

**ITI'S GIL CARMICHAEL TELLS 15TH WORLD CONGRESS THAT RAILROAD-RELATED
INTERSTATE II TRANSPORTATION SYSTEM IS NEEDED**

- Speech Focuses on Role of Railroads and Technology in Future of Global Transportation System -

Denver, CO, December 3, 2008 – In a recent address to the 15th World Congress on Intelligent Transport Systems (ITS) in New York City, Gil Carmichael, Founding Chairman of the Board for the Intermodal Transportation Institute (ITI) at the University of Denver and former Federal Railway Administrator, told an international audience of business and transportation leaders that any realistic discussion on the future of global transportation in this century must include the role of railroads within that system and new technologies to enhance the environment and create economic efficiencies.

Mr. Carmichael stressed that, while the global movement of freight is sharply focused on speed, safety, reliable scheduling, and economic efficiency and builds on the strengths of each mode – ship, plane, rail, and truck – all of which have become partners in providing this international, intermodal transportation system, it is the freight railroad that offers the high-speed, long distance, lowest cost transportation artery on land. Cargo ships provide ocean transport of containers. Trucks provide local feeder service at origins and destinations. Cargo airplanes deliver high-value, specialized freight. Overall, the operational and economic efficiency of freight's intermodal network dramatically conserves fuel, reduces other environmental impacts, and is significantly safer.

“Railroads are essential to the global business environment we live and work in and are vital to its future growth,” said Carmichael. “Today, a doublestack container train can replace 280 trucks, run at speeds up to 90 miles an hour, and afford as much as nine times the fuel efficiency of container transport by highway. In North America alone, a majority of existing railroad rights-of-way have excess capacity that is capable of being expanded to include additional freight lanes as well as inner-and intra-city high-speed mass transit. With advanced technologies and careful planning, it is reasonable to foresee a doubling or even tripling of capacity of the existing route structure without having to acquire additional land.”

Carmichael pointed to several options for enhancing this worldwide intermodal infrastructure. “Historically,” he said, “petroleum has been available at relatively low cost. Equally important – or perhaps more so – it provides a portable source of motive power. Sometime in this century, however, the fossil fuel supply will start to fall dramatically. Building more highways is definitely not the solution. An Intelligent Transportation System is.”

He believes that if fuel-cell technology will eventually deliver a reliable power source at a reasonable cost, it likely is the most desirable outcome and could be adopted by both the railroad and highway modes. But that source also is a finite fuel. A third option, with the most promising future supply, is electricity – and in the

foreseeable future, the railroad mode is the only candidate for large-scale benefits from electrification among the commercial transportation modes. “The major sticking point is the source of fuel for the electricity,” he said. “It would be foolish to install an electrified delivery system for power generated from natural gas, for example, because the gas could be delivered directly to the locomotive. But a rail system run on power from nuclear, solar, wind farms, tides, and other fuel sources could, in 20- or 30-years time, have very strong appeal and possibilities.” Carmichael said, however, that regardless of fluctuations in oil prices, intermodal freight movements make the most sense. It remains the energy-efficient, global, service provider and still represents the lowest-cost option for international container movements.

“The success we have achieved in intermodal transportation points the way to what, I believe, is the most promising strategy for North American transportation improvements, for freight *and* passenger, in the coming years,” Carmichael emphasized. “I call that strategy *Interstate II*. In the last century in the U.S., we built Interstate I, the 43,000-mile, national highway system. *Interstate II* is a vision of 30,000 miles of truly high-speed, intercity/port travel that is based upon the steel wheel on a steel rail, not pavement. It would partner the superior safety and efficiency of rail transportation with the strengths of the existing intermodal system, enhanced with new Intelligent Transportation Systems. With GPS and the new PTC technology, we should be able to very safely include passenger trains at speeds up to 125 MPH and help alleviate bottlenecks and congestion.”

In North America, more so than overseas, Carmichael emphasized that the intermodal revolution owes a great deal to the private sector and is designed to be responsive to the needs of freight customers. “Some industry experts argue – and I agree with them – that intermodal has succeeded *because* it is a private-sector, customer-driven initiative. There is, however, a necessary role for government. I think it will be difficult in the United States to meet future capital needs for *Interstate II* without some form of federal, state, and railroad participation. Proposals, such as a 25 percent investment tax credit for railroad capital investment, seem to me to be the right answer because that would limit the potential intrusiveness of public officials who are generally ignorant of transportation issues and realities and whose agendas may differ from the purposes for which the intermodal system exists. I believe that such a federal tax credit will double the Class I railroads’ annual infrastructure spending and dramatically reduce the congestion, stress, and cost to our highways, while enabling the development of an expanded mass transit system.”

Carmichael warned, however, that “we must be very cautious in defining the future role of governments as participants in this process. In particular, there is talk in the United States of re-imposing the type of governmental economic regulation that existed prior to 1980. It was only after deregulation, however, that the freight railroad industry began to flourish after what had been 80 years of economic decline. Had that regulation remained in place, I doubt that the United States would now be part of the global intermodal revolution. The mere threat of re-regulation already is causing tremendous consternation in the finance and railroad communities.”

Carmichael closed his speech with one caveat: “We now know that autos, trucks, and airplanes cannot solve the world’s current transportation needs. We have built all the highway systems we need. In the U.S., our new Congress and President plan to introduce infrastructure labor programs to put people to work to help restart this nation’s economy. New national transportation programs must concentrate on partnerships between the private sector and governmental agencies to build a multi-modal *Interstate II* system in the next 15-20 years. Investing \$100-200 billion will create huge numbers of jobs, stimulate economic growth, and provide a beautiful 21st century, high-speed, intermodal freight and passenger system.”

Editors’ Note: Mr. Carmichael’s entire speech is available upon request or by visiting the ITI Website: www.du.edu/transportation.

###

About ITI

The Intermodal Transportation Institute at the University of Denver offers an Executive Masters Program that awards a Master of Science in Intermodal Transportation Management from the University of Denver. This graduate degree program prepares transportation industry managers for the increasingly complex, global business environment where knowledge of finance, quantitative processes, supply chain, law, and public-policy issues as well as freight, passenger, and intermodal transportation operational strategies are critical management tools for success. For more information on the ITI Executive Masters Program call: 303-871-4702 or visit: www.du.edu/transportation.

EDITORIAL CONTACTS:

Jim Martin
JDM & Associates
847-570-9100
jim@jdmandassociates.com

Cathy Johnson
ITI Executive Director
Intermodal Transportation Institute
University of Denver
303-871-4702
catjohn@du.edu