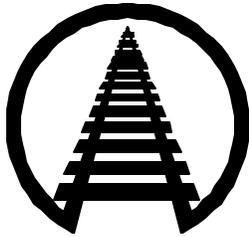


**STATEMENT OF**

**EDWARD R. HAMBERGER**

**PRESIDENT & CHIEF EXECUTIVE OFFICER**



**ASSOCIATION OF AMERICAN RAILROADS**

**BEFORE THE**

**SUBCOMMITTEE ON SURFACE TRANSPORTATION AND MERCHANT MARINE**

**SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION**

**HEARING ON**

**TRANSPORTATION SECURITY**

**OCTOBER 2, 2001**

On behalf of our members, thank you for the opportunity to meet with you today to discuss the important issue of railroad security. The Association of American Railroads (AAR) represents the major North American railroads, which account for the vast majority of rail mileage, employees, and revenue in Canada, Mexico, and the United States.

The AAR and its members join the rest of our great nation in extending our sympathy and condolences to the victims of the terrorist attacks on September 11, to their families, and to their communities. We offer our thanks and support to those who have been working so diligently in search and rescue operations, and we express our firm hope and confidence that all of the perpetrators of the attacks will be found and punished.

The rail industry reacted swiftly to the events of September 11, in full cooperation with government authorities. In the immediate aftermath of the attacks, railroads tightened security and intensified inspections across their systems. Major railroads, which maintain their own police forces to help assure the security of employees, property, and freight, put enhanced security plans in place. Access to important rail facilities was restricted. Movement of freight to the New York area was suspended completely until the immediate threat was over.

At the same time they were attending to security issues, though, railroads realized they had a responsibility to keep our nation's vital rail-transport link open, and they have done so. Full service has been resumed as quickly as the railroads, in cooperation with the U.S. Department of Transportation, determined it could be. Even in the hard-hit area around New York City, freight trains are again doing what they do every single day of the year — moving the raw materials and products that sustain our nation's economy. The entire rail industry —

passenger and freight, front line employees and management, customer and carrier — all reacted with courage and resolution.

Today, railroads remain in 24 hour / 7 day a week communication with U.S. Department of Transportation intelligence and security personnel, the FBI, the National Security Council, and state and local law enforcement officers, and have plans in place to respond immediately to credible threats to our transportation network.

To further address significant security-related issues, the AAR Board of Directors has established five critical action teams, each led by a senior railroad or AAR executive and each involving the full participation of AAR members, including our Canadian and Mexican members. The overarching focuses of these critical action teams, which are outlined below, are 1) to ensure the safety of our employees and the communities in which we operate; 2) to protect the viability of national and regional economic activity; and 3) to ensure that railroads can play their vital role in the military mission of our nation. In addition, freight railroads will cooperate fully with the critical action team dealing with rail passenger security.

The five critical action teams established by the AAR are:

1. Information Technology and Communications

This critical action team is examining the security of communications, control systems, and information systems for the industry, including redundancy and data confidentiality. An ongoing examination of issues related to cyber security has been folded into this effort.

2. Physical Infrastructure

This critical action team is addressing the security of physical assets such as bridges, buildings, dispatch centers, tunnels, storage facilities, and other structures. The team is also addressing cross-border and port “gateway” physical security issues.

3. Operational Security

This critical action team is addressing issues to minimize exposure to unplanned occurrences while trains are in operation. The team is analyzing potential types of occurrences, their probability, and their consequences, as well as addressing the issue of fuel supply.

4. Hazardous Materials

This critical action team is working with the chemical industry and tank car manufacturers to examine the transport of hazardous materials by rail — including surveillance, routing, remanufacturing, and packaging — with emphasis on materials that pose the greatest potential safety risk.

5. Military Liaison

This critical action team is augmenting the already existing close working relationship between railroads and the Department of Defense to determine immediate and ongoing military traffic requirements and to identify capacity,

security, and equipment needs of the industry to meet military demand.

Railroads are confident that, if called upon, they will be able to match their performance during the Persian Gulf War, when they and other transportation providers accomplished one of the greatest mass movements in history in a way that was “so smooth it is almost as if there isn’t a war going on,” according to a spokesman from the Army's Military Traffic Management Command at the time.

Each of the critical action teams described above is working quickly but carefully. They are assessing short-term and long-term vulnerabilities in the areas of people, process, and technology and are developing an array of additional countermeasures. These countermeasures will be deployed to prevent, detect, and mitigate any terrorist attack. To assist us, we have retained a group of former U.S. military and government security experts who bring a valued perspective to our evaluation. The analyses and action plans generated will form the basis for additional measures deemed necessary to enhance the security of our nation’s freight rail network.

Notwithstanding all of our efforts, experts will tell you there is no 100 percent guarantee against terrorist assaults. Fortunately, railroads are accustomed to operating in adverse conditions. In order to respond to, mitigate, and minimize the impact of dangerous and unusual incidents, railroads have established and practiced programs and procedures to protect the communities we serve and our employees, and to sustain the fluid flow of freight on which our economy depends. These programs and procedures include the establishment of emergency

response plans for hazardous materials incidents and natural disasters, operational administration redundancy, and the training of rail employees and public emergency response personnel. These programs and procedures can and will be invoked in the event of a terrorist attack involving railroads.

Finally, a terrorist action against railroads could have ruinous consequences for the railroad industry itself, thereby jeopardizing the critical role railroads play in our economy. AAR member freight railroads have already been notified by their insurance companies following the events of September 11 that the railroads' liability insurance premiums will be increased substantially and some coverage may be eliminated when renewals come up. As a result, the rail industry notes with interest the insurance assistance and the limitations on liability afforded the airline industry in the recently enacted "Air Transportation System Stabilization Act." We believe that railroads, as common carriers, should be afforded similar liability protections and insurance relief.

We are deeply saddened by the events that precipitated this hearing, but we commend this committee's leadership in addressing the important issues before us.