Subject: Meeting the Transportation, Pipeline, and Rail Needs to Renew American Manufacturing

Senator Rockefeller, distinguished guests, good afternoon. I am Patrick J. Donovan, Director of Maritime and Intermodal Transportation for the Nick J. Rahall, II Appalachian Transportation Institute (RTI) at Marshall University in Huntington, WV. I am both humbled and honored to have this opportunity to appear before this distinguished committee today. Before I begin my remarks, I would like to take a moment to bring greetings to this distinguished committee from Robert H. Plymale, Chief Executive Officer and Director of the Nick J. Rahall, II Appalachian Transportation Institute. He could not be here today, but states, "The Rahall Transportation Institute appreciates Senator Rockefeller inviting us to speak to the committee to highlight these important issues. We appreciate your recognition of the important role that the Rahall Transportation Institute plays in the future of transportation and economic development." Today I will focus my remarks on the downstream manufacturing for the chemical sector as it pertains to maritime and intermodal transportation.

The post World War II national economy of the United States and the creation of the Eisenhower Interstate Highway system led to one of the longest periods of economic expansion in the history of the United States. President Kennedy recognized that the economy of the Appalachian Region in general and West

Virginia specifically were lagging behind the rest of the United States. The Appalachian Regional Commission (ARC) was formed which led to the development of Appalachian Development Highway System (ADHS) which is a 3,090 mile road system covering 13 states and comprised of 31 individual transportation corridors. This ADHS is over 85 percent complete. However, the emerging global economy of today requires a **surface transportation system** that will provide for true global connectivity.

The global economy of the 21st century is driven by a surface transportation system that is reliant on access to export markets. The 21st century transportation mode of choice is intermodal. The number of global container ports in the United States has increased from 75 ports in 1970 to over 550 ports in 2005. Container volume throughput in United States gateway ports has increased from 1 million containers in 1970 with projections of over 100 million containers in 2050.

Both Utica and Marcellus Shale natural gas have the potential to re-invigorate manufacturing throughout the Ohio and Kanawha River Valleys. The legacy transportation systems of the national economy will continue to provide connectivity to national markets. However, to fully maximize the potential economic development for our region, transportation projects of regional and national significance need to be fully funded and completed.

The September 2010 opening of the Norfolk Southern Heartland Corridor now allows for double-stack container rail service from the Ports of Virginia through southern West Virginia and all points west. The West Virginia Public Port

Authority recently received a $12 million dollar Tiger III Grant from the United States Department of Transportation to help facilitate the construction of the Prichard Inland Intermodal Terminal. Construction of this terminal is anticipated to begin in spring of 2012.

Another project, the CSX National Gateway Corridor project, will improve the flow of rail traffic throughout the nation by increasing the use of double-stack trains, creating a more efficient rail route that links mid-Atlantic ports with mid-western markets. A much anticipated inland intermodal terminal to be sited in the Greater Pittsburgh region will be situated to provide direct intermodal container service for both the Utica and Marcellus Shale Natural Gas downstream manufacturers needing access to export markets. The United States Department of Transportation, Maritime Administration and America's Marine Highway program have the potential to provide those shale natural gas downstream manufacturers with potential transportation options. The north-south orientation of the Ohio River Valley navigation system can provide shippers with "all water" access into South American markets. There is much to be done to successfully implement America's Marine Highway program as the nation attempts to move from a transportation system built for the national economy of the 20th century to an intermodal global supply chain for the 21st century.

RTI continues to provide national leadership on these issues with the establishment of the Marine Highway Maritime Technology Consortium (MHMTC). Partnering organizations have joined RTI to form the MHMTC and include: the Center for the Commercial Deployment of Transportation

Technologies, California State University Long Beach, University of New Orleans Transportation Institute, University of New Orleans and the Great Waters Maritime Institute. The purpose of the MHMTC is to work cooperatively towards the design of the next generation inland navigation vessel and related activities. The consortium's activities support the United States Department of Transportation Marine Highway goal of successfully integrating the inland navigation system into the 21st century supply chain.

Utica and Marcellus Shale natural gas have the potential to turn our region's post industrial manufacturing sites or brownfields into new growth opportunities including sites for new manufacturing and intermodal warehousing and distribution. The majority of these post-industrial manufacturing sites are situated in close proximity to both emerging global intermodal rail service and marine highways thus providing shippers with transportation alternatives to ship or receive their products. With proper planning and coordination between both the public and private sectors, the Appalachian region will be an inland intermodal marketplace for the 21st century.

Once again, Senator Rockefeller and distinguished guests, thank you for providing the Rahall Transportation Institute the opportunity to come before this distinguished committee.