

TRANSPORT SITUATION IN THE UNITED STATES OF AMERICA IN 2006

Traffic trends.

Air passenger miles continued to grow, while air freight volume fell slightly. Transit volume for the first half of 2006 grew, partly due to high gasoline prices. Intercity passenger rail volume also grew, and rail freight grew even more. Crude oil and petroleum products pipeline volumes grew slightly in 2005. Passenger road traffic volumes grew significantly in 2005, and freight road traffic also grew. Freight and passenger traffic at border crossings saw noticeable growth. When compared with significantly smaller increases in infrastructure, especially roads and bridges, these traffic volume gains have led to an increase in congestion across many modes of travel, especially on highways and at the nation's ports. Freight volumes at ports increased in 2006. Adding to this, international travel to the United States reached pre-September 11th levels for the first time during 2006. Inland waterway and intracoastal freight shipping also almost reached pre-September 11th levels.

Highly fuel-efficient vehicles continue to grow in market share as consumer demand for heavier, less fuel-efficient vehicles has fallen. Sales of hybrid gasoline/electric vehicles more than doubled in 2005. Although the Highway Trust Fund improved its ending balance for 2005 over 2004, the Fund is still declining in the long run due to aging infrastructure and improved fuel economy (and thus less fuel tax revenue) outstripping continued increases in vehicle ownership and vehicle-miles traveled.

The trend toward more diverse aircraft is expected to continue, especially the deployment of thousands of Very Light Jets (4 to 6 seats) that will strain the air traffic control system. Despite recent manufacturing delays, large aircraft (more than 500 passengers) are also expected to increase their share of commercial airplane landings, which could reduce congestion at airports and improve fuel efficiency, but at the cost of requiring expansions of airport infrastructure.

Obstacles to the development of transport

Infrastructure quality improved slightly in 2005. Airport quality improved modestly, as did bridge integrity. The quality of travel on the nation's inland waterways decreased due to more functionally obsolete locks. Transit rail infrastructure halted its previous decline in quality, while road and long-distance rail quality remained largely steady. However, significantly increased funding for all modes of infrastructure is needed to halt projected declines in quality.

Securing funding to improve both the quality and quantity of infrastructure remains a challenge. Reductions in gas tax receipts could be offset by greater use of congestion tolls and public/private financing partnerships, especially if the political will to raise the gasoline tax remains low.

In spite of the nation's goal of reducing foreign oil dependence, reform of Corporate Average Fuel Economy standards has proven difficult. In 2006, the Department of Transportation asked Congress to take prompt action to authorize the reform of fuel economy standards for passenger automobiles. Although recent revisions to light truck and sport utility vehicle standards will save billions of gallons of gasoline, revisions to passenger automobile standards could save even more. Recent changes to the labelling system for passenger vehicles will noticeably reduce their posted fuel economy. This has increased public pressure on the United States government to improve fuel economy.

Homeland security continues to pose challenges for the safe growth of United States

infrastructure. Finding effective and cost-efficient ways to secure air/sea ports and border crossings, as well as to screen cargo, luggage, and persons at these borders and within the country, will remain a challenge. Efforts to implement the security recommendations of the September 11th Commission have progressed significantly, but implementing the remaining recommendations will prove technically and financially challenging.

Growth in the coastal port capacity of the United States struggled in 2006. The lack of deeper ports continues to limit port capacity to some extent. More significantly, efforts to expand the size of, and ships at, some ports have run into community and local government resistance due to issues such as noise, congestion and air pollution. This has been especially true at the Ports of Los Angeles and Long Beach.

Best practices in transport and infrastructure regulation.

Safety – Although overall transportation fatalities rose slightly in 2005, declines in passenger car fatalities continued. This occurred largely due to federal regulations requiring improvements in vehicle safety and educational campaigns and statutory changes encouraging safety-belt use and discouraging drunk driving. Aviation, rail (transit and intercity) and pipeline deaths also all decreased.

Congestion – In May 2006, the U.S. launched the National Strategy to Reduce Congestion on America's Transportation Network. The strategy focuses on six major efforts to combat congestion:

- Relieving urban congestion through more transit, variable tolls, improved telecommuting and more
- Increasing private sector investment in transportation infrastructure projects
- Adding technological and operation improvements such as real-time traffic information and faster clearing of roadway accidents
- Establishing a "Corridors of the Future" competition to select major growth areas needing investment
- Targeting major freight bottlenecks by coordinating security and transportation resources at border crossings and expanding Federal involvement in Southern California
- Increasing aviation capacity and funding by redesigning regional airspaces and implementing the Next Generation Air Transportation System

Environmental Review Streamlining – In a similar effort, 2006 saw a renewed effort to implement the President's Executive Order 13274 – Environmental Stewardship and Transportation Infrastructure Project Reviews. The United States previously selected two sets of infrastructure projects to receive expedited environmental review and coordinated Federal assistance. Since 2002, twelve projects have successfully completed challenging environmental reviews that could have significantly delayed their completion without this increased Federal support. The United States intends to designate up to seven new projects during the 2006-2007 selection process. This round of selections will target projects that can significantly reduce congestion.

Transportation infrastructure investment in the United States as a percent of GDP has been remarkably stable, generally running between 0.8 and 0.9 percent of GDP since 1982 (the most recent available data are for 2000). There was a significant increase after the "TEA-21" surface transportation reauthorization act was enacted in 1998, from 0.83 percent of GDP in 1995 and 1996 to 0.93 percent of GDP in 1999, but the percentage dropped down again in 2000 to 0.88 percent. Both government and private transportation investment grew during this period (private transportation infrastructure investment grew from 0.10 percent of GDP in 1995 to 0.14 percent in 1999, dropping back to 0.12 percent in 2000). This growth

probably reflected the robust growth of the economy during this period, which both encouraged private investment and created a heavy flow of fuel tax revenues that allowed increased government infrastructure investment.

In August 2005, the President signed the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The act funds Federal surface transportation activities (highways, highway safety and transit) for 2005-2009 at \$244 billion. In addition to improving the revenue sharing formula to ensure that States receive a larger share of fuel and highway tax revenue, the act includes several innovative financing mechanisms, such as private activity bonds, more authority to use tolls to finance infrastructure or relieve congestion and broader policies to use loans such as State Infrastructure Banks (SIB) and those from the Transportation Infrastructure Finance and Innovation Act (TIFIA). The minimum project cost to qualify for TIFIA was lowered to \$50 million and the minimum for TIFIA-eligible Intelligent Transportation Systems projects is \$15 million. Eligibility was also expanded to include areas such as public freight rail facilities and intermodal freight transfer facilities.

SAFETEA-LU also provides funds through its Congestion Mitigation and Air Quality program to help ensure that transportation projects and programs adhere to the requirements of the Clean Air Act. Funding is further provided for non-motorized infrastructure such as bicycle trails and pedestrian paths in communities where these are or can become viable transportation alternatives. Federal transportation funds can be used for wetland and wildlife habitat mitigation related to Federally assisted transport projects, and highway funds may be used for wetlands and habitat conservation planning.