive Review and Collaboration. The Department of Transportation (DOT) should embark on a top-down review of the nation's export infrastructure value chain in order to determine where the weaknesses and choke-points are located. Armed with this information,

collaboration between local, state and federal agencies and the private sector should be encouraged to create opportunities that will speed products to overseas markets. The Regional Goods Movement Plan being created by the Port Authority of New York and New Jersey and the Southern California Multi-County Goods Movement Action Plan are examples of significant regional effort that align with the PEC's goals.

2. Develop Export Corridors. Using the results of the DOT's study, your Administration should identify export infrastructure 'corridors' and build federal inter-agency and inter-governmental teams to provide strategic guidance for the development, management and enhancement of export infrastructure programs. Various incentives to encourage private sector infrastructure investment within the corridors could also be explored. Protecting and modernizing the vital Detroit/Windsor border crossing, projects to prepare South Atlantic seaports for the calling of Post-Panamax vessels, and rail-focused improvements to the San Pedro Bay Ports complex are examples of areas where a newfound commitment to export infrastructure is needed.
3. Export Driven Prioritization of Infrastructure Projects. There is a long list of transportation infrastructure projects awaiting action. We believe that the federal government should take into account their positive impact on exports when evaluating, prioritizing, and scheduling transportation infrastructure projects. As you explained in your 2011 State of the Union address, we should pick infrastructure projects "*...based on what's best for the economy, not politicians.*" Assigning a metric to each project that compares a project's contribution to increasing exports relative to its overall cost might be one way to highlight those efforts where the contribution is exceptionally strong. Investments to upgrade ports, such as the one at Long Beach, California, and those serving the Pacific Northwest, would likely find themselves well-placed on such a list. The Lower Mississippi River is in need of reliable funding for dredging in order to maintain a safe depth for navigation and prevent disruptions to ship traffic and the commerce it supports. Modernizing our nation's outdated air traffic control system, including the acceleration of NextGen, is another critical infrastructure priority that will help drive export growth.
4. Comprehensive Funding Strategy. Modernizing our nation's export infrastructure system will require not only greater investment, but also more efficient use of resources in light of your Administration's focus on reducing the federal budget deficit. Nevertheless, your Administration should ensure that transportation trust funds are used for infrastructure development, not deficit reduction. The highway, inland waterways and aviation trust funds, protected by budgetary firewalls, should be the backbone of these transportation infrastructure investments. We further encourage consideration of the establishment of a National Infrastructure Bank, which will leverage private and other non-federal government resources to make wise investments in infrastructure projects that will help drive exports.
5. Address longer-term structural needs of exporters. Efforts such as Surface Transportation Board reform (involving rail competition), using truck-only lanes in congested urban areas, reducing driver wait times, and alleviating the significant shortage of long-haul drivers will promote efficient and cost-effective interstate commerce and further enable the export corridors to flourish. Improving our infrastructure to reduce congestion and wait times will bring efficiencies

to our nation's supply chain that will translate to savings and help reduce the burden on small- and medium-sized businesses engaged in commerce.

These policy suggestions can be readily applied to existing infrastructure funding programs. Developing the metrics to better understand a project's impact on exports will help our nation decide where to invest our limited infrastructure dollars.

As you know, infrastructure investments benefit more than just the export community; the positive domestic economic impact of this investment is tremendous:

- U.S. ports are directly responsible for 8.4 million jobs.
- U.S. freight rail paid \$18 billion in wages alone.
- One of every thirteen private sector employees in the U.S. works in trucking.
- Transportation construction generates over \$245 billion in annual economic activity and supports more than three million U.S. jobs.
- The U.S. air transportation system supports a civil aviation industry that accounts for \$1.2 trillion in economic activity, or 5.2 percent of U.S. Gross Domestic Product (GDP), while the U.S. aerospace industry has the largest export surplus of any manufacturing sector.
- Accelerating NextGen and incentivizing the necessary avionics equipage would generate over \$30 billion in economic activity.
- And America's rural communities draw particular economic strength from their ability to generate trade surpluses year after year.

The dynamic global economy is open to America's manufacturers, small businesses, farmers, and other innovators. Through continued investment in America's export infrastructure, your Administration can help ensure America's competitive advantage through our ability to offer products on affordable, reliable, and consistent terms.

Thank you again for the opportunity to share these important ideas with you and your Administration.¹

Sincerely,

A handwritten signature in cursive script, appearing to read "Jim McHenry". The signature is written in dark ink and is positioned below the word "Sincerely,".

¹ Please note that this letter has been prepared by the private-sector appointed members of the PEC.