

RSI HSR Talking Points
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Why does the Obama Administration want to invest in rail?

My view is that this administration believes that investing in rail will help them reduce the cost of other high priority policy objectives—like lowering our dependence on foreign oil, stimulating the economy and creating jobs, lowering carbon emissions, improving safety, congestion relief and a variety of other factors. All of which have huge costs themselves.

If the HSR investments are only measured in terms of cost and do not factor in the cost avoidance these other policy objectives we will never see any additional funding for HSR.

As businesses in the rail supply industry we stand to substantially benefit from HSR development **but** we need to convince policy makers that their investment in rail is good public policy—one that will offset other costs. If we can't do that, this funding will be a one-time thing!

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Right now, job creation is one of the most important policy objectives facing this government.

The \$8 billion for HSR was part of the Jobs Bill—and Alstom supported that effort. However, if it looks like this funding can only be spent with much of it going to foreign countries—we are done with HSR.

Alstom is a domestic manufacturer, even though it is foreign owned. It made significant investments in U.S. facilities so it could comply with the public policy of creating American jobs and it has operated in the U.S. for 30 years.

It has a 700,000 sq foot facility in Hornell, New York for building rail cars. The work done there has been accomplished with an American work force and has resulted in approximately 80 to 85% domestic content in the equipment built there.

Frequently, the subcontractors used by Alstom for a single rail car contract will employ American workers in approximately 20 other states. We need to do a better job of getting that information to policy makers because the tendency is to think all the work is done in one location.

The Hornell facility has produced about 1,000 rail cars for New York City alone and a total of 7000 rail cars (new and rebuilt) for all its customers since the mid 1980's .

If Alstom wins the Viewliner award from Amtrak they will transfer their shell building operation from Brazil to Hornell and will get close to a 90 % domestic content. It will be hard to attain the

100% domestic content goal since some of the electronic components and stainless steel needs are not readily available in the US. Maybe we'll get to 100% one day but we are not there yet.

As rail suppliers, we need to help maximize the amount of domestic content as much as we possibly can to help justify continued investment in our rail products. If we don't this, this side of the rail supply business won't grow.

But jobs alone are not the only reason to support HSR

Some other key talking points on why it is good policy to invest in rail:

1. About 60% of U.S. oil is imported. Transportation consumes seven of every 10 barrels of oil consumed in the United States.
2. About 28% of greenhouse gas emissions in the U. S. are attributed to the transportation sector and that is expected to rise to 36% by 2020.
3. Today, our transportation policy makers place entirely too much emphasis on those modes of transportation that are the least efficient when it comes to fuel consumption and carbon emissions.
4. Highway transportation, for example, dominates both energy use and GHG emissions (accounting for 72 % of transportation energy use and carbon emissions)
5. Rail is the most energy/carbon efficient mode of transportation that we have available to us today.
6. Experts say that fuel efficiency offers the most immediate and largest potential for reducing CO₂ emissions from the transportation sector over the next three decades.
7. Intercity passenger rail is 18 percent more efficient than air travel and 24 percent more efficient than auto travel
8. Planners say that the California HSR proposal will remove 12 billion pounds of carbon dioxide per year by 2030 because it uses electricity generated from wind, solar, and other renewable resources. In addition, California's HSR will save 12.7 million barrels of oil by 2030.

These are just some of the points we (as suppliers) need to make when talking to policy makers. If we do not do our job of convincing Congress and the administration that investing in high speed rail is the right decision, we will lose high speed rail in America.

Robert Puentes of the Brookings Institution has suggested that "America's transportation policy is adrift with no clear goals, purpose, or ability to meet today's challenges". He suggests that policy makers are too focused on highways and have ignored passenger and freight rail which may be part of the solution to addressing other key policy issues.

If our national objectives include significantly reducing our dependence on foreign oil and carbon emissions, and reducing congestion on highways and at airports, then our transportation decision-making processes need to be restructured to achieve those outcomes. The transportation investments made now will impact future transportation, environmental and social investments so we need to start getting these decisions right.